



Investment Thesis

Chainlink LINK

Basic Information

Token type	Utility Token
Price	\$10.56
GCCS Classification	Oracles, AI & Data Solutions, Big Data
Sector	AI & Data Solutions

Source: CoinGecko, Data as of November 4, 2024

Key Metrics

Price Range (1Y)	\$9.49 - \$21.63
All-Time High	\$51.85
All-Time High Date	May 10, 2021
Down From All-Time High	65.3%
Market Capitalization	\$6.75B
Volume (24h)	\$434.58M
Circulating Supply	626.85M LINK
Max Supply	1B LINK
Annualized Protocol Revenue	\$1.03M

Source: CoinGecko, DeFiLlama, TokenTerminal, 21.co on Dune Analytics. Data as of November 4, 2024

Overview

Chainlink is a decentralized oracle network that seamlessly bridges blockchain systems with real-world data, enabling smart contracts to access off-chain information such as asset prices, IoT data, and weather forecasts.

This innovation expands the scope of Decentralized Oracle Networks (DONs) by offering key services like Proof-of-Reserve (PoR) for asset verification, Verifiable Random Function (VRF) for fair randomness, Fair Sequencing Service (FSS) to mitigate frontrunning, Keepers for automated task execution, and the Cross-Chain Interoperability Protocol (CCIP) for secure cross-chain communication. These capabilities have made Chainlink the backbone of hybrid smart contracts across multiple blockchains.

Chainlink's adoption extends beyond the crypto ecosystem, with collaborations from major traditional finance institutions like UBS, SWIFT, and Fidelity, which are leveraging Chainlink's technology for Net Asset Value (NAV) tracking and tokenization initiatives.

- **May 2019:** Chainlink's mainnet launched, founded by Sergey Nazarov.
- **June 2019:** Eric Schmidt joined as a technical advisor; Ari Juels appointed Chief Scientist at Chainlink Labs.
- **December 2019:** Expanded to 22 networks, processing over 11 billion on-chain data points.
- **January 2024:** Partnered with DTCC to streamline Smart-NAV data for tokenization, advancing institutional blockchain adoption.

Key takeaways

- **Chainlink bridges the gap between blockchains and real-world systems**, enabling smart contracts to securely interact with external data, Internet of Things devices, and APIs.
- **Powers key DeFi functionalities with price feeds**, Verifiable Random Function (VRF), Fair Sequencing Service (FSS), and Keepers for task automation, while Cross-Chain Interoperability Protocol (CCIP) facilitates secure interactions across multiple blockchains.
- **Chainlink's Proof-of-Reserve (PoR) and NAV solutions** have drawn collaborations with firms like SWIFT, DTCC, UBS, and Fidelity, bridging DeFi with traditional financial ecosystems.
- The LINK token is used to compensate node operators and secure the network, underpinning Chainlink's decentralized and incentive-driven architecture.

Risk factors

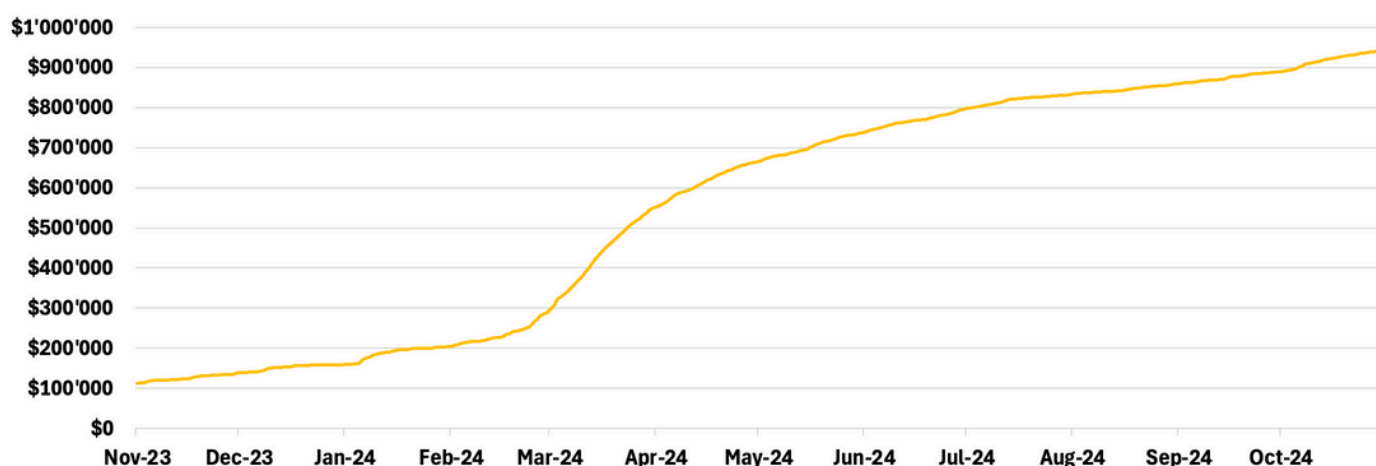
- **Technological Risk:** Implementations like CCIP and advanced oracle services may expose the network to unforeseen vulnerabilities or smart contract bugs, potentially affecting its reliability.
- **Regulatory Risk:** Increased scrutiny on DeFi could impact the adoption of oracles, Chainlink's primary use case, particularly in regions with stricter financial regulations.
- **Competitive Risk:** While Chainlink dominates the oracle market, emerging oracle solutions may challenge its position, particularly in specialized sectors like private data feeds or cross-chain interactions.
- **Adoption Risk:** Bridging traditional finance and blockchain requires overcoming barriers such as institutional trust, integration complexity, and scalability concerns.

Price Performance



Source: CoinGecko. Data from November 5, 2020 - November 4, 2024

Chainlink Cumulative CCIP Revenue



Source: Artemis. Data from November 5, 2023 - November 4, 2024

Disclaimer

This document is not an offer to sell or a solicitation of an offer to buy or subscribe for securities of 21Shares AG. Neither this document nor anything contained herein shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction. This document and the information contained herein are not for distribution in or into (directly or indirectly) the United States, Canada, Australia or Japan or any other jurisdiction in which the distribution or release would be unlawful. This document does not constitute an offer of securities for sale in or into the United States, Canada, Australia or Japan. The securities of 21Shares AG to which these materials relate have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There will not be a public offering of securities in the United States. This document is only being distributed to and is only directed at: (i) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"); or (iv) persons who fall within Article 43(2) of the Order, including existing members and creditors of the Company or (v) any other persons to whom this document can be lawfully distributed in circumstances where section 21(1) of the FSMA does not apply. The securities are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents. In any EEA Member State (other than the Austria, Belgium, Croatia, Denmark, Finland, France, Germany, Great Britain, Hungary, Ireland, Italy, Liechtenstein, Luxembourg, Malta, The Netherlands, Norway, Poland, Romania, Slovakia, Spain and Sweden) that has implemented the Prospectus Regulation (EU) 2017/1129, together with any applicable implementing measures in any Member State, the "Prospectus Regulation") this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Regulation. Exclusively for potential investors in Austria, Belgium, Croatia, Denmark, Finland, France, Germany, Great Britain, Hungary, Ireland, Italy, Liechtenstein, Luxembourg, Malta, The Netherlands, Norway, Poland, Romania, Slovakia, Spain and Sweden the 2021 Base Prospectus (EU) is made available on the Issuer's website under www.21Shares.com. The approval of the 2021 Base Prospectus (EU) should not be understood as an endorsement by the SFSA of the securities offered or admitted to trading on a regulated market. Eligible potential investors should read the 2021 Base Prospectus (EU) and the relevant Final Terms before making an investment decision in order to understand the potential risks associated with the decision to invest in the securities. You are about to purchase a product that is not simple and may be difficult to understand. This document constitutes advertisement within the meaning of the Swiss Financial Services Act (the "FinSA") and not a prospectus. In accordance with article 109 of the Swiss Financial Services Ordinance, the Base Prospectus dated 12 November 2021, as supplemented from time to time and the final terms for any product issued have been prepared in compliance with articles 652a and 1156 of the Swiss Code of Obligations, as such articles were in effect immediately prior to the entry into effect of the FinSA, and the Listing Rules of the SIX Swiss Exchange in their version in force as of January 1, 2020. Consequently, the Prospectus has not been and will not be reviewed or approved by a Swiss review body pursuant to article 51 of the FinSA, and does not comply with the disclosure requirements applicable to a prospectus approved by such a review body under the FinSA.