



# Investment Thesis

## The Open Network

### TON

#### Basic Information

Token type	Native Currency
Price	\$4.82
GCCS Classification	Smart Contract Platform, Infrastructure, Native Currency
Sector	Smart Contract Platform

Source: CoinGecko, Data as of November 4, 2024

#### Key Metrics

Price Range (1Y)	\$2.04- \$8.17
All-Time High	\$8.17
All-Time High Date	15 June 2024
Down From All-Time High	-41.00%
Market Capitalization	\$12.27B
Volume (24h)	\$464.96M
Circulating Supply	2.54B TON
Total Value Locked (TVL)	\$374.60M
Annualized Staking Yield	4.45%
Annualized Protocol Revenue	\$15.64M

Source: CoinGecko, DeFiLlama, Artemis  
Data as of November 4, 2024

#### Overview

The Open Network (TON), originally developed by Telegram, is a high-performance layer-1 blockchain designed to bring crypto functionality to Telegram's massive 900M user base. Though Telegram ceased direct involvement in 2021 due to SEC-related legal issues, the network was revived by independent developers led by Anatoly Makosov and Kirill Emelyaneko, with the TON Foundation taking over leadership.

TON uses a dual-layer architecture comprising a Master Chain for consensus and Work Chains for specific use cases, with dynamic sharding to process transactions efficiently across sub-networks. Its TON Virtual Machine (TVM) enables cost-effective scalability, theoretically supporting millions of users and transactions per second. Aiming to become a "Super App" like WeChat, TON offers integrated services such as: **TON-Storage** for decentralized data storage, **TON-DNS** for human-readable wallet addresses, **TON-Proxy** as a privacy tool akin to a VPN, **TON-Space**, a native wallet in Telegram enabling fiat-to-crypto purchases without seed phrases.

TON's strongest asset is its symbiotic relationship with Telegram, which officially endorsed TON as its flagship blockchain for web3 infrastructure in September 2023. Telegram's integration enables seamless adoption of crypto through familiar interfaces, bridging web2 and web3 with unprecedented user reach.

- **2018:** Telegram raised \$1.7B for TON's development but paused due to SEC legal action.
- **2021:** TON was relaunched by independent developers after Telegram's exit.
- **June 2022:** Transitioned to a proof-of-stake consensus, reducing new coin issuance by 75%.
- **August 2024:** Telegram founder Pavel Durov's arrest caused market volatility, but TON's operations remained unaffected, showcasing its independence from the messenger-app.

#### Key Takeaways

- TON is a scalable smart contract platform, aiming to become the "**WeChat of Blockchains**" with features for decentralized storage, human-readable wallet addresses, and a native wallet for seamless crypto purchases.
- Its multi-layered architecture includes a **Master Chain** for consensus, **Work Chains** for specific use cases, and **Shard Chains** for parallel execution, ensuring high performance.
- While independent from Telegram, TON capitalizes on Telegram's **900 million** user base, pursuing deeper integration to onboard more users.
- Toncoin (TON), the network's native token, powers transactions, access to services (e.g., storage, VPN), governance, and staking to secure the network.

#### Risk Factors

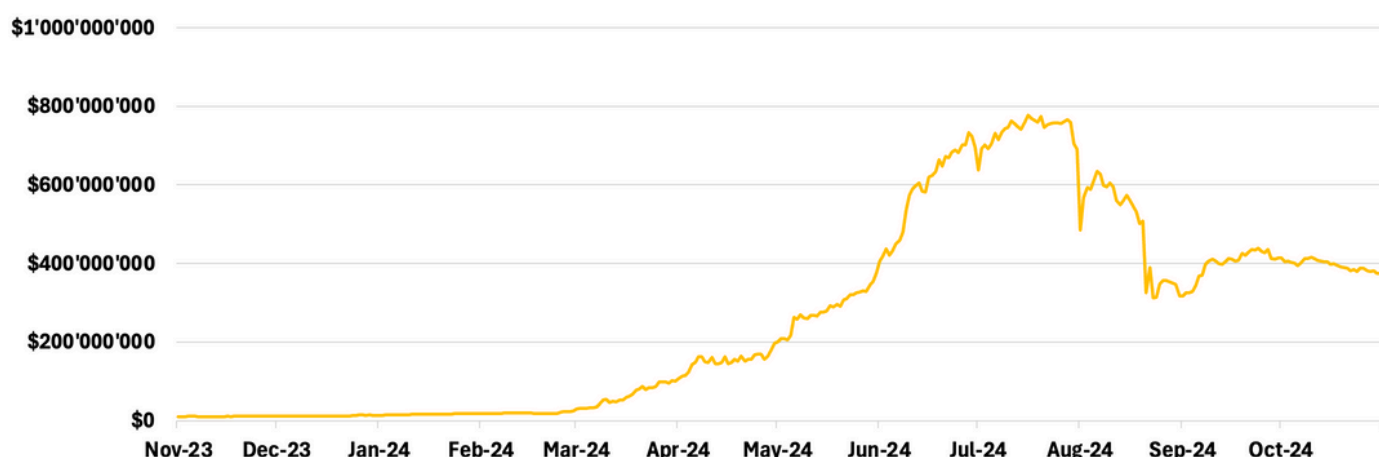
- **Technology Risk:** TON's reliance on sharding is relatively untested at mass scale, posing durability concerns under high-stress conditions.
- **Privacy Risk:** Wallet creation via Telegram lacks private key control, risking wallet autonomy if a user's Telegram account is compromised.
- **Competition Risk:** TON faces competition from other sharding-based blockchains like NEAR.
- **Regulatory Risk:** The legal status of smart-contract platforms tokens isn't clear yet, despite some of the progress seen worldwide.

## Price Performance



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

## Total Value Locked



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

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