



Investment Thesis

Ethereum

ETH

Token type	Cryptocurrency
Price	\$3,102.58
Sector	Smart Contract Platform (Layer 1)
Market Cap	\$368,076,534,239

Key Figures

52-Week Range	\$1,700 - \$4,868.79
Market Rank	#2
Market Capitalization	\$368.07 billion
Total Value Locked (TVL)	\$117.27 billion
Annualized Protocol Revenue	\$6.38 billion
Volume (24h)	\$15,335,088,090
Volume / Market Cap	0.0406
Circulating Supply	120,433,900
Max. Supply	Unlimited
Block Reward	2 ETH

Overview

Ethereum is the second-largest cryptoasset by market capitalization. Vitalik Buterin proposed the idea in 2014, a blockchain with built-in general-purpose programmability that would enable anyone to write smart contracts and launch decentralized applications (dApps). The introduction of smart contracts represented the most significant innovation within the cryptoasset industry since the creation of Bitcoin in 2009. They allow anyone to encode pre-defined rules for any type of transaction and create digital tokens with specialized functionality. Ethereum charges a fee — “gas fee” for every transaction, paid in Ether, the native currency of the network. Although this fulfills an essential security mechanism, gas fees increase as demand for the network grows, which has led to frictioned user experience. Thus, much effort is focused on solving Ethereum’s scalability, manifested in the rise of Layer 2 initiatives and an ambitious roadmap, which includes a transition to a carbon-neutral mechanism called Proof-of-Stake and a horizontal scaling approach dubbed sharding. As for Ethereum’s ecosystem, the most mature sector is Decentralized Finance (DeFi), an internet-native and globally accessible financial system. DeFi reveals one of the core value propositions of Ethereum, the ability to automate away the need for centralized intermediaries and give power back to the individual.

- On July 30, 2015, Ethereum came into existence as its Genesis Block was mined.
- On July 20, 2016, a hard fork took place on the Ethereum network as a result of the DAO hack, in which 3.6 million ether were stolen.
- On August 5, 2021, the London upgrade introduced EIP-1559, which reformed fees and has the potential to turn Ether into a deflationary asset.
- Ethereum’s market share of Non-Fungible Tokens (NFTs), which hit \$17.6 billion in trading volume last year, is around 80%.
- The Total Value Locked (TVL) on Ethereum sits around \$117 billion, four times more than Terra, the second-largest network by TVL.

Key takeaways

- Ethereum is the second-largest cryptoasset by market capitalization, and has the most developed ecosystem of all Smart Contract Platforms.
- The Merge, which will mark Ethereum’s full transition to Proof-of-Stake, is set to occur later this year, while sharding is scheduled for 2023.
- Ethereum is currently valued at \$368.07 billion.

Risk factors

- Macroeconomic and regulatory uncertainty.
- Smart contract risk and hacks aggravate as DeFi matures and TVL grows.
- Scaling risk, as other Smart Contract Platforms that offer higher throughput continue to take market share from Ethereum.

Figure 1:
Price Performance (5-years)

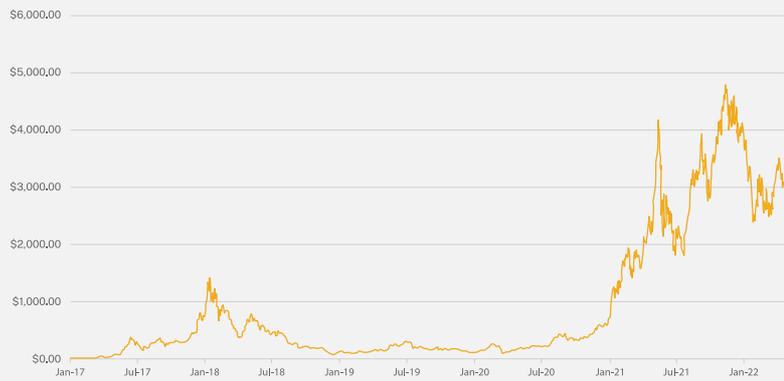
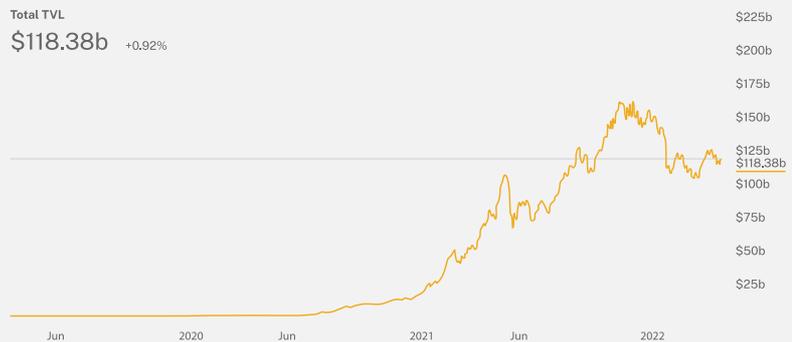


Figure 2:
Total Value Locked (TVL)



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