



Investment Thesis

Solana SOL

Token type	Native Currency
Price	\$181.44
GCCS Classification	Smart-contract Platform, Infrastructure, Native Currency
Sector	Smart Contract Platform

Key Figures

52-Week Range	\$14.51 - \$202.81
Market Rank	#5
Market Capitalization	\$82.49 billion
Total Value Locked (TVL)	\$4.71 billion
Annualized Protocol Revenue	\$460.69 million
Circulating Supply	444,812,350
Volume (24h)	\$4,556,585,968
ATH	\$258.93
ATH Date	November 6, 2021
Staking Yield (Annualized)	7.08%

Source: CoinGecko, DeFi Llama, Token Terminal, Staking Rewards. Data as of April 3, 2024

Overview

Solana is a **smart contract platform focused on scalability**. It was introduced by **Anatoly Yakovenko** in 2017 as a new blockchain architecture based on a blend of **Proof-of-Stake (PoS)** and **Proof-of-History (PoH)** – a novel consensus mechanism for verifying order and passage of time between events. PoH uses a recursive verifiable delay function to hash incoming events and transactions. In other words, every transaction has a unique digital signature (hash), almost like a cryptographic timestamp. As a result, each node gets an **"internal clock"** that helps the network agree on time and ordering of events without having to sync with one another, **enabling hardware to operate at capacity**. Solana scales naturally with bandwidth, SSDs, and GPU cores. It is the only blockchain that adopts this scaling approach and is how Solana achieves a theoretical throughput of **65,000 transactions per second**. The blockchain's native token SOL is used to secure the network through staking and as a medium of exchange – users must pay a small fee denominated in SOL every time they perform a transaction. Regarding its ecosystem, with nearly **1,600 monthly active developers**, Solana is following a similar growth trajectory to Ethereum. As of April 2024, it has **\$4.7 billion** of total value locked (TVL) across decentralized finance (DeFi) applications, while weekly NFT volumes surpass **\$350 million**.

- In **October 2017**, Yakovenko teamed up with former Qualcomm colleagues and founded **Solana Labs**.
- In **March 2020**, Solana launched on Mainnet Beta shortly after raising **\$1.76 million** in a public token auction hosted on CoinList.
- In **April 2023**, Saga, an Android phone leveraging the **Solana Mobile Stack**, was released to the public.
- In **September 2023**, **Solana Pay** integrated its plug-in with e-commerce company **Shopify**, while **Visa** expanded its USDC cross-border settlement pilot to include the Solana blockchain.

Key takeaways

- Solana is a permissionless, **high-performance smart contract platform** based on Proof-of-History (PoH).
- With nearly **1,600 monthly active developers**, Solana is following a similar growth trajectory to Ethereum, a testament to its potential.
- Network's newest token standard **"Extensions"** can help Solana play a bigger role in the realm of tokenization.

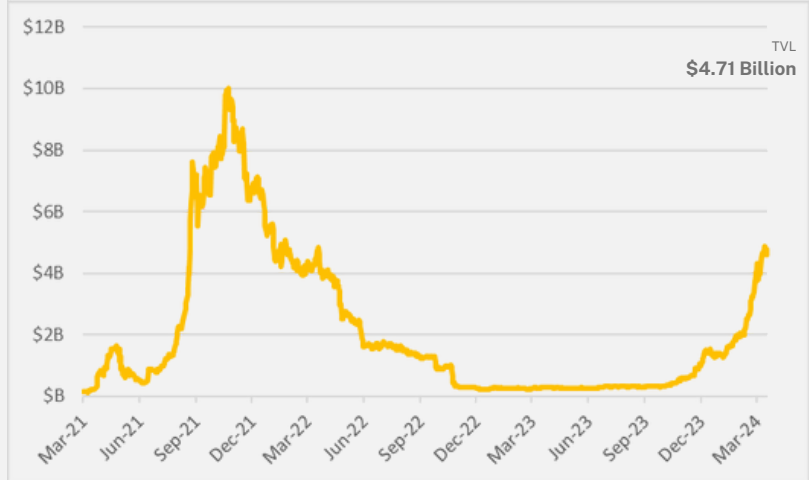
Risk factors

- **Centralization risk**. As hardware gets faster, so does the Solana network. This approach could result in a centralized architecture where a few machines are responsible for most of the network's processing.
- **Scaling risk**. Solana adopts a monolithic (also called integrated) scaling approach, which opposes the modular architecture espoused by networks like Ethereum or Celestia, in which various interoperable blockchains specialize and optimize to perform a given function.

Figure 1:
Price Performance (4-years)



Figure 2:
Total Value Locked (TVL)



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