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7 July 2022



Investment Thesis

Cosmos ATOM

Token type	Cryptocurrency
Price	\$9.35
Sector	Interoperability Protocol (Layer 0)
Market Cap	\$2.54B

Key Figures

52-Week Range	\$5.55 - \$44.80
Market Rank	#26
Market Capitalization	\$2.54 billion
Volume (24h)	\$559,538,865
Volume / Market Cap	0.2124
Circulating Supply	286,370,297
Annualized Protocol Revenue	\$316,660
ATH	\$44.36
ATH Date	January 16, 2022
Down from ATH	-78.93%

Overview

The vision of Cosmos is to provide an accessible development environment for blockchain technology and interoperability between chains, fostering an internet of blockchains. To achieve this vision, Cosmos relies on an open-source toolkit that includes the Inter-Blockchain Communication (IBC) protocol, the Cosmos SDK, and Tendermint. The Cosmos SDK is a generalized framework for building secure, sovereign, and highperformance application-specific blockchains. Like the Internet, which enables computers anywhere in the world to communicate, Inter-Blockchain Communication (IBC) is a universal interoperability protocol that allows blockchains to communicate with one another. The last core component of the Cosmos tech stack is Tendermint, a novel consensus algorithm providing distributed state finality. Cosmos implements a modular architecture with two blockchain classes: "zones" (applicationspecific blockchains) and "hubs" (blockchains designed to connect the zones). The Cosmos Hub was the first hub, a Proof-of-Stake (PoS) blockchain with a native token, ATOM. The Cosmos Hub aims to be like a "port city," a gateway to an expanding network of various blockchain economies. While competing Layer 0 blockchains such as Polkadot opt for a mandatory shared-security architecture, Cosmos prioritizes the selfsovereignty of chains. Hence, while the Cosmos Hub is not necessary for an "internet of blockchains," it will introduce (optional) Interchain Security to add value to the Hub itself and other IBC-connected zones.

- In 2016, Jae Kwon and Ethan Buchman introduced Cosmos with its consensus algorithm, Tendermint.
- In March 2019, the Cosmos Hub launched on mainnet.
- In April 2022, Interchain Accounts were activated, allowing the Cosmos Hub to securely control accounts of connected zones.

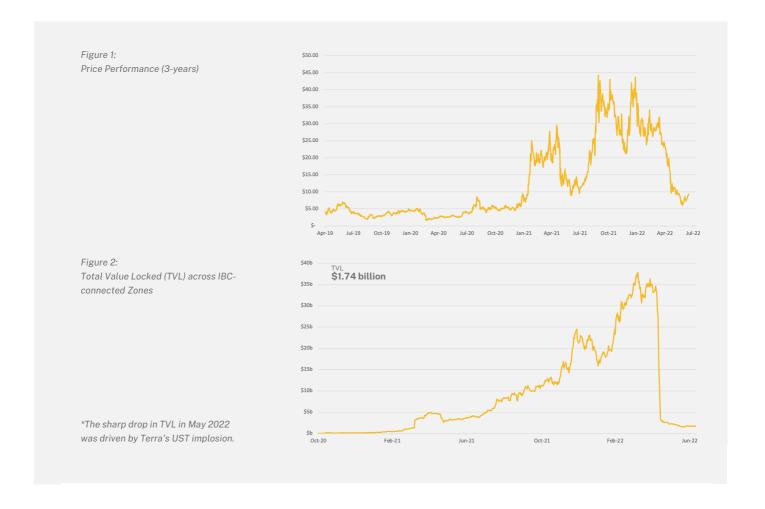
Key takeaways

- Cosmos provides an easy blockchain development environment and interoperability between chains to create an "internet of blockchains".
- The Cosmos Hub is a gateway to an expanding network of blockchains.
- Cosmos SDK-based chains include BNB, Cronos of Crypto.com, THORChain, and many others, with a combined market capitalization of over \$45 billion.

Risk factors

- ATOM value accrual. The Cosmos Hub approach to sovereignty limits ATOM's utility to the Hub itself. Cosmos will implement Interchain Accounts and (optional) Interchain Security to expand ATOM's utility.
- **Contagion risk.** IBC-connected chains may be subject to contagion risk if one collapses (e.g., Terra).
- Adoption risk. Bridges and other Layer 0 blockchains with different designs like Polkadot pose an alternative to Cosmos' IBC.

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