



Investment Thesis

Avalanche AVAX

Token type	Cryptocurrency
Price	\$20.17
Sector	Smart Contract Platform (Layer 1)
Market Cap	\$5.42B

Key Figures

52-Week Range	\$9.33 - \$146.11
Market Rank	#17
Market Capitalization	\$5.42 billion
Total Value Locked (TVL)	\$2.79 billion
Annualized Protocol Revenue	\$12.36 million
Circulating Supply	282,965,181
Volume (24h)	\$607,089,441
ATH	\$146.11
ATH Date	November 21, 2021
Down from ATH	-86.20%

Overview

Avalanche is a Smart Contract Platform with interoperability features via its '**subnet**' **capability**. It is currently the fourth-largest blockchain by Total Value Locked (TVL) across decentralized finance (DeFi) applications and the seventh by market capitalization. Avalanche is built with **three different chains to optimize performance and enable cross-chain interoperability**. The Contract Chain (**C-Chain**) is an 'Ethereum-compatible' blockchain, which means most dApps designed for Ethereum can deploy on Avalanche with slight modification. As a result, Avalanche has been one of the greatest beneficiaries of the high fees and congestion on the Ethereum network, prompting many blue-chip DeFi dApps from Ethereum to launch on the Avalanche C-Chain. Besides the C-Chain, dApps can also launch as **Application-Specific blockchains** by becoming subnets of Avalanche and attracting validators to secure their chains. There has been a recent trend in which dApps from Layer 1 blockchains have relaunched as Application-Specific blockchains on Layer 0 solutions such as Cosmos, and Avalanche may soon become a target platform for such dApps. Avalanche's native token — AVAX — secures the network, pays for fees, and provides the basic unit of account between the multiple subnets.

- In May 2018, Team Rocket, a pseudonymous group of developers, published an article detailing the basis of the Avalanche protocol.
- A few months later, **Emin Gün Siner** founded **Ava Labs** to develop and launch the Avalanche blockchain.
- In June 2020, Gün Siner and fellow researchers from **Cornell University** published the white paper.
- In September 2020, Ava Labs launched Avalanche mainnet.
- In March 2022, the Avalanche Foundation launched a **\$290 million** incentive program to accelerate the growth of its subnet functionality.

Key takeaways

- Avalanche is a smart contract platform with a built-in Ethereum-compatible chain (C-Chain) and interoperability features via its 'subnet' functionality.
- Avalanche is the fourth-largest blockchain by TVL behind Ethereum, BNB Chain, and Tron.
- Currently valued at **\$5.42 billion**.

Risk factors

- As of December 2021, Avalanche had around 280 monthly active developers, while competing blockchains such as Solana and Cosmos had about 1,000. Although it's a younger project, **Avalanche will need to attract more talent to continue expanding its ecosystem**.
- **Adoption risk**. As a beneficiary of Ethereum's scaling issues, Avalanche is vulnerable to advances in Layer 2 solutions, which may reduce fees and increase throughput beyond Avalanche's capabilities.

Figure 1:
Price Performance (1-year)



Figure 2:
Total Value Locked (TVL)



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