

# **Investment Thesis**

# Tezos XTZ

Token type	Cryptocurrency
Price	\$1.53
Sector	Smart Contract Platform (Layer 1)
Market Cap	\$1.30B

## **Key Figures**

52-Week Range	\$1.19 - \$9.14
Market Rank	#37
Market Capitalization	\$1.30 billion
Total Value Locked (TVL)	\$41.04 million
Circulating Supply	900,250,961
Volume (24h)	\$57,280,871
Volume / Market Cap	0.0426
ATH	\$9,06
ATH Date	October 4, 2021
Down from ATH	-83.12%

#### Overview

Tezos is a smart contract platform that can evolve by upgrading itself without having to split ("fork") the network into two different blockchains. To self-amend, the network incorporates an on-chain governance mechanism that enables all validators to participate. The rationale behind a formal governance process is that hard forks result from a divided community, which can negatively impact the long-term development of the network. Tezos aims to create a more sustainable system that aligns incentives between different ecosystem stakeholders. Tezos uses a consensus mechanism called Liquid Proof-of-Stake (LPoS) that is highly compatible with the on-chain governance design. To become a validator, a participant must own at least 8,000 XTZ and lock their stake in a smart contract. Users who do not have the means to become a validator can delegate their rights to one to participate on their behalf – LPoS also allows delegators to quickly change validators at any time to align with the one with similar voting preferences.

- In 2014, Arthur Breitman introduced Tezos as a "self-amending crypto-ledger" under the pseudonym of L. M. Goodman.
- In 2015, Breitman and his wife, Kathleen, established a company called
   Dynamic Ledger Solutions (DLS) that wrote the initial code for Tezos.
- In July 2017, The Tezos initial coin offering (ICO) launched, raising about \$232 million in BTC and ETH.
- In September 2018, the Tezos Foundation, which assumed control of the ICO funds, launched the Tezos mainnet.
- In September 2020, Société Générale Forge, which the Banque de France had designated to experiment with Central Bank Digital Currency (CBDC) technology, selected the Tezos blockchain for experimentation with CBDC research and development.

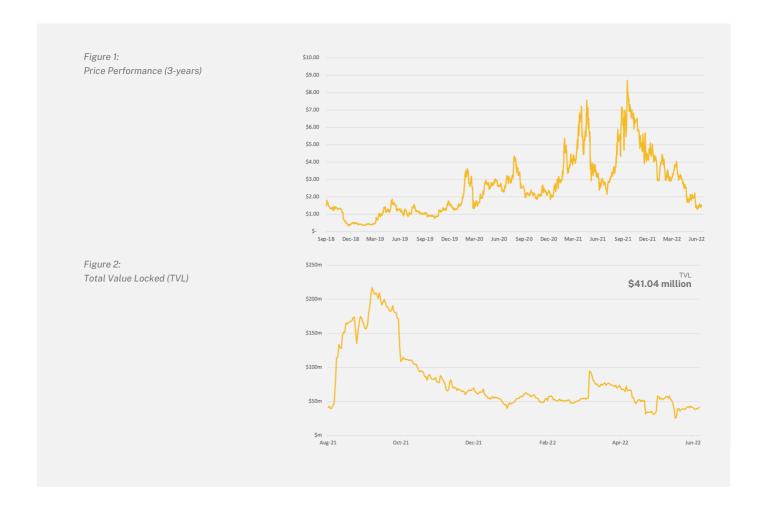
## **Key takeaways**

- Tezos is a Layer 1 blockchain that can evolve by upgrading itself without having to fork the network.
- The differentiating factor of Tezos is its **built-in governance process**, which aims to align incentives between ecosystem stakeholders.
- Currently valued at \$1.30 billion.

### **Risk factors**

- Adoption risk. Despite launching in 2018, the Tezos ecosystem is not as
  vibrant as emerging Layer 1 blockchains such as Avalanche and Solana.
  For instance, Tezos' total value locked (TVL) across DeFi applications is
  \$43 million, about 1% of either Avalanche or Solana's.
- Macroeconomic and regulatory uncertainty.

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