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# Cryptocurrency Research

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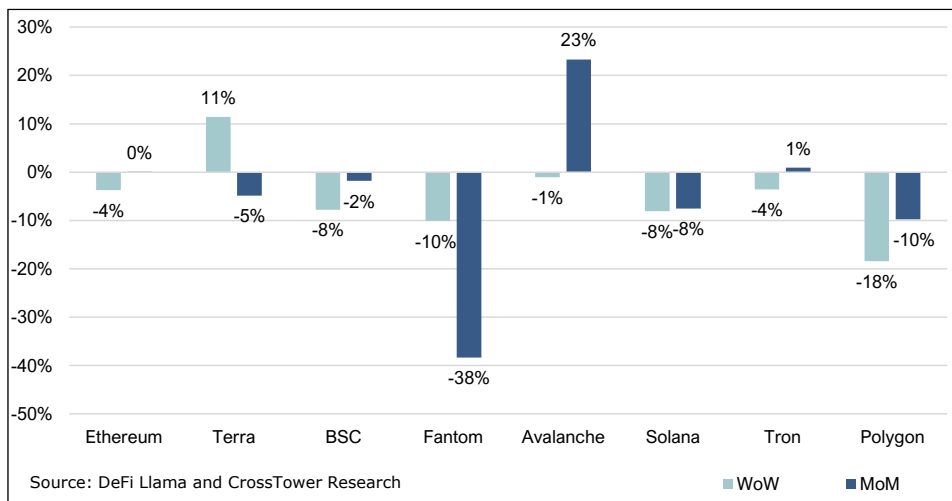
## Avalanche Activity Heating Up Transactions on Avalanche Buck Trend vs. Other L1s

Total value locked (TVL) among top Layer 1 protocols largely fell for the 7 days ending February 22, 2022, in part due to a decline in the broader crypto market (-10%). Terra was an outlier, however, with its TVL increasing roughly 11% WoW. Polygon saw a more pronounced decline relative to peers, with TVL dropping 18%. Avalanche saw the most moderate decline, with TVL dropping 1% over the period.

The trend across many L1s seems to be declining transactions and user activity. Polygon, Ethereum, and Binance Smart Chain have seen a pronounced decrease in these metrics in recent months, which is indicative of bear market conditions. On the other hand, Avalanche and Fantom have seen robust growth in both daily transactions and unique users since the end of 2021.

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**Exhibit 1. TVL Performance by Layer 1 (Data as of February 22, 2022)**

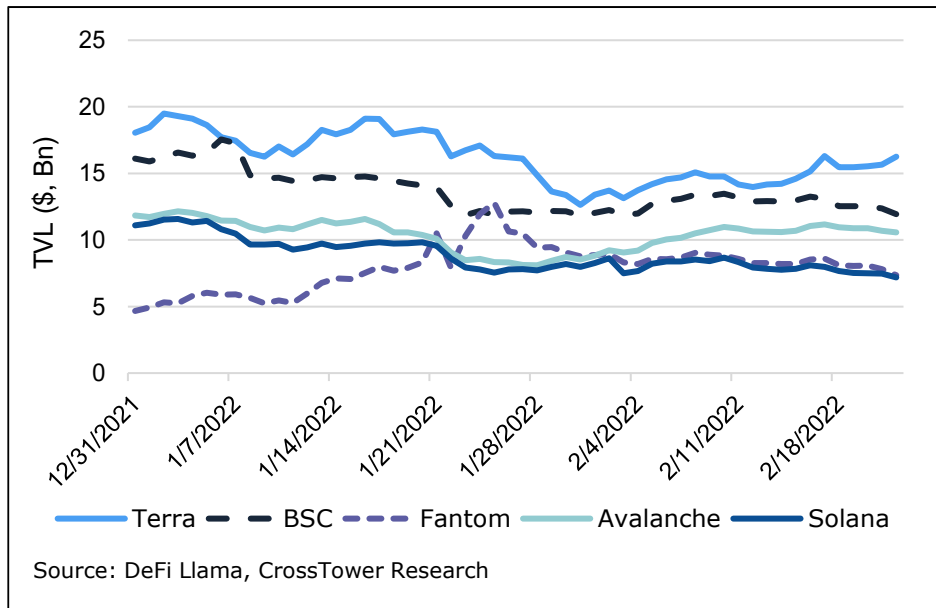


Ethereum continues to lose market share to other Layer 1 protocols, in terms of TVL. On January 21, 2022, for the first time ever, Ethereum held less than 60% of all TVL in these smart contract platform ecosystems, according to data from crypto intelligence provider

DeFi Llama. While Ethereum has still captured a whopping 59% (\$116 billion) of TVL, over 7x that of runner up Terra, Ethereum's grip on TVL continues to slip.

The uptick in Terra TVL seems related in part to growing deposits in decentralized staking protocol Lido as well as greater demand for UST following the recapitalization of Anchor Protocol (UST market cap is now over \$12 billion, gaining \$600+ million WoW).

**Exhibit 2. TVL Over Time by Layer 1**



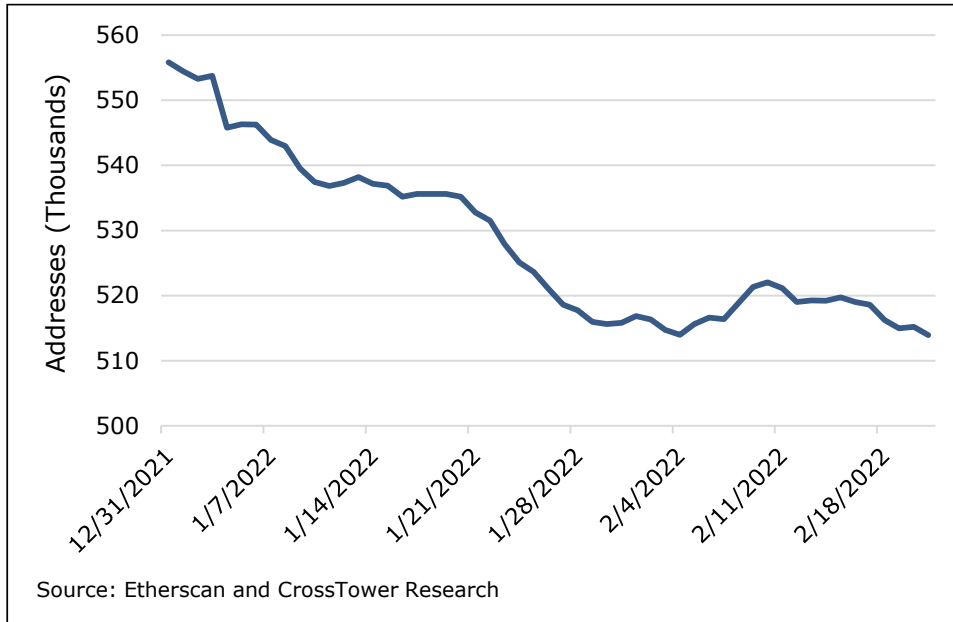
Since surpassing 100,000 daily transactions in August 2021, Avalanche's C-Chain has experienced a strong increase in daily transactions, according to data from SnowTrace. The protocol first surpassed 1 million daily transactions on January 17, 2022, and recently eclipsed that number for six straight days (February 7 to 12). Total unique addresses on the C-Chain have increased by roughly 600,000 since the end of 2021 (+41%) and currently stand at around 2 million addresses.

Fantom has also seen considerable traction. Over just the past six months, Fantom has managed to secure approximately 4% of the entire TVL among chains, a roughly 15x increase from August 2021, although TVL has slipped materially from January 2022. Fantom unique addresses have seen similar momentum to that of Avalanche, growing by over 600,000 addresses (+42%) since December 31, 2021, leading to a total of 2 million unique addresses, according to data from FtmScan. Moreover, Fantom has seen daily transactions of around 1 million in recent weeks, indicating that user interest in the platform may be sustainable and is not necessarily just a rotation.

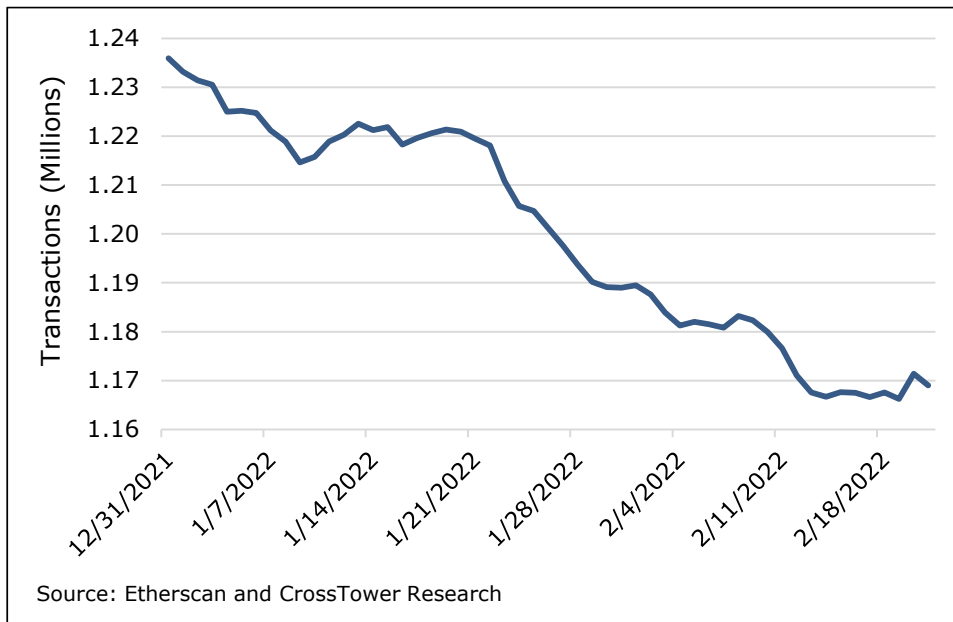
Overall, we see activity on Ethereum as the best barometer for demand for smart contract blockchains. As of writing, both daily transactions and active addresses on Ethereum are around the relatively low levels we saw in July 2021, on a 30D SMA basis. These lower levels of activity are concerning considering that Ethereum gas prices have been falling recently, giving users an opportunity to make transactions they had previously shelved. At the same time, rising user activity on chains like Avalanche could indicate an opportunity should risk-on sentiment return.

## Ethereum

**Exhibit 3. Daily Active Addresses (30D SMA)**

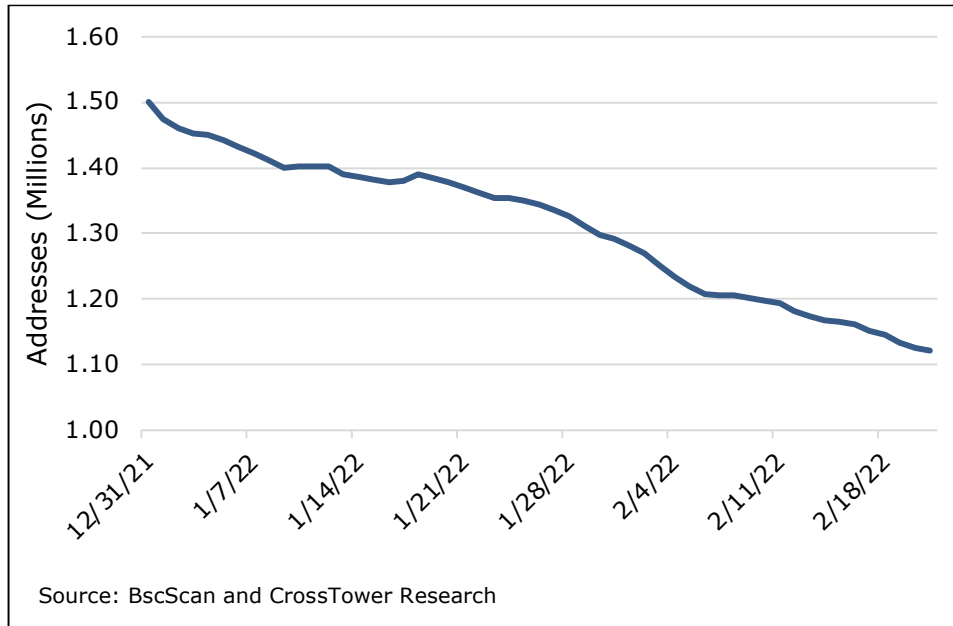


**Exhibit 4. Daily Transactions (30D SMA)**

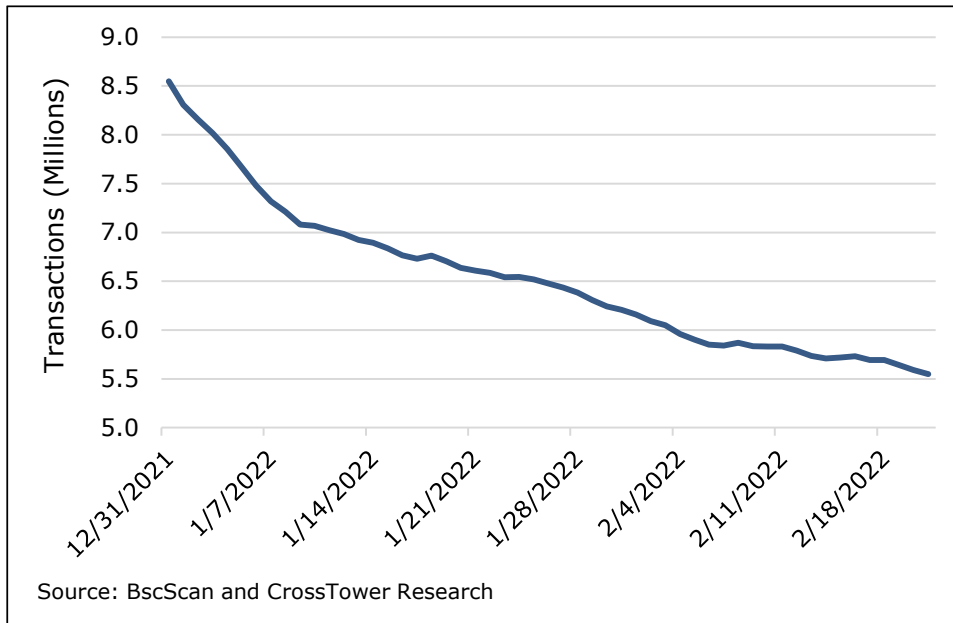


## Binance Smart Chain

**Exhibit 5. Daily Active Addresses (30D SMA)**

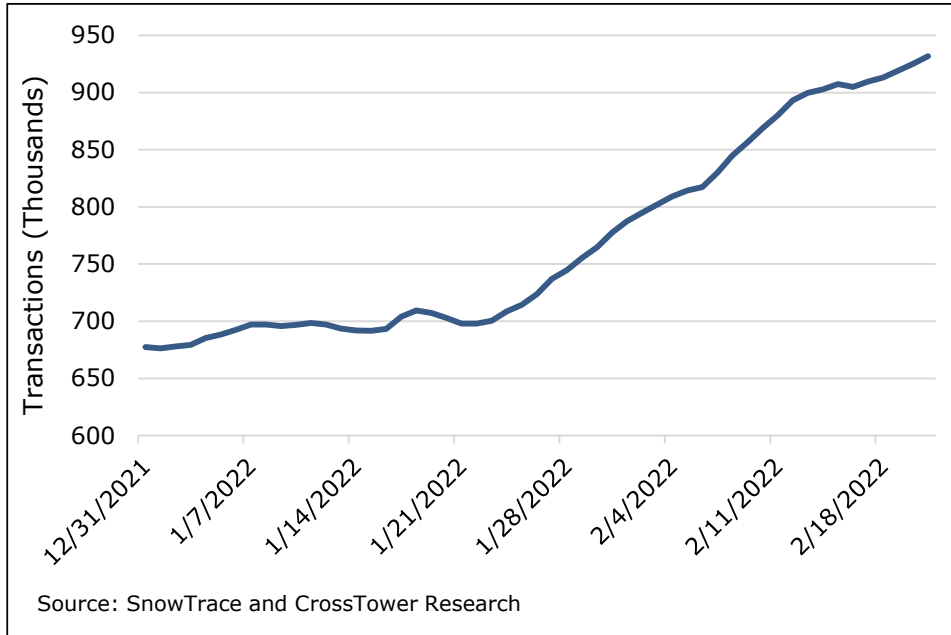


**Exhibit 6. Daily Transactions (30D SMA)**

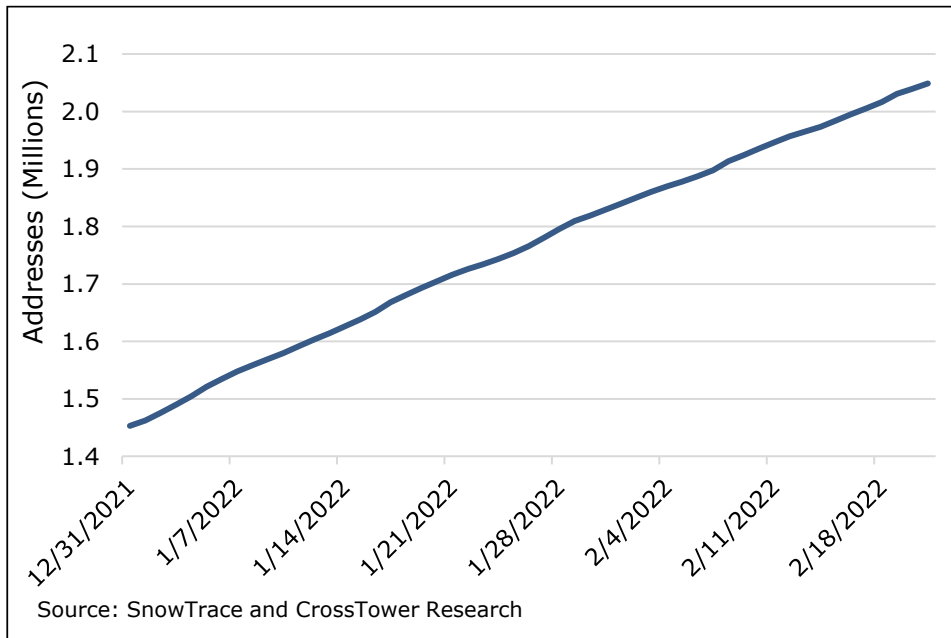


## Avalanche

**Exhibit 7. C-Chain Daily Transactions (30D SMA)**

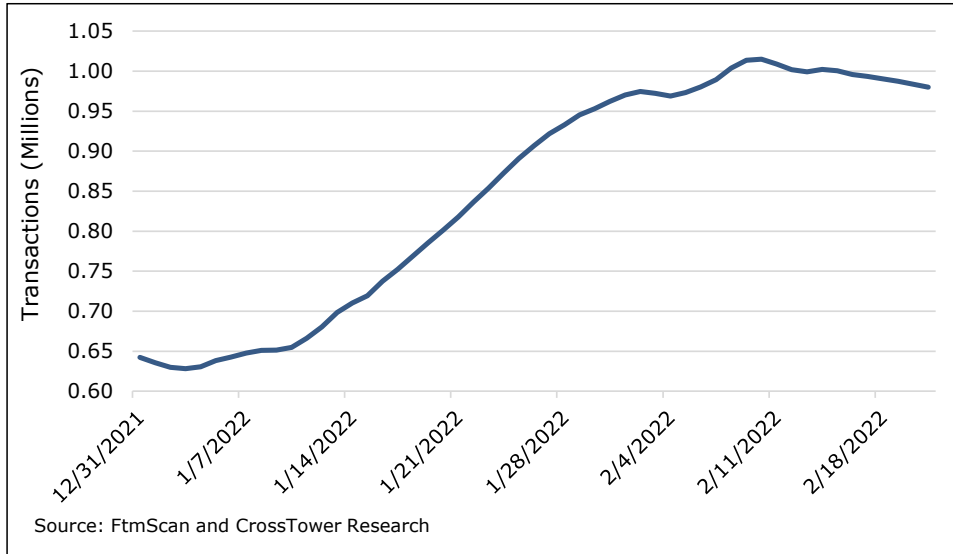


**Exhibit 8. C-Chain Unique Addresses**

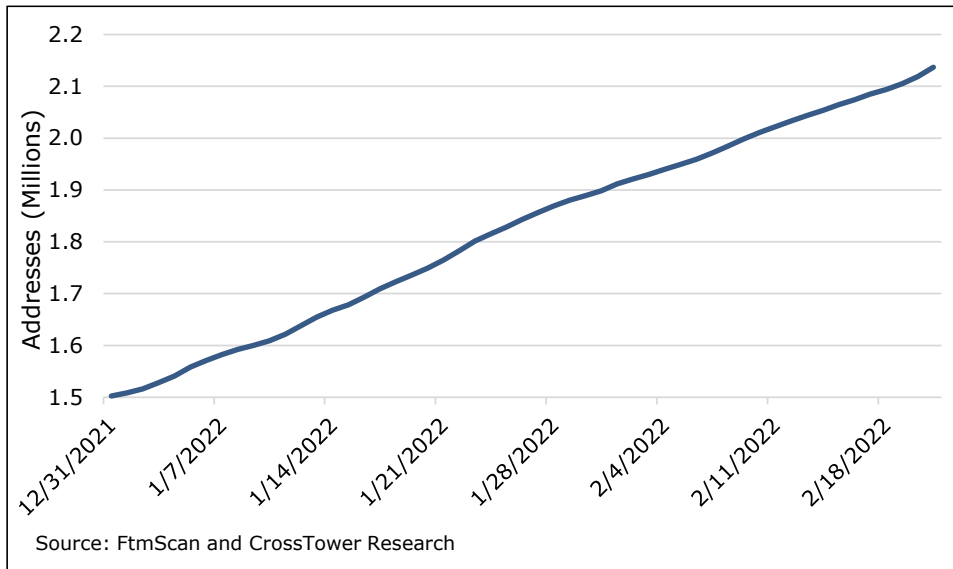


## Fantom

**Exhibit 9. Daily Transactions (30D SMA)**

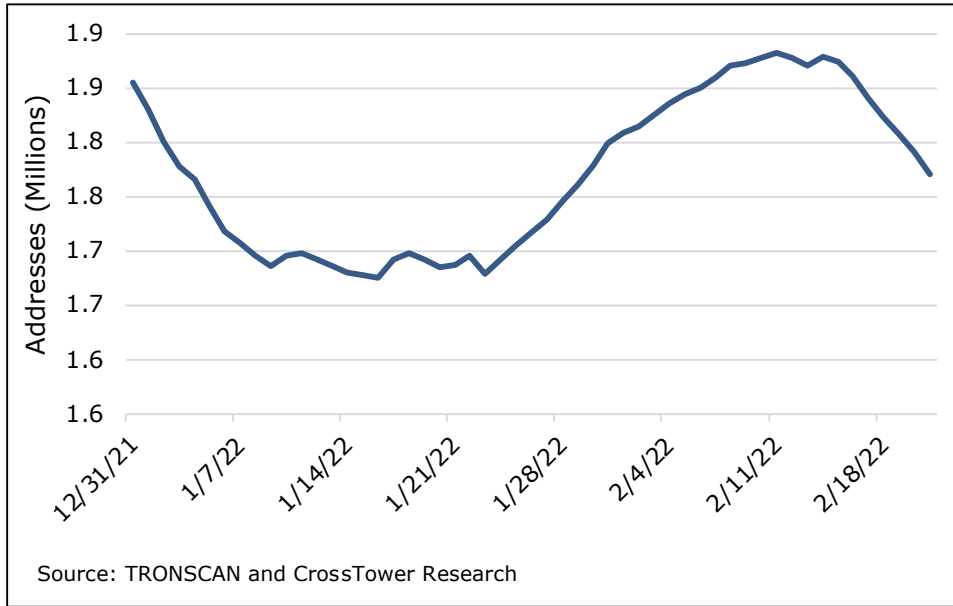


**Exhibit 10. Unique Addresses**

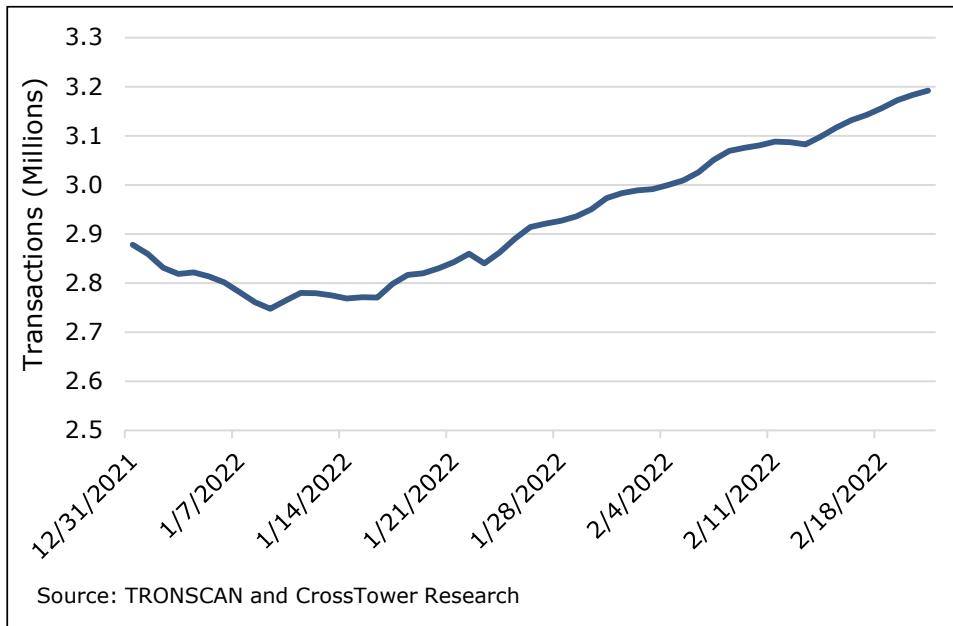


## Tron

**Exhibit 11. Daily Active Addresses (30D SMA)**

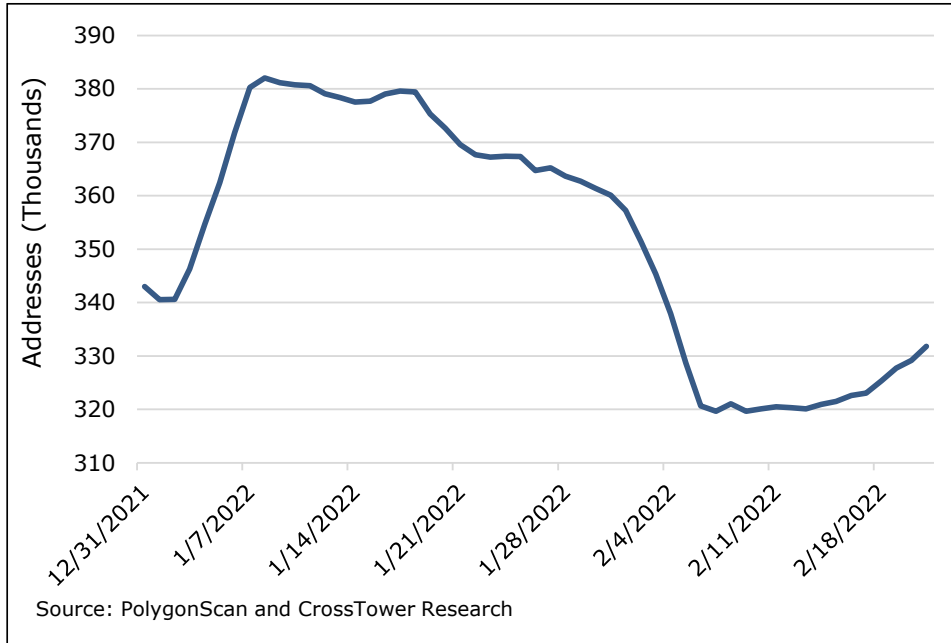


**Exhibit 12. Daily Transactions (30D SMA)**

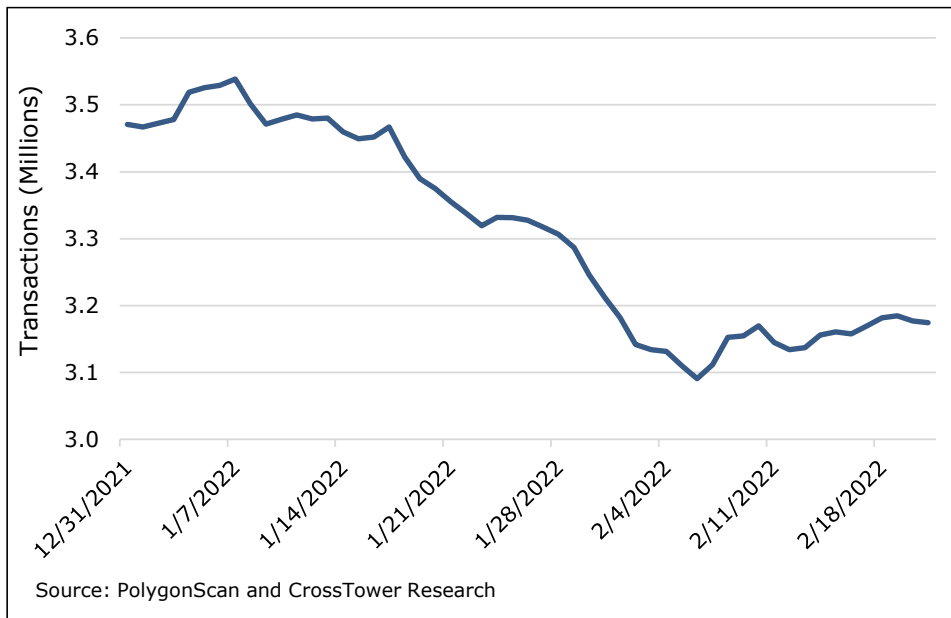


## Polygon

**Exhibit 13. PoS Chain Daily Active Addresses (30D SMA)**



**Exhibit 14. PoS Chain Daily Transactions (30D SMA)**





## DISCLOSURES

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