

Cryptocurrency Investment Report

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Executive Summary

This report evaluates five promising cryptocurrency projects outside the top 20 by market cap, assessing their short-term, medium-term, and long-term investment prospects. Each project is analyzed based on its technology, market potential, development team, and recent performance. The chosen cryptocurrencies are:

- Ondo Finance (ONDO)
- Render Token (RNDR)
- Optimism (OP)
- Sui (SUI)
- Arbitrum (ARB)

1. Ondo Finance (ONDO)

Market Overview:

Market Cap: \$1.31 billion

Current Price: \$0.93

Circulating Supply: \$1.39 billion ONDO

Category: RWA

Project Overview:

ONDO token holders are entrusted with shaping the future of the Ondo DAO so that it continues to pursue its mission to democratize access to institutional-grade finance. The Ondo DAO gives ONDO holders specific rights pertaining to Flux Finance, which is currently governed by the Ondo DAO.

Ondo Finance and the Real World Assets (RWA) Narrative:

Ondo Finance, specializing in the US sovereign debt market, benefits from the \$31.5 trillion public debt, offering significant growth potential. Recent job data showing 187,000 new jobs in August suggests a strong labor market, likely leading to further rate hikes by Powell, thus benefiting US Treasury Bonds.

In a risk-averse bear market, yields backed by traditional assets have become more attractive. DeFi provides liquidity for traditional finance products, and the US's continuous debt issuance requires buyers. Blockchain technology enhances trading and ownership, making it easier for investors.

In essence, investors can earn a risk-free 5% yield, as short-duration Treasuries are almost equivalent to holding dollars. Ondo Finance simplifies access to these instruments, making real-world assets in DeFi a central convergence point between traditional and future finance.

- <https://www.coingecko.com/learn/ondo-finance-crypto>

The RWA narrative has the hallmarks of an enduring narrative, given how it has slowly attracted TVL, and the current macro environment provides perfect foundations for it to flourish. Higher rates for longer means clipping coupons (receiving interest payments from US Treasury Bills) is highly profitable, and people want access to 5% risk-free rates.



- <https://defillama.com/categories>

The synergy between RWAs and DeFi explains their overwhelming success in recent months, and more players continue to wade into the game. The big three sectors currently consist of RWA lending, tokenized commodities (primarily gold), and debt markets, with Ondo focusing on the US sovereign debt market.

Lending	Commodities	ESG	RWA-backed stablecoins	Debt Securities & Equity	Other
Centrifuge (CFG)	PAX Gold (PAXG)	Toucan Protocol (TCO2)	MakerDAO (DAI)	Ondo Finance (ONDO)	RealT
Maple Finance (MPL)	Tether Gold (XAUT)	KlimaDAO (KLIMA)	Frax Finance (FRAX)	Matrixdock (STBT)	RWA.xyz
Goldfinch (GFI)	CACHE Gold (CGT)	Senken	Angle Protocol (agEUR)	Backed Finance (bTokens)	SteakFI
Credix			Flux Finance (FUSD)	Aktionariat (DAKS)	Avalanche Spruce (AVAX)
IProtocol			Tangible (USDR)	Hashnote (SDYC)	Canto (CANTO)
TrueFi (TRU)				OpenEden (TBILL)	Kinto
					Pendle (PENDLE)
					FortunaFI

- <https://redstone.finance/reports/rwa-report.pdf>

Investment Prospects:

Short-term (0-6 months):

Strengths: Growing interest in DeFi, innovative fixed-income solutions.

Risks: consists of 90% of whales, have to go on with it little carefully.

Outlook: Bullish, driven by increasing adoption of DeFi products and partnerships.

Medium-term (6-18 months):

Strengths: Expansion of product offerings, strategic partnerships with financial institutions.

Risks: Regulatory scrutiny, competition from other DeFi protocols.

Outlook: Stable growth, with continuous innovation and adoption in the DeFi space.

Long-term (18+ months):

Strengths: Potential to become a major player in DeFi, robust development team.

Risks: Sustained regulatory challenges, evolving market dynamics.

Outlook: Highly optimistic, with significant potential for growth as DeFi becomes mainstream.

Financial Investment Worthiness: Ondo Finance is considered a worthy investment due to its innovative approach to DeFi, growing adoption, and potential for stable returns in a volatile market. Also it is still not listed on Binance which is a plus point because a huge volume from there would come into it when it is listed.

2. Render Token (RNDR)

Market Overview:

Market Cap: \$2.52 billion

Current Price: \$6.45

Circulating Supply: 391 million RNDR

Category: AI

Project Overview:

RenderToken (RNDR) is a distributed GPU rendering network built on top of the Ethereum blockchain, aiming to connect artists and studios in need of GPU compute power with mining partners willing to rent their GPU capabilities out. Conceived in 2009 by OTOY, inc. CEO Jules Urbach and launched in 2017, RNDR held its first public token sale in October of that same year, followed by a private sale period lasting from January 2018 – May 2018, wherein a total of 117,843,239 RNDR were sold at a price of 1 RNDR = \$0.25 USD equivalent of token. During the private sale period, early adopters were onboarded onto the RNDR Beta Testnet, where beta node operators and artists worked collaboratively with the RNDR team in building and testing the network, up until its public launch on April 27th 2020.

How Render Network Works

Render Network's operation consists of

1. A blockchain network
 2. Creators, who create jobs that require GPU power
 3. Node Operators, who are GPU owners that commit their idle GPUs to the network
 4. OctaneRender, the engine used in the Render Network client
 5. A multi-tier pricing protocol and
 6. Proof-of-Render, a consensus system that guides the general operation.
 7. Render Network was first deployed on the Ethereum blockchain and was also recently launched on the Solana blockchain, with plans to eventually move to the latter. The blockchain layer handles payments, where public ledgers ensure that all Creator-Node Operator interactions are transparent, where all parties (and the Foundation Team) can ensure that all transactions are processed correctly and can be identified and corrected if needed.
- <https://www.coingecko.com/learn/what-is-render-network-rndr-crypto#how-render-network-works>

As the demand for AI and next-generation media increases, so does the demand for GPU computing power. With Render Network's access to a vast network of idle GPUs, the project is able to offer scalable GPU power based on a Creator's needs. Unlike its centralized competitors, Render Network doesn't have to limit GPU availability while offering competitive rates, as its pricing model is based on \$1 worth of RNDR, reducing the impact of the RNDR token's volatility. Render Network uses blockchain technology and smart contracts to create a transparent decentralized marketplace for GPU power, where Node Operators can monetize their idle GPUs while Creators can access a cost-effective and efficient rendering solution based on their needs.

- <https://www.coingecko.com/learn/what-is-render-network-rndr-crypto#final-thoughts>

Investment Prospects:

Short-term (0-6 months):

Strengths: Strong demand for rendering services, partnerships with major studios.

Risks: Volatility in crypto markets, competition from centralized services.

Outlook: Bullish, expected to benefit from increased demand in the gaming and movie industries.

Medium-term (6-18 months):

Strengths: Expansion of network capabilities, growing user base.

Risks: Regulatory challenges, technological barriers.

Outlook: Stable growth, driven by continued adoption and technological improvements.

Long-term (18+ months):

Strengths: Potential to become a standard in decentralized rendering, innovative development team.

Risks: Technological obsolescence, competitive pressures.

Outlook: Highly optimistic, with potential for significant returns as the market for decentralized services grows.

Financial Investment Worthiness: Render Token is a worthy investment due to its unique positioning in the decentralized rendering market, strong demand for its services, and potential for long-term growth.

3. Optimism (OP)

Market Overview:

Market Cap: \$1.84 billion

Current Price: \$1.64

Circulating Supply: 1.12 billion OP

Category: Layer-2

Project Overview:

Optimism (OP) is a layer-two scaling solution blockchain built on top of Ethereum. Optimism provides benefits to the Ethereum mainnet by using Optimistic Rollups, a scaling solution that relies on off-chain computation to trustlessly record transactions while still relying on the security of Ethereum. We will cover Optimistic Rollups in the next section.

Optimism is one of the largest scaling solutions for Ethereum already with over \$1 billion in On-chain value and over 70 protocols utilizing the scaling technique such as Synthetix, Aave, Uniswap, Velodrome, and more.

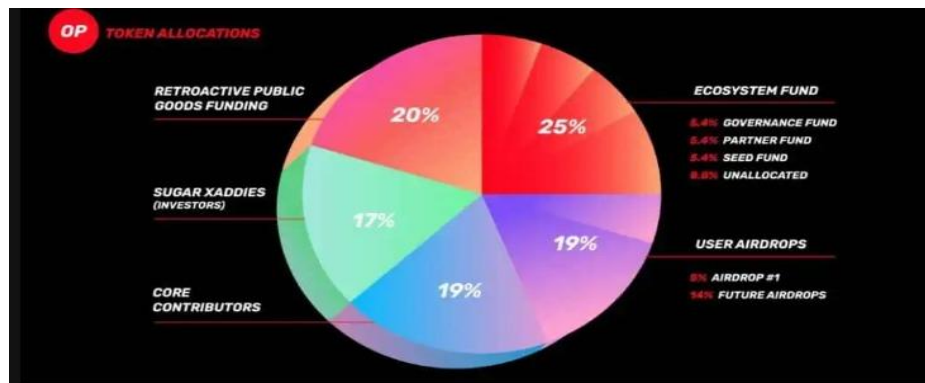
Experience Ethereum at 10x speeds and turbocharge it? Sounds good to me.

Optimism has been designed around four core tenets to make it unique:

1. Simplicity
2. Pragmatism
3. Sustainability
4. Optimism

- <https://www.coinbureau.com/review/optimism-review/>

It is great to see that only 17% of the funds went to investors as any project where the investors are the primary token holders is a red flag as they are likely only concerned with profit and will dump on the community to pad their bank accounts first chance they get. A healthy sign is that a quarter of all tokens were allocated to the Optimism ecosystem, fuelling further growth and innovation.



- *Image via optimism*

Investment Prospects:

Short-term (0-6 months):

Strengths: Increasing adoption of layer-2 solutions, partnerships with major dApps.

Risks: Market volatility, technological challenges.

Outlook: Positive, driven by network upgrades and growing use cases.

Medium-term (6-18 months):

Strengths: Continuous technological improvements, expanding ecosystem.

Risks: Competition from other layer-2 solutions, regulatory issues.

Outlook: Stable growth expected as more projects migrate to layer-2 solutions.

Long-term (18+ months):

Strengths: Potential to significantly enhance Ethereum's scalability, strong development team.

Risks: Market competition, evolving technology landscape.

Outlook: Highly positive, with substantial growth potential as Ethereum's scalability issues are addressed.

Financial Investment Worthiness: Optimism are one of the true visionaries and pioneers in the niche of L2 solutions, it is definitely a project that is worth keeping on your radar as they could be capable of achieving truly monumental things if their “Superchain” and Module Blockchain Theory come to fruition.

4. Sui (SUI)

Market Overview:

Market Cap: \$1.83 billion

Current Price: \$0.72

Circulating Supply: 2.51 billion SUI

Project Overview:

Sui is a decentralized layer-1 blockchain designed to provide high throughput and low latency for dApps and DeFi projects. Built using Move, a new programming language created by Facebook for its Libra project, Sui aims to offer a scalable and secure platform for next-generation decentralized applications.

Sui Blockchain Consensus

Sui is a Byzantine Fault Tolerant blockchain network that uses Delegated Proof of Stake (DPoS) consensus process to validate blocks on the network. In a DPoS consensus mechanism, there are direct and indirect consensus participants. In-direct participants are the SUI token holders who wish to participate in consensus without needing to operate a full node and validate block transactions during the consensus process. Direct participants are validator nodes that stake SUI tokens, maintain a full node, and participate in the voting process where the weight of their vote is proportionate to their stake.

In-direct participants can delegate their stake to full node validators who participate on their behalf and share their rewards with the delegates proportionately. A DPoS consensus system has the following benefits:

- Increased Scalability
- Increased Network Stake
- Reduced Token Liquidity
- Faster Consensus

However, it's important to note that DPoS systems can also have downsides, such as the risk of voter apathy or the possibility of a small number of delegates gaining disproportionate control over the network. As with any consensus mechanism, the specific implementation and network parameters play a crucial role in determining the effectiveness and security of the system.

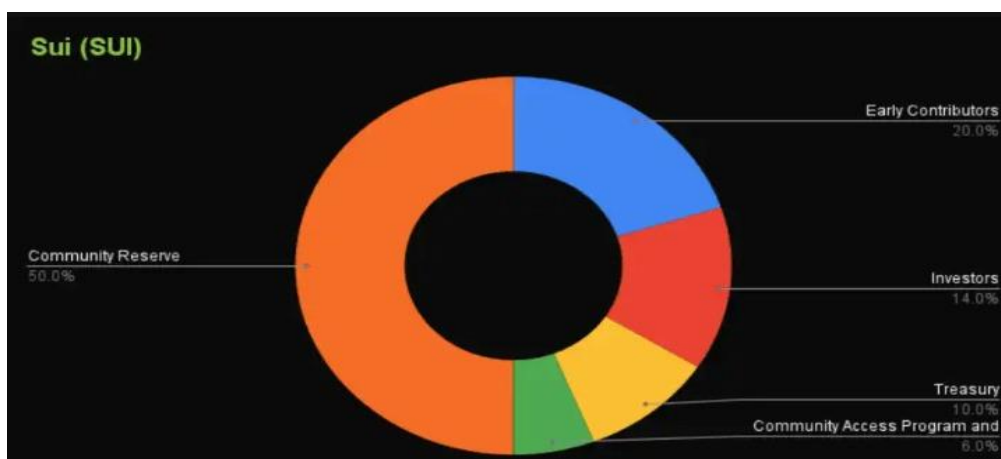
- <https://www.coinbureau.com/review/sui-review/>

Sui Network Validator Spread



- *Sui Validator Network | Image via Sui Explorer*

SUI Token Liquidity, Supply, Distribution, and Vesting Schedule



- *Image via CoinGecko*

Max Supply: The maximum supply of SUI is capped at 10 billion tokens.

Distribution:

- 50% to the community reserve (includes delegation program, grant program, research and development, and validator subsidies).
- 20% to early contributors.
- 14% to investors.
- 10% to the Mysten Labs Treasury.
- 6% for the Community Access Program and App Testers.

Vesting Schedule: A significant portion of the total supply will be liquid at Mainnet launch, with the remaining amount vesting over the coming years for future staking rewards.

Blockchain technology is evolving with an ever-growing number of users, and networks like Sui are an example of innovation pushing the limits of this technology. However, it is worth pondering over Sui's growing competition in the layer-2 ecosystem of Ethereum, which has been getting more secure, faster, and cheaper every day.

Investment Prospects:

Short-term (0-6 months):

Strengths: High throughput and low latency, increasing interest in layer-1 solutions.

Risks: High market volatility, early-stage project risks.

Outlook: Positive, driven by technological advancements and early adoption by dApp developers.

Medium-term (6-18 months):

Strengths: Growing ecosystem, strategic partnerships, and collaborations.

Risks: Regulatory challenges, competition from established layer-1 blockchains.

Outlook: Stable growth expected as more projects are built on Sui and its ecosystem expands.

Long-term (18+ months):

Strengths: Potential to become a leading layer-1 blockchain, innovative use of the Move programming language.

Risks: Market dynamics, execution risks.

Outlook: Highly favorable, with significant potential for long-term growth as its ecosystem and developer base expand.

Financial Investment Worthiness: Sui is a worthy investment due to its high-performance blockchain technology, potential for widespread adoption, and innovative approach to solving scalability issues.

5. Arbitrum (ARB)

Market Overview:

Market Cap: \$2.30 billion

Current Price: \$0.71

Circulating Supply: 3.23 billion ARB

Category: Layer-2

Project Overview:

Arbitrum is another layer-2 scaling solution for Ethereum, utilizing rollup technology to improve transaction speed and reduce costs. Arbitrum focuses on enhancing the scalability of Ethereum while maintaining security and decentralization, making it an attractive option for dApps and DeFi projects.

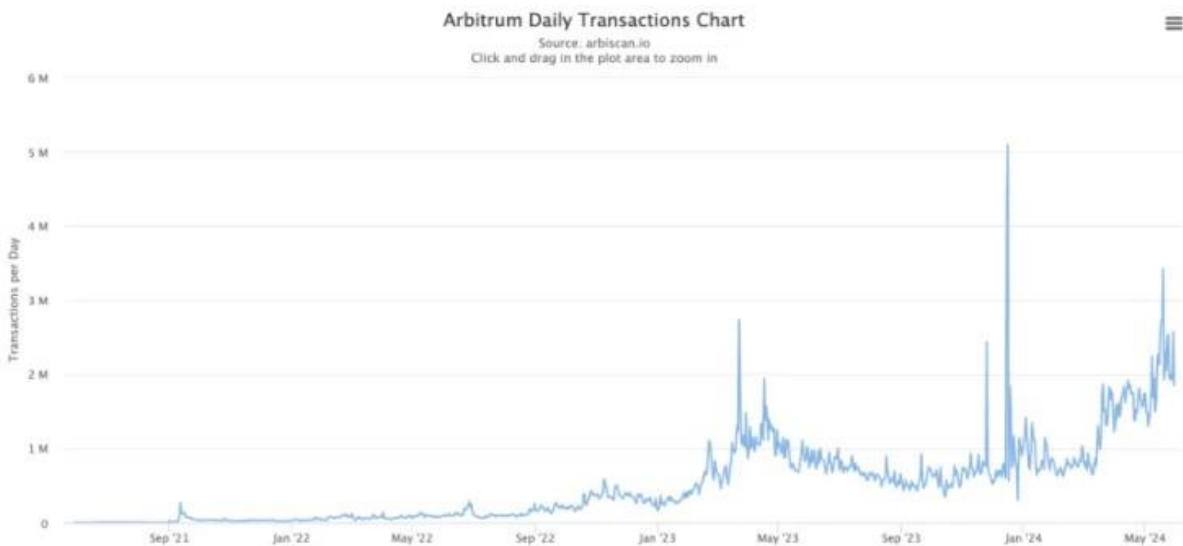
Arbitrum allows users to build on the largest layer-1 blockchain, Ethereum. The project was developed by Offchain Labs, which utilizes rollup technology that combines multiple transactions into one. Hence, users can enjoy high scalability and low on-chain transaction costs.

According to CoinMarketCap data, Arbitrum's market cap was an impressive \$3.25 billion as of **May 31, 2024**. ARB is the native token of the Arbitrum ecosystem, and users can use it to vote on protocol development and fund allocation. Users can also easily transfer ethereum to Arbitrum through a bridge and exchange it with other platforms.

The entire ecosystem is powered by Nitro, with various products available. To name a few, the Arbitrum Orbit enables users to launch their own custom chain via a configuration that best suits their project's needs. Additionally, the Arbitrum AnyTrust is a variant of Arbitrum Nitro technology that lowers costs by accepting a mild trust assumption.

- <https://beincrypto.com/learn/layer-2-crypto-projects/>

From a technical perspective, Arbitrum achieves this goal by processing transactions off-chain, thereby freeing up space on the Ethereum blockchain, making it more efficient and cost-effective for all parties involved. With its high throughput and low transaction fees, Arbitrum has become a popular choice for developers seeking to create dApps on Ethereum.



- <https://www.benzinga.com/money/is-arbitrum-a-good-investment>

Investment Prospects:

Short-term (0-6 months):

Strengths: Growing adoption of layer-2 solutions, strong technological foundation.

Risks: Market volatility, competition from other scaling solutions.

Outlook: Bullish, driven by increasing demand for scalable Ethereum solutions.

Medium-term (6-18 months):

Strengths: Continuous technological advancements, expanding ecosystem.

Risks: Regulatory concerns, market competition.

Outlook: Stable growth expected as more projects adopt Arbitrum for scalability.

Long-term (18+ months):

Strengths: Significant potential in enhancing Ethereum's scalability, robust development team.

Risks: Evolving technology landscape, market dynamics.

Outlook: Highly favorable, with substantial growth potential as Ethereum's scalability needs increase.

Financial Investment Worthiness: Arbitrum presents a promising investment opportunity in the dynamic world of cryptocurrency. With its impressive scalability, efficiency and popularity, it has the potential to revolutionize the world of dApps.

Conclusion

The five cryptocurrency projects analyzed in this report show significant potential for investment outside the top 20 by market cap. Each project has unique strengths and faces specific risks, but they all share a common potential for substantial growth in their respective markets. Investors should consider their risk tolerance and investment horizons when deciding to invest in these projects.

References:

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