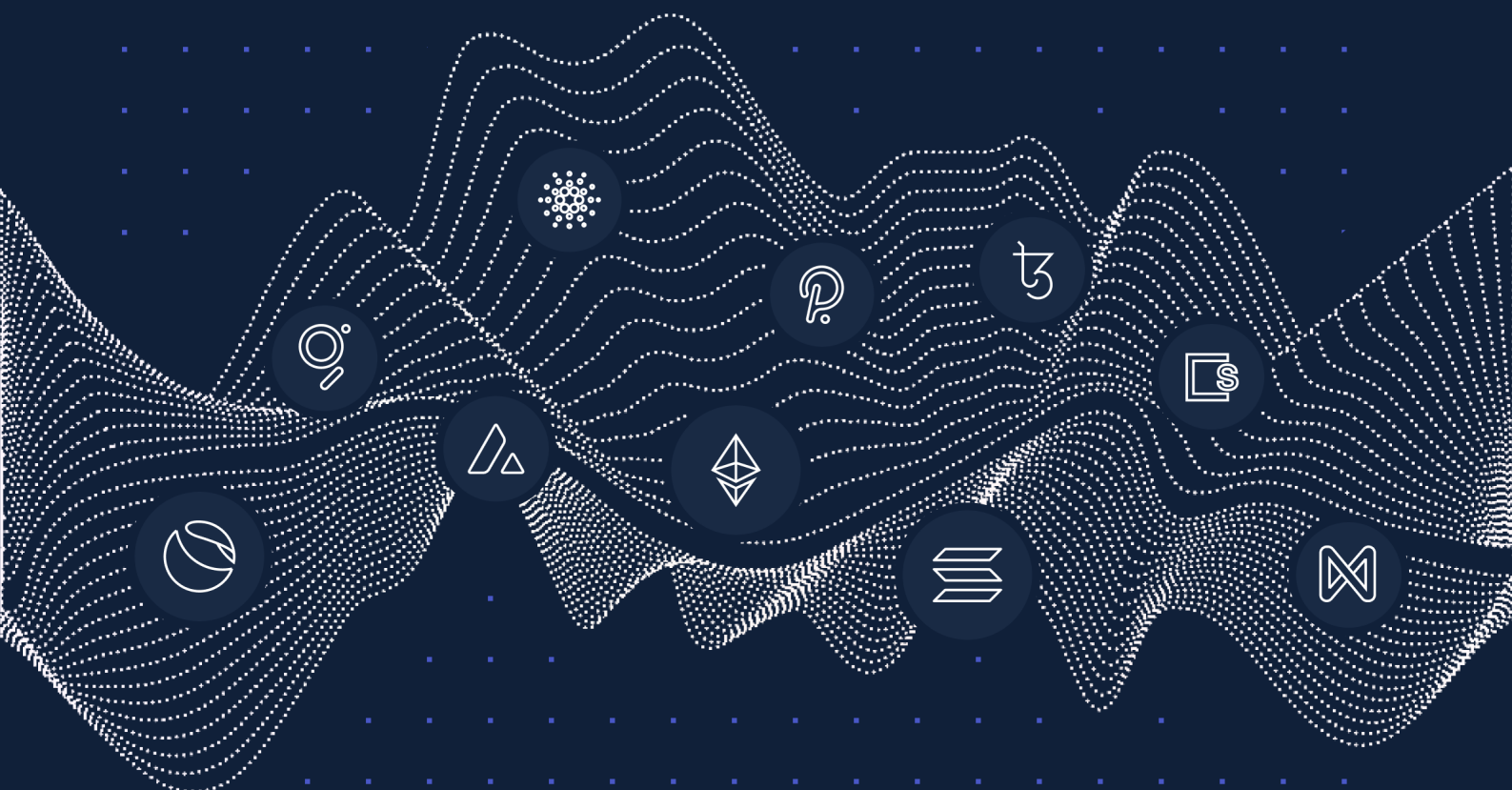


Staked



The State of Staking

Q3 | 2021

\$597 BN (65% Q/Q)

Market Capitalization

30% (+25% Q/Q)

PoS Share of Total Market Cap

28 (+4 Q/Q)

PoS Chains in Top 100

6.5% (-11% Q/Q)

Average Yield (weighted)

\$17.9 BN (43% Q/Q)

Projected Annual Staking Rewards

PoS Dominance is Clear & Accelerating

Q3 was an absolute banner quarter for PoS crypto assets. The market cap of the top 35 PoS assets represented 30% of the total crypto market capitalization as of 09/30, marking the first time PoS assets have accounted for > 25% of the total crypto market cap. There were a record 4 PoS assets in CoinGecko's top 10 crypto assets (Ethereum, Cardano, Solana and Polkadot), and 28 in the top 100. The market cap of the top 30 PoS assets reached an all-time high of \$594BN, an increase of 65% vs. Q2. 6 assets now have market caps in excess of \$10BN, up from 3 in Q2, with Solana, Avalanche and Terra joining the club. Solana eclipsed Polkadot to become the 3rd most valuable PoS asset with a market cap of \$41.4BN at the end of Q3.

MARKET CAPITALIZATION (\$BN)				
	Q2	Q3	Q/Q GROWTH	POS RANK
Ethereum	247.9	352.8	42%	1
Solana	8.8	41.4	370%	4 to 3
Avalanche	2.0	14.4	620%	12 to 5
Terra	2.5	14.2	468%	10 to 6

Source: *CoinGecko as of 09/30/21.*

Helium, a peer-to-peer wireless network and decentralized blockchain for IoT devices, transitioned to a PoS consensus system, making it yet another high profile blockchain to adopt Proof of Stake.

Significant venture capital was invested into the PoS ecosystem during Q3, with \$8BN in capital raised. Notable fundraises included Solana's \$314MM, Avalanche's \$230MM and Helium's \$111MM.

Copy-Paste DeFi Projects

Helping Layer-One

Competitors Capture Share

Leveraging a combination of Ethereum Virtual Machine (EVM) compatibility, the open source nature of smart contracts on Ethereum, liquidity incentive models popularized on Ethereum, and high transaction fees on Ethereum (avg. fee of \$28 in Q3), an emerging group of L1 and L2 PoS blockchains including Solana, Polygon and Avalanche generated explosive growth in usage and economic value secured in Q3, capturing a material share of the smart contract blockchain market.

Polygon, Avalanche and Solana have all added the winning dapps and use cases from Ethereum in the past several quarters. For example, Aave and Curve are 2 of the top 5 protocols by total value locked (TVL) on Ethereum, Polygon and Avalanche. Saber, Solana's top dapp by TVL at \$2.85BN, is an implementation of Curve's math (by a different team) on Solana. Similarly, all three chains have used liquidity incentives (and the transitory nature of liquidity) to attract record levels of TVL.

	MARKET CAPITALIZATION		TOTAL VALUE LOCKED (TVL)		MC / TVL
	\$	% OF ETH	\$	% OF ETH	
Polygon	7,488,122,600	2.1%	4,200,000,000	3.5%	1.8x
Avalanche	14,415,053,662	4.1%	3,700,000,000	3.1%	3.9x
Solana	41,393,739,914	11.7%	9,200,000,000	7.6%	4.5x
Ethereum	352,781,288,835	100.0%	83,022,000,000	100%	4.2x

Source: *CoinGecko, Defi Pulse (Ethereum), Defi Llama (Polygon, Avalanche, Solana) as of 09/30/21.*

L1 AND L2 POS COMPETITORS CAPTURING SHARE (CONTINUED)

Per Defi Llama, the Solana Defi ecosystem reached \$1BN total of TVL on July 21st. By the end of Q3, TVL had increased by a stunning 1,450% vs. Q2 to \$9.2 BN. By October, five different Defi protocols had exceeded \$1BN in TVL, with Saber at \$2.85BN, Sunny at \$1.9BN, Serum at 1.6BN, Raydium at \$1.4BN and Orca at \$1BN.

TOTAL VALUE LOCKED (\$MM)			
	Q2	Q3	Q/Q GROWTH
Avalanche	187	3,700	1,880%
Polygon	4,980	4,230	-15%
Solana	592	9,220	1,457%
Ethereum	69,795	83,022	19%

Source: *Defi Pulse (Ethereum), Defi Llama (Polygon, Avalanche, Solana) as of 09/30/21.*

The key question for investors: does this growth come at the expense of Ethereum or are we simply seeing the pie grow bigger? Stay tuned.

Taking Stock of EIP-1559: On Pace to Burn \$12.6 Billion worth of ETH this year

Ethereum's 'London upgrade' was completed two months ago, implementing EIP-1559. Since the upgrade in August, 515,000 ETH worth more than \$1.8BN has been removed from the ETH supply. With EIP-1559 came the first Ethereum block to have a net deflationary profile; block 12965263 issued 2 ETH while 2.078 ETH was burnt via transaction fees.

EIP-1559 has proven beneficial to ETH holders thus far. Since the launch of EIP-1559, Ethereum has seen a net reduction in new ETH issuance by over 55% (920,000 ETH rewarded with 515,000 ETH burnt). So, where is all the ETH burn coming from? ETH tracking website ultrasound.money shows the largest ETH burner to-date is popular NFT marketplace OpenSea, having burnt 75,000 ETH worth more than \$250MM. Standard ETH transfers have burnt 44,000 ETH worth more than \$150MM, and Uniswap V2 and Tether have both burnt more than \$80MM worth of ETH. Other top burners include Uniswap V3, NFT-based game Axie Infinity, Metamask, and stablecoin USDC.

TAKING STOCK OF EIP-1559: \$10B ETH (CONTINUED)

What's the big deal? Projections indicate more than 3MM ETH (\$12.6bn) will be removed from circulation over the coming year, representing > 2.5% of the current outstanding supply of 117MM ETH. Many investors compare ETH's burn mechanism to a traditional 'share buy-back' where a corporation will use earnings to buy outstanding shares and increase the earnings per share. With this in mind, if you look at a 'price-to-generated fees' (including burnt ETH) multiple, ETH trades at 29x, in line with the mega-cap tech cohort of Apple, Facebook, Alphabet and Amazon, while delivering dramatically more growth. ETH fees have grown an astounding 25x in the last year.

	PRICE / EARNINGS (PE)	EARNINGS GROWTH
Apple	29x	10%
Facebook	25x	57%
Alphabet	30x	19%
Amazon	59x	82%
Ethereum	29x	2,400%

EIP-1559 was arguably the highest profile monetary upgrade to any decentralized network in history. As its effects play out in Q4 and beyond we will continue to provide updates to the community.

About Staked

With \$7BN+ of staked assets, Staked is the #1 staking service provider in the cryptocurrency industry. The leading crypto investment funds, exchanges and institutions trust Staked to deliver the optimal staking rewards reliably and securely across the broadest range of proof-of-stake (PoS) assets. Staked operates staking infrastructure on 50+ proof-of-stake blockchains, the most in the industry.

Started in 2018, Staked's investors include Pantera Capital, Digital Currency Group (DCG), Winklevoss Capital and Parafi Capital.

For more information, please visit: <http://staked.us>

**Disclaimer: Staking on some blockchains may entail slashing risk, which can result in loss of principal. Please contact a Staked representative for more details.*

Appendix

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Top 35 Staking Chains by Market Cap

PROJECT	TICKER	MARKET CAP	YIELD	STAKE RATE
Ethereum	ETH	352,781,288,835	5.5%	6.8%
Cardano	ADA	67,181,393,270	4.6%	52.0%
Solana	SOL	41,393,739,914	7.2%	76.9%
Polkadot	DOT	29,104,776,490	13.9%	63.0%
Avalanche	AVAX	14,415,053,662	9.9%	63.1%
Terra	LUNA	14,203,020,341	3.5%	34.8%
Algorand	ALGO	9,564,184,688	4.9%	27.0%
Cosmos	ATOM	9,553,291,676	10.7%	65.7%
Polygon	MATIC	7,488,122,600	13.5%	28.6%
TRON	TRON	6,369,027,006	3.3%	31.8%
Tezos	XTZ	5,011,229,256	5.8%	76.4%
Elrond	EGLD	4,088,848,002	12.0%	61.0%
EOS	EOS	3,774,659,467	1.8%	42.3%
The Graph	GRT	3,194,830,062	8.8%	29.4%
NEAR	NEAR	3,161,776,359	11.0%	43.6%
Fantom	FTM	3,095,570,695	12.8%	58.0%
Kusama	KSM	2,991,992,230	16.5%	43.0%
Thorchain	RUNE	1,788,432,751	15.2%	9.0%
Celo	CELO	1,766,587,269	5.0%	49.3%
Dash	DASH	1,671,577,128	5.9%	44.6%
Helium	HNT	1,666,153,298	6.9%	28.8%
Harmony	ONE	1,570,034,891	10.1%	39.6%
Decred	DCR	1,369,808,608	4.1%	60.8%
Stacks	STX	1,256,148,806	9.9%	36.7%
QTUM	QTUM	1,082,191,441	16.1%	19.6%
ICON	ICON	1,025,112,500	9.4%	49.4%

Appendix

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Top 35 Staking Chains by Market Cap

PROJECT	TICKER	MARKET CAP	YIELD	STAKE RATE
Flow	FLOW	1,024,229,029	7.1%	66.6%
Mina	MINA	1,016,232,307	23.3%	87.8%
Audius	AUDIO	883,006,714	23.0%	28.9%
Celer	CELR	799,343,050	11.0%	5.0%
Horizen	ZEN	795,734,923	8.6%	33.5%
Kava	KAVA	489,967,074	34.6%	57.9%
Livepeer	LPT	406,363,715	16.0%	49.7%
Akash	AKT	363,221,229	47.2%	76.3%
Skale	SKL	361,050,794	12.9%	68.4%
Total		596,708,000,080		
Average		17,048,800,002	11.8%	46.1%

Sources:

<https://www.coingecko.com>, public block explorers and internal Staked data.