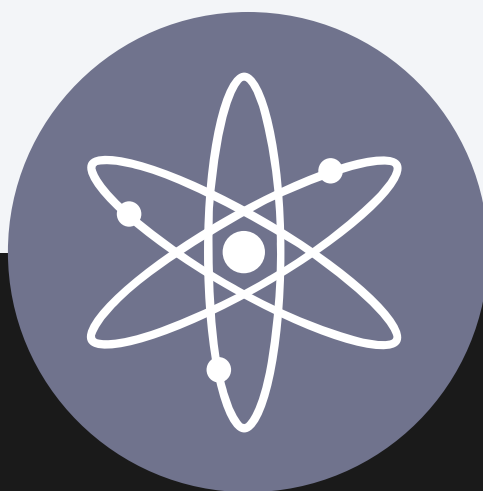




# CoinShares

ASSET HIGHLIGHT



**COSMOS**

[coinshares.com](https://coinshares.com)

# COSMOS



## PURPOSE

The internet of blockchains. The Cosmos Network is a network of independent, scalable, and interoperable blockchains.

## THE SYSTEM

|  |
|--|
| Software Development Kit (SDK)                   |
| Application Specific Blockchain Interface (ABCI) |
| Interchain Blockchain Communication (IBC)        |
| Cosmos Hub                                       |

Source: CoinShares

## THE ASSET

|                  |
|------------------|
| Staking          |
| Transaction Fees |
| Airdrops         |

Source: CoinShares

## GENERAL INFO

|                              |  |
|------------------------------|--|
| Creators                     | Jae Kwon, Ethan Buchman,   |
| Launch                       | 19th March 2019  |
| Consensus                    | Proof-of-Stake   |
| Asset                        | ATOM   |
| Total Supply (native tokens) | N/A - inflation schedule programmed between 7-20% per year to balance a staking ratio of 67%                                       |
| Smallest Unit                | 1 ATOM = 1,000,000 uATOM   |
| Core Contributors            | Interchain Foundation (ICF), Tendermint  |
| Language                     | Individual blockchains can be built using any language. But Tendermint and Cosmos Software Development Kit is written mostly in GO |

Source: GitHub, Cosmos, CoinShares

## PRICE ACTION

|            |         |
|------------|---------|
| 2019       | -31.71% |
| 2020       | 36.92%  |
| 2021       | 447.02% |
| 2022 (YTD) | -67.65% |

\*\*\*Since June 2019.

Source: ATOM/USD, Compass Financial Technologies. The figures shown relate to past performance. Past performance is not a reliable indicator of future results and should not be the sole factor of consideration when selecting a product. Transactions costs, fees and expenses not included. Figures do not include any staking rewards.

## QUICK STATS

|  |            |
|--|------------|
| Market Cap                             | \$2.5bn    |
| Circulating Supply (native token)      | 299m       |
| Staking APY                            | ~16%       |
| Percentage Staked                      | 186m (62%) |
| Number of active validators            | 175        |
| Number of active blockchains on Cosmos | 45         |
| Volume                                 | \$262m     |

Source: CosmoScan, Big Dipper, Map of Zones, CoinShares, data as of 22 June 2022

## EXECUTIVE SUMMARY

This report simplifies and clarifies what the Cosmos Hub is and what it does. As well as the problem the Cosmos Hub tries to solve and its development since its launch. Its strengths and weaknesses, and opportunities and threats. It also covers the people behind the protocol, the core teams and architecture of the protocol.

The Cosmos Hub connects and communicates with other blockchains. The Cosmos Hub has its own Transmission Control Protocol (TCP) like the internet called Interchain-Blockchain Communication (IBC). This enables blockchains to exchange tokens and messages throughout the Cosmos ecosystem. And is all done without the need for exchange liquidity between blockchains.

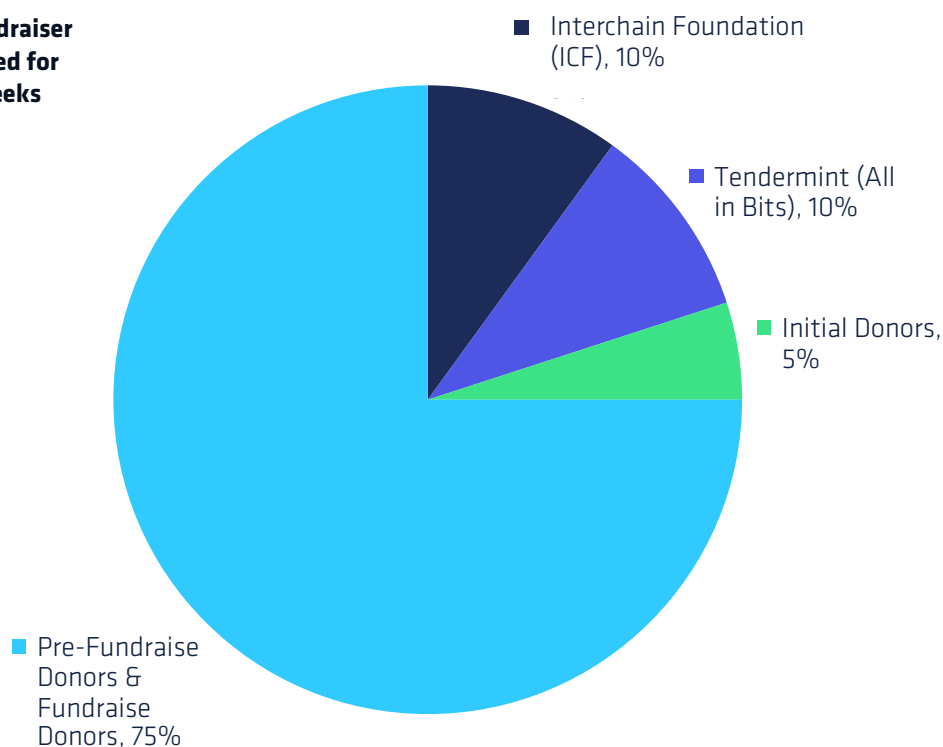
The nature of the Cosmos Hub allows any blockchain to connect for future compatibility and exchange with other chains. The Cosmos Hub keeps track of all transfers of the total amount of tokens. And, isolates each Cosmos blockchain from failure of one another.

But, the Cosmos Hub has issues relating to its value accrual mechanism and network competitors.

## COSMOS GENESIS & FUNDING ROUND

### Cosmos Initial Supply Distribution

**Fundraiser  
lasted for  
2 weeks**



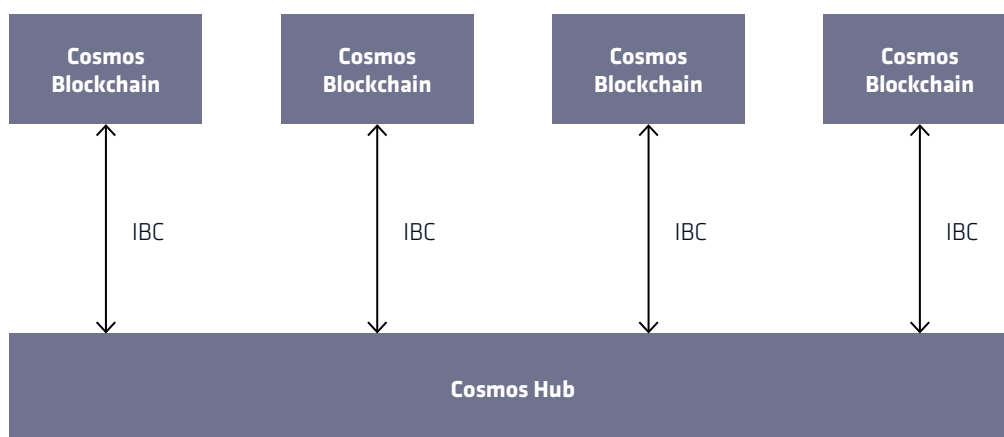
Source: Cosmos, GitHub, CoinShares, data available as of close 27 June 2022

## PURPOSE, MOTIVATION AND SOLUTION

Core researchers of Cosmos like to think of the development of blockchains in generations - one, two and three. Generation one was application-specific, siloed blockchains like Bitcoin which had little composability. Generation two blockchains came around, like Ethereum, and improved scalability and composability. But still experienced limited performance and high energy consumption. Alongside inadequate governance mechanisms that did not prevent forks or splitting communities (i.e. Ethereum Classic).

Generation three is the Cosmos vision with the first blockchain in the ecosystem being the Cosmos Hub. At the core is Tendermint, a consensus mechanism which provides validators with a common rule set to determine whether a block is acceptable. Tendermint is a Proof-of-Stake algorithm designed to be simplistic, fork-preventing and fast. All characteristics that the Cosmos Hub developers believe improve upon the first and second generations.

The key of the Cosmos Hub is that it connects other blockchains. Think of this as an airport rather than an airline, or a sea port rather than a boat. Although, each chain doesn't necessarily need to route through the Hub - a curse and blessing to The Cosmos Hub's native token, ATOM.



Source: CoinShares

## CORE PEOPLE



Jae Kwon is the co-founder of Tendermint, and the president of the Interchain Foundation. Kwon graduated from Cornell in 2005 with a B.S. degree in computer science. Alongside Ethan Buchman and Zarko Milosevic, he researched Byzantine Fault Tolerance (BFT) in a Proof of Stake public blockchain context. Eventually applying it to the Cosmos Hub.



Ethan Buchman is the CTO of Tendermint and Vice President of the Interchain Foundation. Buchman is also CEO of Informal Systems, dedicated to mathematically proving the intended algorithms (formal verification) for the Cosmos Network. In the beginning, Buchman joined forces with Kwon to develop Tendermint after meeting at the Cryptocurrency Research Group and Crypto-economics Conference. Prior, he attended the University of Guelph where he received a degree in Physical Science and a Master's degree in Engineering Systems and Computing.



Zarko Milosevic is a Research Scientist at Tendermint, Senior Research Scientist at Interchain Foundation and CTO and Chief Scientist at Informal Systems. As an Assistant Professor at Singidunum University, Milosevic received his Doctorate at EPFL (École polytechnique fédérale de Lausanne) in Distributed and Fault Tolerant Systems, the technology that Tendermint runs on.

## CORE TEAM

### INTERCHAIN FOUNDATION



The Interchain Foundation (ICF), a Swiss Foundation, formed to support and fund the development of the Cosmos ecosystem. Around 16 ICF teams maintain the Cosmos Software Development Kit (SDK), Tendermint Core, and IBC. In 2017, The ICF raised \$16.8M for the funding of the Cosmos Network in 30 minutes and received 10% of tokens after the fundraiser. Then contracted with Tendermint to develop Tendermint v1.

### Tendermint

Tendermint Inc is a software development company. Tendermint has three main products. First, Tendermint Core helps the network come to consensus on which blocks are valid to secure the network. Second, the Cosmos SDK provides developers with a framework to build and connect blockchains. Third, the Interchain Blockchain Communication protocol facilitates the transfer of tokens between blockchains.

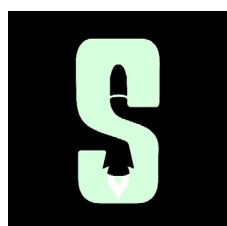
#### Other Teams include:



Supported by the ICF, the IRIS Foundation Ltd. built IRISnet. A Hub that facilitates the connection and construction of Cosmos application-specific blockchains. Ecosystem partners include Binance, Chainlink and CoinMarketCap. New features include cross-chain NFT transfers and other protocol interactions.



The first Hub (connects multiple blockchains) launched in the Cosmos Network was the Cosmos Hub. The Cosmos Hub is a public Proof-of-Stake blockchain whose native staking token is called the ATOM, and where transactions fees will be payable in many tokens, not just ATOM. The launch of the Hub on March 13th, 2019 also marked the launch of the Cosmos network.



Strangelove was founded by two people. Jack Zampolin, Ex-Director of Product at Tendermint, and Tyler Schmidt, director of user experience for AAA video games. As a venture capital firm, lab, and validator, Strangelove invests in ecosystem startups. They also provide validation services and build products such as SDK modules.

## DEVELOPMENT

Previous Cosmos Hub upgrades include improvements to the Cosmos Hub's SDK modules - the parts which make up the blockchain. Some of the many upgrades include allowing users to pay fees on behalf of another account as well as the introduction of Gravity, a decentralised exchange which enables swaps and pools of tokens between any connected blockchains. However, this DEX has now moved to another Cosmos blockchain, Crescent Network.

Upcoming upgrades include interchain security and liquid staking. The current model of security is that each Cosmos blockchain has their own validators. Interchain security provides an option for other chains connected to the Cosmos Hub to use their validators. This is closer to Polkadot where all connecting chains are required to subscribe to the fully-shared security model. This is where all blockchains share one validator set. If the validator does not act as designed or 33% of validators lose consensus with one another. Then the blockchain would lose its integrity and cease to process transactions.

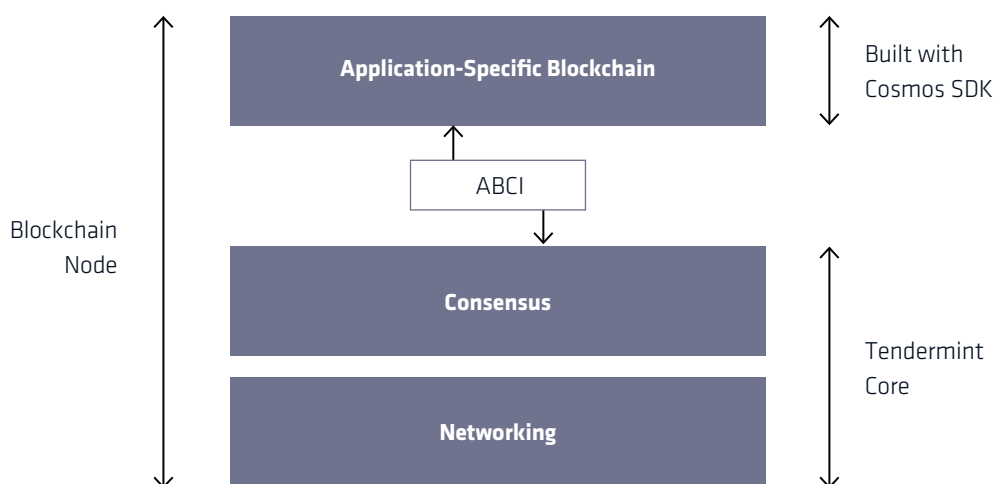
Further, currently, ATOM stakers undergo a 3-week un-bonding period. To combat this, liquid staking frees small delegations for use in other parts of the Cosmos ecosystem. This tokenizes illiquid assets that can then be utilised across other DeFi products and applications.

Other issues which have not made it into the roadmap yet but have been discussed at length within the community include features such as privacy, smart contracts and rollups.

Recent notable ecosystem developments include dYdX, a perpetual contracts exchange, moving from Ethereum to Cosmos. The team claimed the main reason was that they thought the Ethereum Layer 2, Starknet, was too slow. But also, that Cosmos is more decentralised and composable. What this boils down to is the communal aspect of the product, with no central points of control or failure. dYdX has a plan to decentralise scaling technologies called rollups but this will take a while to mature.

Yet, CoinShares Research believes this will not set a new precedent. Moving to a new blockchain means starting from scratch. Product, oracles, liquidity, consensus and validators and more may all be necessary to complete a successful re-deployment.

## CORE COMPONENTS



Source: CoinShares



|                   | <b>Core Components<br/>Tendermint</b>   | <b>Application<br/>Blockchain<br/>Interface</b>   | <b>Cosmos Software<br/>Development Kit<br/>(SDK)</b>   | <b>Interchain Blockchain<br/>Communication<br/>Protocol (IBC)</b>  |
|-------------------|---|---|--|--|
| <b>Role</b>       | Handles how validators propose blocks, checks transactions and spreads information to other validators  | Acts as an API to connect validators and applications to send messages back and forth. This is to update the state of the network for all nodes   | The goal of the Cosmos SDK is to create an ecosystem of modules that allows developers to easily spin up application-specific blockchains without having to code each bit of functionality of their application from scratch   | These blockchains can communicate with each other through the IBC protocol even if they have different consensus algorithms  |
| <b>Importance</b> | <p>Cosmos' consensus algorithm works even if up to 33% of machines fail. This is called Byzantine's Fault</p> <p>Tendermint consists of two parts:<br/>1) Tendermint Core = consensus algorithm to ensure transactions are validated and recorded correctly on the blockchain<br/>2) ABCI = API for Tendermint Core &amp; Application</p> | <p>Helps send confirmation back to validators as to whether these transactions were processed or not</p> <p>Protect the waiting room of transactions against spam transactions by checking for sufficient fees and verifying cryptographic signatures checking the block</p> <p>Only handles transactions</p> <p>Allows for replication of applications written in any programming language</p> | <p>Each module is one part of the overall network state. Applications understand the state of the network by aggregating each module together.</p> <p>It is the developers job to set the parameters of each module to build their application.</p> <p>Some modules relate to verification, transfers, staking and slashing (punishment of bad staking)</p> <p>Most of the work on Cosmos is developers creating new modules as the foundational modules already exist</p> | <p>A Cosmos SDK Module</p> <p>This protocol is different from the networking layer provided in Tendermint Core</p> <p>IBC standardises the way in which a message should be sent to another blockchain. This is similar to how phones communicate regardless of brands and operating systems</p> <p>Connected blockchains send packets of information to each other via dedicated channels using smart contracts in a verifiably-trustless fashion</p> |

Source: Solana, Gemini, CoinShares as at 5 March 2022

## DIFFERENT KINDS OF SOFTWARE DEVELOPMENT KITS (SDKS)

The goal of the Cosmos SDK is to allow developers to easily create custom blockchains. These blockchains have the capability to natively interoperate with other blockchains. SDK-built Cosmos blockchains are built using composable modules. Most of which are open source and readily available for any developers to use. Anyone can use or create an SDK module. But most of the beauty stems from the simplicity of importing already built modules into your blockchain. Further, the Cosmos SDK is capabilities-based. This allows developers to reason for the main trade-offs they want for their application.



## Other developer frameworks

|                  | Cosmos Software Development Kit   | Polkadot Substrate (Software Development Kit)                             | Hyperledger Fabric   |
|------------------|---|---|--|
| <b>Purpose</b>   | Allow easy development of blockchains   | Software Development Kit for developers to easily build a blockchain      | Foundation for developing modular blockchains  |
| <b>Good</b>      | Developers can plug and play with modules, one-click applications,  | Customisable code, able to connect and communicate with other blockchains | Optimises for scalability and privacy  |
| <b>Trade-Off</b> | Lose out on trust minimisation and security   | Lose out on trust minimisation and security                               | Loses out on security, trust minimisation and censorship resistance  |
| <b>Important</b> | Build an application in a few hours   | Around 150 projects are building on Substrate                             | Users include: Walmart, National Bank of Cambodia, Huawei, Accenture                                       |
| <b>Other</b>     | Applications change any part of their modular stack which prevent forking of blockchains and sustains network effects | Like Cosmos SDK, developers can build their blockchain in any language    | Hyperledger provides other distributed ledgers, tools, libraries, clients for different industry use cases |

Source: Cosmos, Polkadot, Hyperledger Fabric as of 01/07/2022

Disclaimer: Comments are not exclusive to each blockchain, some are characteristics

## Example Cosmos Hub SDK Modules

|                  | Tendermint  | Staking & Slashing   | Interoperability   | Governance  |
|------------------|---|--|--|---|
| <b>Purpose</b>   | Tolerates up to 1/2 of your machines failing arbitrarily.   | Full nodes and delegators can use their assets to secure the chain and yield a reward in a Proof of Stake system. Bad actors are 'slashed' for breaking validation rules | Interblockchain Communication Protocol (IBC) is a protocol that allows blockchains to talk to each other.            | Community can make impactful proposals and vote on blockchain upgrades with the powerful Governance module. |
| <b>Important</b> | Supports state machines written in any programming language.  | Penalties include burning (permanently removing tokens from circulating supply) and removing their ability to vote on future blocks for a period of time                 | Not limited to token transfers, interchain accounts (calls between two chains), NFT transfers and oracle data feeds. | Supports proposal submission, vote, inheritance and penalties, claiming deposit                             |
| <b>Other</b>     | Allows one to create their own Application and run it on top of Tendermint. This becomes an easier experience for developers to create blockchains without worrying about how nodes communicate and validate blocks | Developers can set their own parameters to the number of validators, types of penalties, role of each validator and more   | Handles transport across different sovereign blockchains.  |   |

Source: Cosmos, CoinShares

Disclaimer: These modules are not exhaustive

## STRENGTH

ATOM is the 'native currency' for the Cosmos ecosystem. Unlike the Cosmos Hub's large competitor Osmosis, another Cosmos blockchain, it is listed on many centralised exchanges, and services such as the 'fiat' on ramp to the broader Cosmos ecosystem. This is evident on the largest exchanges by volume - Binance, FTX, Coinbase, Kraken, OKX and Bybit. As a result, new entrants to Cosmos DeFi use ATOM to begin providing liquidity on other exchanges such as Osmosis. Thus, increasing buy pressure for ATOM. On Osmosis, and after OSMO, ATOM has the deepest liquidity by around x4. And highest trading volumes of over 44% (June/July 2022).

## COMPARISON OF INTEROPERABLE BLOCKCHAINS

|                                     | Cosmos Hub (ATOM)  | Osmosis (OSMO)  | Juno (JUNO)  |
|-------------------------------------|--|---|--|
| <b>Application-Specific Purpose</b> | Connect Cosmos chains  | A Cosmos Automated Market Maker Blockchain  | A Cosmos Smart Contract Blockchain   |
| <b>Consensus Mechanism</b>          | Tendermint   | Tendermint  | Tendermint   |
| <b>Decentralisation</b>             | 66% of stake = Top-22 Validators<br>Minimum stake for validator = amount of stake within 175 validators (\$264,430)<br>Minimum stake for delegator = 1 ATOM<br>Hardware requirements: Modest | 66% of stake = Top 6 Validators<br>Minimum stake for a Validator = amount of stake within 135 validators (\$108,238)<br>Minimum stake for validator = 1 ATOM<br>Hardware Requirements: Modest | 66% of stake = Top 8 Validators<br>Minimum stake for validator = amount of stake within 135 validators (\$73,356)<br>Minimum stake for delegator = 1 ATOM<br>Hardware Requirements: Modest |
| <b>Slashing</b>                     | Max Percentage = 5%  | Max Percentage = 5%   | Max Percentage = 5%  |
| <b>Governance</b>                   | Minimum Deposit = 64 ATOM<br>Voting Period = 14 Days<br>Quorum = 40%   | Minimum Deposit = 500 OSMO<br>Voting Period = 5 Days<br>Quorum = 20%  | Minimum Deposit = 500 JUNO<br>Voting Period = 5 Days<br>Quorum = 33.40%  |
| <b>Staking</b>                      | Unbonding Period = 21 Days<br>Active Validators = 175<br>Max Validators 419  | Unbonding Period = 14 Days<br>Active Validators 135<br>Max Validators = 272   | Unbonding Period = 28 Days<br>Active Validators = 135<br>Max Validators = 216  |
| <b>Development</b>                  | 72 Governance Proposals<br>87% of Proposals Passed   | 274 Governance Proposals<br>90% of Proposals Passed"  | 28 Governance Proposals<br>82% of Proposals Passed   |
| <b>Security</b>                     | 62% Staking Ratio<br>Total Amount Bonded = \$1.44bn  | 38.7% Staking Ratio<br>Total Amount Bonded = \$127m   | 61% Staking Ratio<br>Total Amount Bonded = \$93m   |
| <b>Adoption</b>                     | >265 dApps<br>Total Transactions = ~43,000<br>IBC Transfers = ~8437<br>Daily Active Users = 3055   | > 46 dApps<br>Total Transactions = ~129,000<br>IBC Transfers = ~33,100<br>Daily Active Users = 6655   | > 50 dApps<br>Total Transactions = ~32,000<br>IBC Transfers = ~4260<br>Daily Active Users = 1005   |
| <b>Tokenomics</b>                   | 19% APR<br>11% inflation<br>8% Real Yield  | 31.60% APR<br>48.99% Inflation<br>-17.39% Real Yield  | 69.78% APR<br>40% Inflation<br>29.78% Real Yield   |

Source: Cosmascan, Cosmos, Cosmos Hub, Mintscan, Osmosis, Juno as of 28th and 27th June and 5th July 2022

Disclaimer: APR, Inflation and Real Yield, and dollar value of minimum stake for a validator are all variable output based on dynamic inputs, and all of these protocols are subject to community driven votes to update their protocol (SDK modules)

Cosmos Hub is the most secure and decentralised among Cosmos based chains. However, less adopted compared to Osmosis.

## WEAKNESSES

ATOM has been labelled as a staking token within the blockchain industry with poor value accrual mechanisms. Originally, ATOM was designed to be a staking token and nothing else. It is programmed to inflate between 7-20% depending on the staking ratio. The closer to 67% staked, the lower the inflation rate. This is because 67% is considered by the Cosmos community as an optimal level of staking for security purposes. Therefore inflationary staking rewards are dynamically adjusted based on deviations from the ratio. The higher the inflation, the increased amount of ATOM issued each block, the more incentive to stake.

Yet, two main problems arise. The more total ATOM staked, the less utility ATOM has as a digital asset. Validators gain less transaction fees as the velocity decreases. Furthermore, the Cosmos Hub does not need ATOM as transaction fees. This reduces the value accrual to the validators, and, indirectly to the token.

## OPPORTUNITIES

Future upgrades such as [proposal 72](#), passed the Cosmos governance process with 85% of voters in favour of the proposal, as of 11th July 2022. Proposal 72 introduces a liquid staking SDK module, and through this new SDK module, delegators may be able to use their illiquid assets. Delegates can do this without undertaking the 3-week un-bonding process. Nor do they need to make a trade off between security and utility. Thus, increasing the utility of ATOM.

This benefit is in conjunction with interchain security. For every transaction using ATOM, 25% of the gas fees are sent to the Cosmos Hub validators. This could further gain value to the validators and indirectly to ATOM. The [rest](#) go to a Decentralised Autonomous Organisation (DAO). This is a community led entity with no central authority supporting the development of the chain. Incentivising long term commitment to the protocol.

Furthermore, ATOM has also served as the currency to fund other ecosystem projects. EVMOS was funded 100% by 100,000 ATOMs in [Proposal 44](#). This decentralised automated market maker has grown to the [largest](#) Cosmos blockchain in terms of total transactions, as well as achieved the [2nd](#) largest amount of daily active users and [4th](#) largest amount of IBC volume out of 48 blockchains since Cosmos Hub inception in 2019.

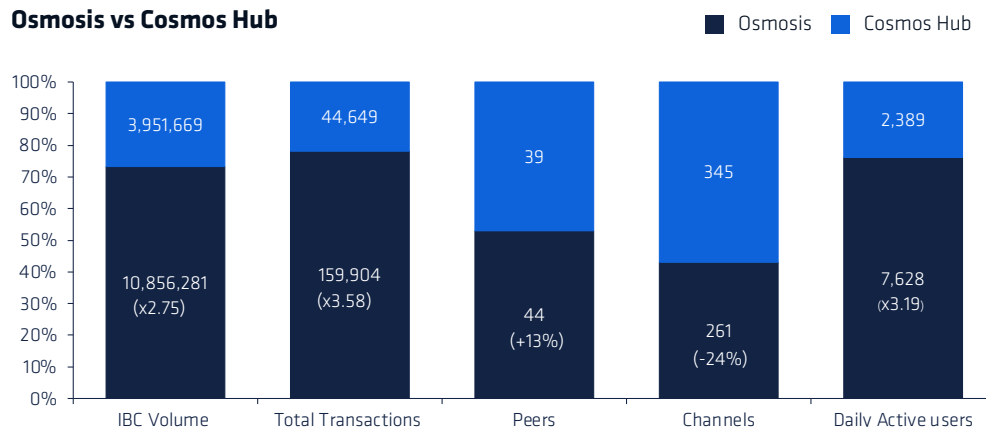
The genesis distribution of OSMO (a decentralised AMM) and JUNO (a Cosmos native smart contract blockchain) was primarily based on an airdrop to ATOM holders. An airdrop is when the original team members distribute a specified number of tokens to different community wallets. Acknowledging the importance of ATOM to all future projects within the Cosmos Hub. This is arguably because of the Cosmos Hub's market cap, brand, and integrations with fiat on ramps.

These opportunities could increase the utility and velocity of ATOM whilst maintaining the ideal staking ratio. The security of Cosmos should increase as more transactions occur as validators yields increase. Therefore, less people should unbond, so the total dollar value of stake should increase. Further, the ecosystem fund should grow as the DAO receives more income. Finally, the value of the token could follow suit over the long term.

## THREATS

Competition is a big threat. Another Cosmos blockchain like Osmosis could overtake Cosmos and become the dominant hub. Osmosis has around  $\times 3$  the amount of IBC volume, total transactions and daily active users. Osmosis could develop sticky network effects as more Cosmos blockchains connect to Osmosis. A large catalyst to list on exchanges and act as the fiat on ramp into the Cosmos ecosystem. Reversing the potential positive effects of interchain security and liquid staking. As well as acting as the primary ecosystem currency.

### Osmosis vs Cosmos Hub



Source: Map of Zones, CoinShares, data available as of 05 July 2022

## COMPARISON OF INTEROPERABLE BLOCKCHAINS

|                            | Cosmos  | Avalanche   | Polkadot   |
|----------------------------|---|---|--|
| <b>Purpose</b>             | Connect blockchains to send messages and value to each other  | Cheap, eco-friendly smart contract platform   | Interoperable foundation layer for Web3  |
| <b>Consensus Mechanism</b> | Proof of Stake  | Proof of Stake  | Proof of Stake   |
| <b>Decentralisation</b>    | 66% of stake = Top-22 Validators<br>Minimum stake for validator = amount of stake within 175 validators (\$264430)<br>Minimum stake for delegator = 1 ATOM (\$7.75)<br>Hardware requirements: heavy | 66% of stake = Top 87 Validators<br>Minimum stake for validator = 2000 AVAX (\$40000)<br>Minimum stake for delegator = 25 AVAX (\$500)<br>Hardware requirements: modest | 66% of stake = unknown<br>Minimum stake required for a validator 350 DOT (\$2713)<br>Minimum stake required for nominator = 10 DOT (\$77)<br>Hardware requirements: modest |
| <b>Security</b>            | 62% Staking Ratio<br>Total Amount Bonded: \$1.44bn<br>175 Active Validators<br>417 total validators   | 60% Staking Ratio<br>Total Amount Staked = \$4.93bn<br>1324 Active Validators<br>4 Pending Validators   | 54% Staking Ratio<br>Total Amount Staked = \$4.85bn<br>297 Active Validators<br>739 Waiting Validators   |
| <b>Adoption</b>            | >265 dApps<br>45 Active blockchains<br>~17,000 Daily Active Users   | 203 Projects<br>23 Active Blockchains<br>~46,000 Daily Active Users   | 169 Projects<br>21 Active Blockchains<br>~77,000 Daily Active Users  |
| <b>Tokenomics</b>          | 19% APR<br>11% inflation<br>8% Real Yield   | 9.2% APR<br>5.52% Inflation<br>3.68% Real Yield   | 14.2% APR<br>7.69% inflation<br>6.51% Real Yield   |

Source: CosmScan, Cosmos, Cosmos Hub, AVAX, Polkadot, Subscan, Parachains, Messari as of 28th and 27th June 2022, and 1st, 14th and 15th July 2022

Disclaimers: total amount staked is calculated from prices as of 28th June 2022, minimum stake required is dynamic based on factors such as total stake and number of validators and the dollar value is based off a calculation as of 28th June 2022, APRs/Inflation/Real Yields are dynamic and changing and some are based off our own calculation. Further, there are different definitions for Daily Active Users such as accounts vs IBC transfers

Decentralisation - Cosmos Hub is less decentralised than Avalanche but more than Polkadot  
Security - Cosmos Hub is less secure than both as a measure of value staked  
Adoption - Cosmos has the most amount of applications and blockchains within the ecosystem but Polkadot has the most amount of active accounts.  
Tokenomics - Cosmos Hub has a higher real yield than both

## WRAP UP

Cosmos is an ecosystem of application specific blockchains built using Cosmos' Software Development Kits (SDKs) that communicate and send value to each other via the Interchain Blockchain Communication (IBC) protocol.

The Cosmos Hub (ATOM) aims to facilitate the 'internet of blockchains' through securing and scaling the ecosystem by connecting blockchains with each other. Whilst ATOM was the first Cosmos blockchain with the highest market cap and best fiat integrations with exchanges. Other newer blockchains, such as Osmosis and Juno, have emerged and garnered more transfers, transactions and users over time. This may negatively impact ATOM's reputation as a Hub. Potentially leading to further poor value accrual even if liquid staking and interchain security SDK modules get implemented. However, it is still important to note that the Cosmos Hub is still the most secure and decentralised among Cosmos based chains.

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## ASSET HIGHLIGHT

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