Amdax
House View

2025

amdax
Research

Preface

Dear reader,

On behalf of the Amdax Asset Management team, I am delighted to present our 2025 House View. This document highlights our insights into the current crypto market landscape, explores significant recent developments, and outlines our key expectations for the year ahead.

2024 started with an absolute bang, as the Securities and Exchange Commission approved the first U.S. spot bitcoin ETFs on January 10th, putting an end to the everlasting drag that has held the crypto market in its grasp for the past few years. Just 24 hours later, the ETFs started trading, and the gathering of over $35 billion worth of inflow began. It was the most successful ETF launch in history by a landslide, and the institutionals now really entered the market by providing the investment vehicles for around 5.7% of all circulating bitcoin.

The 'regulatory 180' sparked a true bitcoin bull run. We all remember the 5th of December as the day that bitcoin broke the magical $100,000 barrier for the first time. And it immediately experienced a drop to $92,000, in true crypto fashion. Nevertheless, it was a magnificent run, and only rivaled by a few other crypto sectors, the most notable of which was memecoins. This surge was partly due to the insane popularity of the Solana-based platform Pump.fun and helped by the huge influence of certain individuals, both of which helped memecoins gain significant ground in market capitalization and recognition.

Talking about influential individuals, a 2024 recap is never complete without mentioning Donald Trump's election as 47th president of the United States. He aims for the U.S. to monopolize bitcoin mining and seeks to eliminate capital gains tax from 'U.S.-made' bitcoin. Clearly his claims and promises range from excessive to downright outrageous, but the increased attention directed toward the crypto sector is undeniably a positive development. We fully believe that the upcoming Trump administration will significantly impact the innovation and adoption of crypto.

In this document, we will focus on whether (and how) 2025 can become a worthy successor to a very bullish 2024. We start by addressing the stepping stones that will further pave crypto's road to global adoption. Afterwards, we zoom in on the developments of the different ecosystems and sectors that make up the crypto space. And finally, we attempt to predict the most relevant narratives of the coming year.

Lastly, I extend my heartfelt gratitude for the team's insightful contributions. Their shared opinions and views have not only enriched our understanding, but also sparked a wealth of discussion and anticipation for what lies ahead. I wish all investors an enjoyable and enlightening experience as they delve into our work.

Here's to insightful guidance in the year to come. Thank you!

Marcel Burger — Director Asset Management, Amdax

Contents

The Road to Global Adoption

The Rise of Strategic Bitcoin Reserves

2025 prediction: The United States will adopt a strategic bitcoin reserve, leading to similar initiatives in at least 10 other countries.

In recent years, bitcoin has already been on the radar of various U.S. governmental bodies, including the Securities and Exchange Commission (SEC). In early 2024, the SEC approved multiple spot bitcoin ETFs, marking a pivotal shift in digital asset regulation. This development likely paved the way for Senator Cynthia Lummis to introduce the Bitcoin Act of 2024 in July, formally proposing a Strategic Bitcoin Reserve[1].

The bill specifically calls for the U.S. Treasury to purchase 1 million bitcoin (out of the total 21 million). Such a strategy would represent a key turning point in global monetary policy, solidifying bitcoin's growing importance as a legitimate and valuable reserve asset. We firmly believe that the bill, either in its original version or with some adjustments, will gain approval from both the Senate and the House - a possibility bolstered by the impending Trump administration.

While this prediction aligns with the views of many bitcoin proponents, it is far from guaranteed. We acknowledge that Trump's promises often serve to boost his popularity and are not always realized — a caution that applies to many of his crypto-friendly statements during his campaign. Another significant concern about adopting a bitcoin reserve lies in its potential implication of distrust in the U.S. dollar's strength. Establishing such a reserve could be interpreted as a lack of confidence in the dollar, which might deter policymakers from supporting the strategy.

However, we believe that it is possible to adopt a bitcoin reserve without abandoning (faith in) the dollar. A bitcoin reserve would serve as a diversification tool, providing protection against geopolitical tensions and other external factors that could destabilize traditional reserves. The bill itself emphasizes that bitcoin offers unique properties that complement existing national reserves, thereby even strengthening the U.S. dollar's position in the global financial system. In addition, the viability of bitcoin as a reserve asset is underscored by successful examples, such as MicroStrategy.

If the U.S. were to adopt bitcoin as part of its strategic reserves, it would inevitably create a ripple effect across the global financial landscape. This move would likely prompt other nations to follow suit and seriously evaluate bitcoin's potential benefits. Countries striving for economic competitiveness would feel compelled to adopt bitcoin to avoid falling behind. Similarly, nations with struggling fiat currencies or high inflation — such as Argentina or Turkey — might view bitcoin as a lifeline for stabilizing their domestic reserves and restoring investor confidence. Considering these factors, we expect at least 10 other nations to widely support or implement strategic bitcoin reserves once the U.S. approves.

1 Link to the original bill at https://www.congress.gov/bill/118th-congress/senate-bill/4912.

The Next Spot Crypto ETFs

2025 prediction: At least three crypto assets will see their first spot ETF.

One of the most significant events of 2024 was the approval of the first spot ETFs for bitcoin (BTC) and ether (ETH). These approvals marked a critical moment in crypto regulation and a major step forward in recognizing the legitimacy of the asset class. We anticipate the launch of spot ETFs for at least three other crypto assets beyond BTC and ETH in 2025.

Many in the crypto space, including ourselves, foresee a regulatory shift from the U.S. Securities and Exchange Commission (SEC). Historically, the SEC has maintained a stringent stance on crypto assets, often denying spot ETF filings for ambiguous reasons. Only BTC and ETH have avoided explicit classification as securities, thereby requiring fewer consumer protection measures compared to assets like Solana (SOL). With Gary Gensler stepping down as SEC Chair under the Trump administration, we expect Paul Atkins — a vocal advocate for digital assets — to assume the role. His appointment will likely usher in a more favorable regulatory environment, accelerating the approval of spot ETFs for a broader range of crypto assets.

The overwhelming success of the first spot ETFs has demonstrated strong market demand, setting the stage for broader adoption. While smaller providers have already filed for spot ETFs for other assets like SOL, XRP, and LTC, these applications have so far been unsuccessful. Notably, institutional giants like BlackRock and Fidelity, which spearheaded the BTC and ETH ETFs, have not yet shown interest in launching products for these assets. As a result, we expect smaller issuers to dominate the next wave of spot ETF offerings, catering to the relatively lower demand for these additional assets.

Several crypto assets stand out as strong candidates for the next wave of spot ETFs. XRP, for example, is a prime contender following Ripple's recent legal victory against the SEC, which affirmed its distinction from securities in some past cases. Other possibilities include LTC and even DOGE. As derivatives of bitcoin, these assets share fundamental characteristics, making them likely candidates for regulatory approval. In any case, once a third crypto asset secures approval for a spot ETF, we predict a rapid succession of approvals for others. This quickly expanding range of offerings will likely diminish the upside potential for each one of these assets. Hence, we think that investment strategies based on ETF approvals will not significantly outperform.

Future-Proofing National Wealth with Bitcoin

2025 prediction: Multiple sovereign wealth funds will include a bitcoin allocation.

Sovereign wealth funds (SWFs) are state-owned investment vehicles designed to manage and grow national wealth by diversifying income sources, preserving wealth for future generations, and mitigating economic risks. These funds are often heavily relied upon by resource-rich countries, such as Norway and several Middle Eastern nations[2], and typically invest in a wide range of assets. As the global financial landscape evolves, we predict that multiple SWFs will include direct bitcoin allocations by 2025.

2 According to https://www.swfinstitute.org/fund-rankings/sovereign-wealth-fund, Norway holds the largest SWF, with close to $1.8 trillion in AUM. Abu Dhabi, Kuwait and Saudi Arabia have SWFs of about half this size.

Many nations design their SWFs to ensure national wealth stability through diversified portfolios that hedge against economic volatility. Recent insights from BlackRock highlight bitcoin's suitability for achieving this goal. In a September publication[3], the asset manager described bitcoin as an increasingly unique diversifier against fiscal, monetary, and geopolitical risk factors. BlackRock even explicitly specified that an allocation of up to 2% in a multi-asset portfolio is considered reasonable[4]. These analyses pave the way for institutional adoption, emphasizing how even modest bitcoin allocations can significantly enhance portfolio resilience without introducing outsized risk.

SWFs have a history of adopting unconventional assets to achieve their goals. For example, Singapore's GIC has invested heavily in technology startups, while the Abu Dhabi Investment Authority has pursued stakes in renewable energy projects. These examples illustrate how SWFs use innovative investments to diversify and future-proof their portfolios. Given that bitcoin possesses unique properties like programmable scarcity and digital transparency, it perfectly aligns with the aim of diversification and innovation.

We do recognize that several SWFs already have indirect exposure to bitcoin. Norway's Government Pension Fund, through its investments in companies like MicroStrategy and Coinbase, indirectly provides every Norwegian citizen with a small bitcoin stake. However, the impact of this bitcoin exposure is difficult to gauge in such complex setups, as strategic bitcoin reserves are subject to changes beyond the fund's control. By bypassing intermediaries and holding bitcoin directly or via investment vehicles like spot ETFs, SWFs can better manage exposure and execute their investment strategies more effectively.

All in all, not only does bitcoin's role in portfolio construction resonate deeply with the strategic objectives of SWFs, its fundamentals also position the asset as the next logical step in the evolution of a digital economy. Direct, as opposed to indirect, inclusion of bitcoin would therefore be a compelling move for many SWFs.

European Regulation under MiCAR

2025 prediction: Due to the introduction of MiCAR, Europe will lag behind in terms of innovation.

The introduction of the Markets in Crypto-Assets Regulation (MiCAR) represents a significant milestone in the European Union's regulatory approach to digital assets. While its objectives — to provide clarity, ensure investor protection, and establish a harmonized framework — are laudable, the implementation of MiCAR brings unintended consequences. Chief among them is the potential stifling of innovation within Europe, especially compared to the more agile regulatory environments of the United States and Asia. We attribute this issue to three key factors.

Firstly, MiCAR's rigid compliance requirements place a heavy burden on startups and smaller enterprises. These companies, which are typically the driving force behind innovation, may struggle to meet the new standards without significant financial and operational resources. For smaller companies, regulatory costs often consume budgets that could otherwise be allocated to research and development. In contrast, jurisdictions with more flexible or sandbox-style regulatory frameworks foster environments where

3 https://www.blackrock.com/us/financial-professionals/insights/bitcoin-unique-diversifier.
4 https://www.blackrock.com/institutions/en-zz/insights/portfolio-design/sizing-bitcoin-in-portfolios.

experimentation and innovation thrive. For example, nations like Singapore and the United States actively encourage blockchain experimentation through pilot programs and public-private partnerships, creating fertile ground for transformative advancements. Adding to this dynamic is the election of Donald Trump, signaling a potential relaxation of the regulatory environment in the United States compared to Europe. A less restrictive U.S. framework could attract European talent and startups, further widening the innovation gap between the two regions.

Another critical area where MiCAR's stringent rules may inhibit growth is the development of euro-backed stablecoins. Despite growing demand for euro-denominated stablecoins in global markets, European crypto firms face challenges in launching and scaling these products under MiCAR's compliance regime. Specifically, the requirement to hold at least 60% of collateral in deposits at commercial banks is not an attractive proposition. The current revenue model of stablecoin issuers relies on the rate differential between holding yield-bearing assets (such as treasuries on the low-risk side and short-dated commercial paper on the high-risk side) as collateral for on-chain stablecoin positions. MiCAR's requirement significantly reduces this potential yield differential, thereby shrinking revenue. As a result, Tether, the largest stablecoin issuer, has announced that it will not issue euro stablecoins and does not plan to comply with MiCAR for its USDT stablecoin in the foreseeable future. Consequently, USDT is banned for use in European regulated markets. Conversely, Circle has chosen to comply with European regulations, allowing USDC pairs to remain active. However, since USDT is the largest global player, this divergence increases global friction due to inconsistent regulation.

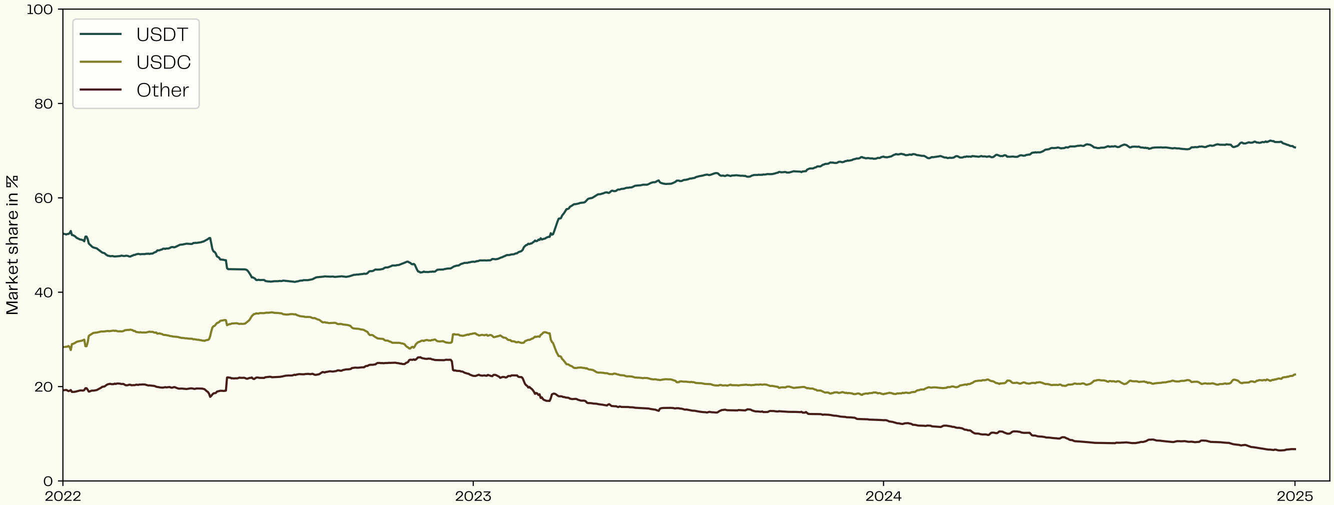

Figure 1: Stablecoin market share since 2022 (data from https://glassnode.com/)

Lastly, Environmental, Social, and Governance (ESG) factors play a crucial role in the global financial landscape, and MiCAR aligns with this trend. However, ESG compliance adds another layer of complexity. While the focus on sustainability is commendable, overly prescriptive ESG requirements could deter projects lacking the resources to meet them, even when these projects have the potential to contribute significantly to innovation and economic growth. For instance, blockchain projects aimed at improving supply chain transparency or renewable energy trading could face disproportionate hurdles under the current ESG mandates. Moreover, while MiCAR seeks to align the crypto industry with broader EU climate goals, its approach risks excluding smaller players unable to afford costly ESG reporting.

Despite these challenges, MiCAR enhances the credibility of the crypto sector by legitimizing it in the eyes of traditional financial institutions and regulators. The establishment of clear rules provides a framework for institutional participation, which could unlock significant new investment and adoption. This legitimacy positions Europe as a serious player in the global digital asset economy, even as it grapples with the unintended consequences of its regulations. That said, crypto remains one of the most innovative industries globally, and the untapped market potential in Europe is still enormous. This creates a significant incentive to reduce compliance costs over time.

Europe's cautious approach, embodied by MiCAR, combined with Trump's election, will likely place Europe at a regulatory competitive disadvantage. Relative to other regions, innovative projects and crypto firms may become less accessible to Europe-based investors. Balancing the credibility that MiCAR offers with the flexibility needed for innovation will be critical to ensuring Europe's continued relevance in the global crypto economy. Nevertheless, we do not expect these regulatory challenges to hinder the global crypto market, as innovation will inevitably find its way, albeit elsewhere.

A Space of Ecosystems

Ethereum's Hidden Power

2025 prediction: Ethereum's total value locked will surpass $200 billion.

Despite ether's underperformance relative to many major crypto assets in 2024, the Ethereum ecosystem continued to thrive. It maintained its position as the leading Layer-1 blockchain through notable advancements in scaling, staking, and ecosystem diversification. One reliable metric for assessing the value and adoption of a blockchain ecosystem is the total value locked (TVL), which refers to the total value of assets staked, deposited or otherwise secured in a blockchain's smart contracts. Thanks to its modular design, Ethereum and its Layer-2 solutions have retained approximately 75% of the total value locked across all competitive blockchains [5]. We project that the TVL of the Ethereum ecosystem[6] will grow from approximately $91 billion in 2024 to over $200 billion by 2025.

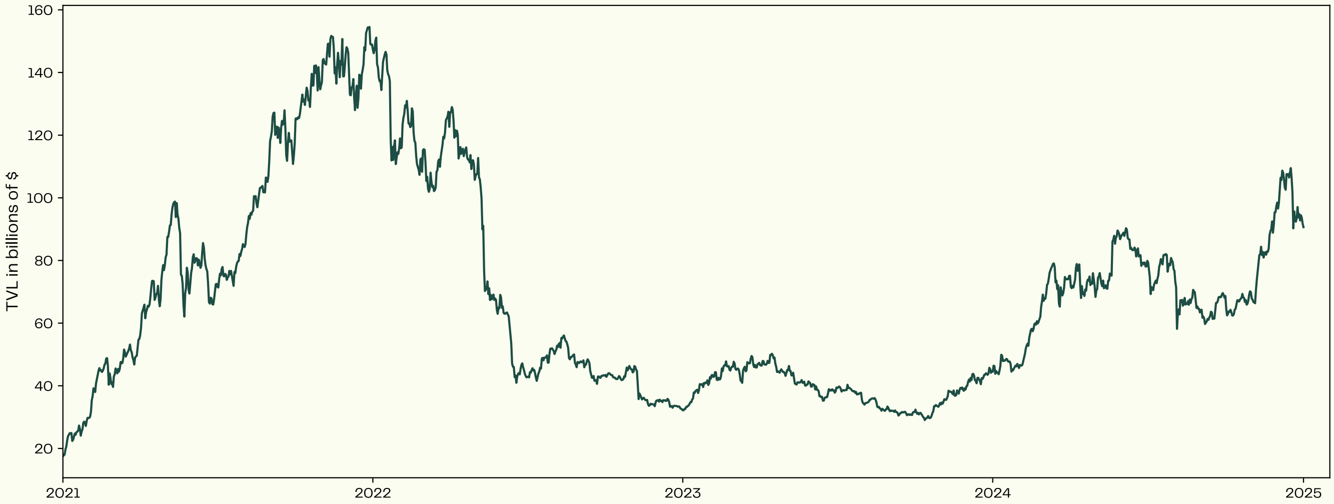

Figure 2: Total value locked in the Ethereum ecosystem since 2021 (data from https://defillama.com/chains/EVM)

One of the key drivers of this optimistic outlook is Ethereum's increasing adoption by institutional investors. By the end of 2024, spot ether ETFs held more than $10 billion in assets, placing both the crypto asset and the blockchain in the spotlight for traditional investors. Additionally, Ethereum is rapidly becoming the preferred platform for the tokenization of real-world assets (RWAs), such as bonds and money market funds. As of late 2024, the value of RWAs (excluding stablecoins) on Ethereum had reached approximately $12.4 billion, accounting for 77% of the total on-chain RWA value across all blockchains[7] — a clear testament to its status as the blockchain of choice for institutions.

5 Based on analysis retrieved from https://blog.hack.vc/was-modular-a-mistake-a-data-driven-take-on-ethereums-grand-strategy/.

6 Our definition of the Ethereum ecosystem includes all EVM-compatible chains listed on https://defillama.com/chains/EVM, with the exception of some larger independent Layer-1's such as Tron, BSC, Hyperliquid and Avalanche.

7 According to https://www.rwa.xyz/.

Ethereum's rapid technological advancements also contribute to its growth trajectory. EIP-4844, known as proto-danksharding, significantly improved scalability by reducing transaction costs on Layer-2 protocols by over 90%[8]. Looking ahead to 2025, Ethereum plans to further enhance scalability through the first phase of the Pectra upgrade. This phase focuses on improving validator efficiency and introducing account abstraction, enabling wallets to offer features such as gas fee coverage and recovery of lost access. The second phase will further optimize smart contracts and scaling of Layer-2 solutions. In addition to these upgrades, individual projects are contributing to Ethereum's scalability. MEGAETH aims to integrate roll-up technology with sharding to improve the interplay between Layer-1 and Layer-2 solutions. Monad, a high-speed system, promises to accelerate transaction processing, particularly benefiting decentralized exchanges and gaming.

In our view, Ethereum remains the best answer to the blockchain trilemma, balancing scalability, security, and decentralization. While this commitment may result in slower upgrades compared to competitors, Ethereum's leadership in the smart contract blockchain space affords it the luxury of adopting a cautious and deliberate approach. As we look to 2025, Ethereum is well-positioned to maintain its dominance.

A Stable Growth of Coins

2025 prediction: The stablecoin market capitalization will surpass $1 trillion.

Stablecoins have been one of the most significant developments in the cryptocurrency field since their inception. While other areas of cryptocurrency have struggled to gain traction, stablecoins have demonstrated their practicality and achieved a strong product-market fit. By bringing the dollar — and, increasingly, other fiat currencies — onto blockchains, stablecoins have enabled money to be owned and transferred more quickly, efficiently, and easily. This progress is reflected in the total stablecoin market capitalization, which currently stands at just over $200 billion. We predict that this figure will increase fivefold by 2025, surpassing $1 trillion.

This development has had a particularly profound impact on regions experiencing currency devaluation and economic instability. In nations like Argentina, Turkey, and Venezuela, where local currencies frequently suffer from double- or even triple-digit inflation, stablecoins have emerged as a vital store of value. They allow individuals to access dollars that are often unavailable through conventional channels, thereby safeguarding their savings. Due to their accessibility, stablecoins have become a lifeline for millions of people.

The ecosystem has advanced significantly in recent years, with stablecoins expanding beyond their initial use case to provide yield-bearing solutions. The popularity of tokenized money market funds, which bring traditional financial products onto blockchain platforms, is growing. These products allow holders to generate passive income while benefiting from the stability of their principal. Innovative designs, such as Ethena's eUSD, which tokenizes cash-and-carry strategies to generate yield, have further expanded the potential of stablecoins. These advancements have transformed stablecoins from being merely fiat equivalents into productive assets.

Institutional involvement, such as BlackRock's entry into the space, has added momentum to the increased adoption of stablecoins. BlackRock's BUIDL Fund — a tokenized money market fund — has brought credibility

8 According to https://www.coingecko.com/learn/eip-4844-proto-danksharding-low-gas-fees/.

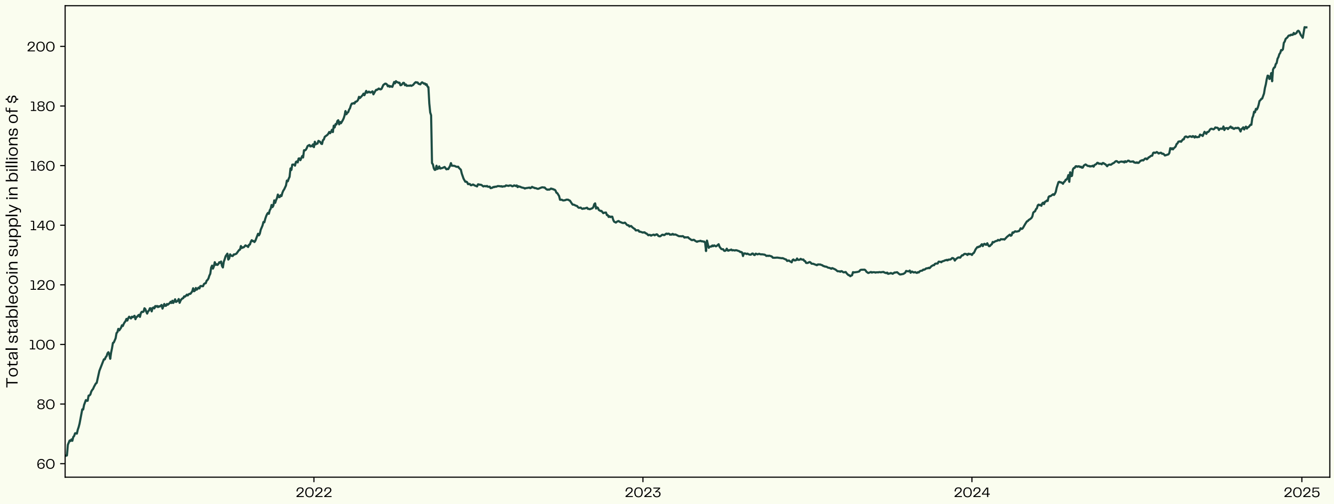

Figure 3: Total stablecoin market capitalization since 2021 (data from https://defillama.com/stablecoins)

to the sector and created a pathway for institutional capital to engage with crypto and DeFi in a secure manner. Notably, the fund actively collaborates with decentralized autonomous organizations (DAOs) to promote growth within the DeFi ecosystem. For example, BlackRock serves as one of the custodians for frxUSD, the stablecoin of FRAX, a major DeFi player. This collaboration between traditional finance and DeFi underscores the potential of this sector.

BlackRock's involvement exemplifies a broader trend of traditional finance experimenting with cryptocurrencies. This shift reflects the growing recognition that stablecoins offer more than just efficiency; they represent a bridge between traditional and decentralized financial systems. Stablecoins can access previously untapped markets, particularly during bear markets when large amounts of idle capital are prevalent. By leveraging their resources and expertise, institutions like BlackRock are building robust frameworks to support stablecoin adoption, laying the groundwork for the market to go beyond $1 trillion in capitalization.

Multi-chain Memecoin Momentum

2025 prediction: Memecoins remain popular but the Solana dominance in this area will end.

In 2023 and 2024, two distinct sectors captured the spotlight within the cryptocurrency market: bitcoin and memecoins. While bitcoin's staying power remains undisputed, the memecoin narrative has seen a significant shift in sentiment over the past year. Investors and enthusiasts have begun to recognize a key truth about the crypto market: while some projects boast solid fundamentals and clear investment cases, many assets in the top 100 are driven purely by speculation. This realization has prompted a question: why invest in an asset pretending to offer utility when it's essentially vaporware, when you can invest in memes that make no such pretense? Memecoins embrace their speculative nature unapologetically and, in doing so, resonate with a specific subset of the market.

Memes have long been a point of contention within the cryptocurrency community, as they highlight the speculative side of the market — a trait many crypto tech enthusiasts are reluctant to acknowledge. Yet in 2024, memecoins have taken center stage. They have been the top-performing assets for much of the year, thanks in part to the ease of use offered by wallets such as MoonPay and Trojan and the low costs associated with blockchain ecosystems like Solana. While their individual success is often short-lived, memecoins offer the potential for extraordinary gains that may seem almost unbelievable but are very real. We believe this trend is unlikely to fade and will likely continue to grow in popularity.

So far, most of the speculation has occurred on Solana, where pump.fun reigns supreme as the leading memecoin launch platform. It has become so effortless to create and launch memecoins that breaking news is sometimes reflected in a new memecoin faster than traditional news outlets can report it. The sheer proliferation of memecoins is staggering, with over 5 million coins launched on pump.fun in 2024 alone[9]. The vast number of new coins makes it difficult to identify the true winners, let alone predict which specific coins will achieve lasting prominence. A similar challenge applies to ecosystems, but nevertheless, we anticipate a shift in the dominance of Solana within the memecoin ecosystem.

While Solana has enjoyed a strong period of prominence over the past year and a half, driven by its high-speed transactions, low fees, and user-friendly wallet integrations, the memecoin ecosystem is beginning to expand to other chains. Among the potential contenders to challenge Solana's dominance is Base, Coinbase's Layer 2 blockchain on Ethereum. Base has gained traction due to its seamless integration with the broader Coinbase ecosystem, offering excellent accessibility for retail users, which makes it a logical platform for a memecoin ecosystem. While Solana will likely remain a significant player in the memecoin space, its dominance may wane over time due to factors like shifting attention and the growing accessibility of alternative platforms. As we look to 2025, we expect the memecoin narrative to evolve toward wider adoption across multiple chains.

9 These and other statistics can be found at https://dune.com/gryphsisacademy/pumpfun.

Exploring the Narratives

Unlocking Real-World Assets

2025 prediction: The RWA narrative will be driven mainly by the rise of tokenized fixed income.

The tokenization of real-world assets (RWAs) is transforming the financial landscape by bridging traditional markets with blockchain technology. As this trend accelerates, we expect fixed income assets to emerge as the next major catalyst for exponential growth in the space.

Stablecoins, digital assets pegged to traditional currencies like the U.S. dollar, have been instrumental in integrating RWAs into the blockchain ecosystem. They provide a stable medium of exchange and store of value, facilitating transactions and investments within the crypto space. Since 2018, their market capitalization has grown exponentially, driving the initial adoption of blockchain-based RWAs. Following stablecoins, tokenized money market funds are gaining traction. These funds invest in short-term, high-quality debt instruments, effectively creating yield-bearing stablecoins. In 2024, BlackRock launched its very own tokenized product called BUIDL Fund. And although highly anticipated, its growth was quickly overshadowed by Hashnote's Short Duration Yield Fund, which holds around 40% of the market share of all tokenized money market funds at the time of writing.

Data from RWA-focused platforms such as https://www.rwa.xyz/ provides insights into the evolving market landscape. While categories such as private credit and U.S. Treasuries (mostly money market funds) have driven steady growth in RWA tokenization, other fixed income assets are currently lagging. We anticipate exponential expansion through the tokenization of securities such as government and corporate bonds. Converting these assets into digital tokens on a blockchain enhances liquidity, reduces transaction costs, and broadens investor access. Platforms like Backed Finance are well-positioned to lead this development.

According to the SIFMA Capital Markets Factbook[10], the global fixed income market is valued at approximately $140 trillion, making it a prime candidate for tokenization due to its immense size and liquidity. The global stock market, in comparison, is valued at roughly $115 trillion, representing another significant area for potential blockchain integration. Additionally, the total market capitalization of gold is approximately $19 trillion, and the total cryptocurrency market cap stood at $3.7 trillion at its 2024 peak.

When compared to these vast traditional markets, the RWA market — even with its exponential growth in past years — remains in its infancy. Excluding stablecoins, the total value of the market exceeded just $15 billion by the end of 2024. This underscores the immense potential for blockchain technology to bridge the gap between traditional financial markets and digital ecosystems. The tokenization of fixed income and other RWAs has the potential to unlock significant value, using the efficiency and accessibility of the blockchain to attract a broader range of investors.

10 Source can be found at https://www.sifma.org/resources/research/statistics/fact-book/.

High Hopes, High-throughput L1's

2025 prediction: High-throughput Layer-1's will become a key narrative, positioning themselves as competitors to Solana.

With the spectacular rise of memecoins and other speculative assets, blockchains offering high transaction throughput (TPS) and low fees have surged in popularity. Among these, Solana was the most prominent blockchain in 2024, a topic we explored in our article on memecoins, where we argue that its dominance in this area is likely to wane. Furthermore, we anticipate that Solana will be the blockchain to beat in the midst of another key narrative: the rise of high-throughput Layer-1 blockchains.

Sui, Sei and Aptos represent the leading emerging Layer-1 blockchains designed to enhance the scalability, security, and usability of decentralized applications (dApps) and Web3 ecosystems. These projects have drawn inspiration from Solana's achievements and iterated on the concept of high-throughput blockchains in unique ways. Each of these platforms addresses specific market needs and differentiates itself through distinctive technical features, strategic goals, and industry backing. We will examine them individually.

Sui, developed by Mysten Labs, leverages the Move programming language — a language originating from Facebook's Libra project — to deliver high scalability, rapid transaction speeds, and seamless user onboarding. It was built with smart contracts in mind and employs an object-centric data model and parallel execution to maximize throughput while avoiding global consensus bottlenecks. Sui's ecosystem is bolstered by partnerships with dApp developers, DeFi protocols, NFT platforms, and gaming projects. Supported by venture firms such as Andreessen Horowitz (a16z), Sui has raised over $300 million in funding. Planned updates include transaction sharding and enhanced tools for Move-based applications.

Sei is a DeFi-focused Layer-1 blockchain optimized for low-latency, high-throughput order-book-based decentralized exchanges (DEXs). Its 'Twin-Turbo' architecture enables sub-second transaction finality, and its Frequent Batch Auction model addresses front-running issues prevalent in DeFi. Built using the Cosmos SDK, Sei supports cross-chain compatibility and composability within the Cosmos ecosystem. Sei's technical infrastructure prioritizes order-book DEXs and multi-stream transaction processing. Institutional backers, including Multicoin Capital and Delphi Digital, have helped Sei raise over $80 million in funding. Future upgrades aim to refine its batch auction model and expand cross-chain liquidity options.

Aptos focuses on mainstream dApp adoption by emphasizing scalability, security, and upgradeability. Also utilizing the Move programming language, Aptos prioritizes fast, secure, and composable smart contract development. It employs parallel transaction execution through Block-STM and Byzantine Fault Tolerant (BFT) consensus for fast transaction finality. Key features of Aptos include seamless on-chain upgradeability, which eliminates the need for hard forks. The project has raised over $350 million from firms like a16z and Jump Crypto and has recently facilitated the expansion of BlackRock's BUIDL fund onto its platform. Planned improvements include a dynamic upgrade mechanism and advanced developer tools for Move-based applications.

Sui, Sei, and Aptos represent a new wave of Layer-1 blockchains that have raised significant capital and garnered strong institutional backing. Compared to Solana, these blockchains offer unique value propositions. Solana's monolithic design achieves high speed but is prone to network congestion and downtime. In contrast, Sui's parallel processing provides greater efficiency, Sei's DeFi-specific architecture optimizes order-book trading, and Aptos's upgradability delivers unparalleled flexibility for enterprise and Web3 projects. With robust financial backing, growing developer communities, and distinct technical advantages, Sui, Sei, and Aptos are well-positioned to challenge Solana's dominance in the Layer-1 blockchain space.

Decentralizing Artificial Intelligence

2025 prediction: At least one AI-related token will enter the top 10 largest crypto assets.

Besides Bitcoin and memecoins, there was another top-performing crypto sector in 2024: decentralized artificial intelligence (AI). The year marked a pivotal moment for the synergy between crypto and AI, characterized by significant market growth and a sudden narrative shift within the memecoin domain. We believe this trend will continue, with at least one AI-related token likely to rank among the 10 largest crypto assets by market capitalization.

AI saw remarkable progress with advancements in generative AI, where models like Sonnet 3.6 and Veo2 expanded into multimodal applications, enhancing creative and practical uses. Google's Project Mariner exemplified strides in AI autonomy by interacting with digital interfaces in real-time, while OpenAI's GPT-4o demonstrated enhanced language and reasoning capabilities. Developments in robotics were highlighted by platforms like Genesis, which could simulate environments from natural language inputs. While these examples stem from outside the crypto space, general advancements in AI are likely to drive growth in AI-focused crypto projects, supporting our expectation.

Much like OpenAI dominates the broader AI market outside crypto, we consider BitTensor to stand out as a leader within the crypto space. From both valuation and fundamental perspectives, BitTensor has established itself as a cornerstone of decentralized AI infrastructure. The platform supports a wide range of decentralized AI applications, continually evolving with significant protocol improvements. For instance, BitTensor recently achieved Ethereum Virtual Machine (EVM) compatibility and doubled its number of subnets from 32 to 64. Each subnet is designed to support the training and validation of AI models tailored to specific tasks, such as data scraping or image generation, demonstrating growth in the network's diversity. A key advocate of BitTensor is Barry Silbert, founder and CEO of Digital Currency Group (DCG). In November 2024, Silbert launched Yuma, a DCG subsidiary aimed at incubating and accelerating projects within the BitTensor network. His active support includes investments and the introduction of Grayscale funds dedicated to BitTensor's native TAO token. Altogether, these efforts have driven TAO's market price to increase by 77% in 2024.

In the later months of 2024, a new narrative emerged as AI-generated content gained traction, fueled by community engagement through memes and soaring valuations. This marked the entry of AI agents into the crypto space. One of the earliest and most notable examples was Truth Terminal, an AI agent created with access to its own crypto wallet and the ability to use X for sending messages and interacting with others. As a result, it began heavily promoting a memecoin called Goatseus Maximus (GOAT), which surpassed $1 billion in market capitalization at its peak, making the AI agent a millionaire. Similar concepts were further popularized by Virtuals Protocol, a derivative of a BitTensor subnet, which provided the infrastructure for launching and co-owning AI agents.

One shared promise across AI agents is to make the development of complex web applications available to the broader public. While current examples often focus on launching memetic projects on platforms like pump.fun, others might deliver something genuinely useful for the crypto space. Some existing agents are able to trade autonomously or quickly analyze newly found potential investments, but countless other applications are conceivable, such as optimizing yield farming strategies or managing entire portfolios from A to Z. With this narrative catching fire and the expectation that AI agents can make a change, we have seen platforms like Virtuals Protocol and ai16z exceeding valuations of $5 billion and $2.5 billion, respectively. We expect that this trend will continue, making it likely that a project related to AI infrastructure — whether specifically related to agents or not — will enter the top 10 largest crypto assets.

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