Monad | $MON
Samuel Smith | Position: Cautiously LONG

Description/Thesis: Monad ($MON) is a next-generation Layer-1 blockchain launched on November 24, 2025, engineered to deliver Ethereum Virtual Machine (EVM) compatibility combined with Solana-class throughput—a technical achievement that distinguishes it fundamentally from any L1 that has come to mainnet. The project represents a deliberate engineering response to what many in the crypto ecosystem perceive as the fundamental choice between speed and developer familiarity: an intersection between Solana's speed and Ethereum's finality. This technological stack enables 10,000 transactions per second (TPS) with 0.8-second finality and 0.4-second block times while maintaining full bytecode-level EVM compatibility. Since mainnet launch, the network has demonstrated compelling early metrics: 153,000 active addresses on day one, 20+ million transactions within 72 hours, $143-200 million in total value locked (TVL), and integration of 240+ decentralized applications within hours of launch. However, Monad faces significant headwinds that prevent me from assuming a fully bullish stance. **The token's structure exemplifies what venture-capital-backed blockchain projects have repeatedly demonstrated as suboptimal for long-term value creation: a 10.8% circulating supply at launch paired with a $2.34 billion fully diluted valuation (FDV).** This creates the precise conditions for institutional insiders and venture capitalists to execute profitable exits into retail demand. Arthur Hayes (BitMEX co-founder) explicitly framed $MON as a potential "99% wipeout risk," with a variety of individuals on CT calling out the 3.3% airdrop allocation to retail “textbook” and illustrating the danger of over-reliance on influential sentiment in newly launched tokens. $MON experienced a 71% surge from launch ($0.025 at public sale) to $0.042 within days, followed by a retreat that has positioned the token down approximately 45% over the first month of trading, currently trading near $0.023. I recommend a cautiously bullish position on $MON with strict risk management parameters, contingent on three critical execution milestones from the management team: (1) achieving measurable, real-world TPS throughput consistent with engineering targets during periods of **genuine** network congestion. Awarding investors with the highest speed on blockchain isn’t sufficient; Monad needs to originate **ORGANIC** growth (2), attracting meaningful native ecosystem applications rather than simply re-importing Ethereum DeFi, and (3) demonstrating that ecosystem development fund allocations (38.5 billion tokens) translate into sustainable developer retention beyond initial launch incentives.

Thesis #1: The absence of a blockchain that delivers *both* Ethereum developer familiarity *and* Solana-class performance is the intersection that Monad is attempting to fulfill. Many developers currently weigh three different options when building: 1) Remain on Ethereum ($ETH) and accept 15-30 TPS with gas fees that fluctuate between $5-50+ per transaction during congestion. Ethereum's layer-2 ecosystem (Arbitrum, Optimism, Base) achieves higher throughput but sacrifices finality assurance and validator-driven sequencing, 2) Migrate to Solana and access 500-1,000 TPS with $0.00025 average transaction costs—but this requires rewriting all contracts, rebuilding institutional integrations, and navigating the Solana ecosystem's historical validator centralization and network outages (Solana experienced 10+ network halts between 2021-2023). 3) Adopt a novel Layer-1 (Sui, Aptos, Starknet) and accept fragmentation and reduced liquidity depth. Monad meets the eye test, delivering 10,000 TPS with 0.8-second finality while remaining EVM bytecode-compatible at the execution layer. Developers can deploy existing contracts without modification, maintain compatibility with MetaMask, Phantom, and other ecosystem wallets, and access liquidity venues immediately through Uniswap and Curve.

Monad's testnet processed 2+ billion transactions with empirically measured metrics exceeding initial engineering targets. Gas fees averaged $0.006 per. Block times were sustained at ~0.4 seconds, and finality was achieved 0.8 seconds without consensus delays. Critically, these metrics were achieved with 200+ independent validators running consumer-grade hardware, validating Monad's claim of accessible decentralization. The bull case implications are significant: Ethereum-native DeFi applications (DEXs, lending protocols, derivatives platforms) can immediately access 1,000x throughput improvement without rewriting infrastructure. This is exactly what occurred at mainnet launch. Uniswap deployed its exact Ethereum smart contracts to Monad within hours. By contrast, when new Layer-1s have launched historically, they face 6-12 month delays in attracting major protocol deployments. From an investment perspective, this represents a flywheel dynamic: superior technical infrastructure attracts established DeFi protocols, which attract liquidity and user activity, which attracts additional native applications, which reinforce network effects. Monad has the framework, but they need to be able to bring REAL developers onto the platform.

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Quantitative Support for Thesis #1:

- 10,000 TPS vs. Ethereum's 15-30 TPS = 333-667x throughput advantage
- $0.006 average testnet gas fee vs. Ethereum's $8.50 median (Oct 2025) = 1,416x cost efficiency
- 0.8-second finality vs. Ethereum's 12-13 second finality = 15x faster settlement
- $0 rewrite requirement for Solidity contracts vs. Solana's requirement to recompile in Rust
- 240+ dApps at mainnet launch (day 1) vs. historical precedent of 2-4 weeks for major Layer-1 adoption

The primary risk to this thesis materializing is if real-world mainnet performance diverges significantly from testnet. The first month of mainnet operation has produced 14.7M transactions with verified fee generation ($111K+ in collected fees), suggesting the architecture is functioning as designed, yet time will tell if they are able to withstand the incoming bandwidth. Another large risk to the thesis materializing is that these numbers aren't alien; there have been countless L2s that have been able to perform similar statistics, so how can Monad generate ORGANIC growth for the network? Once the flywheel starts, $MON's statistics can advocate for themselves.

Thesis #2: Monad's token allocation may seem eerily similar to many of the token airdrops of recent history, of which many fell to zero. Yet it can see shocking similarities to Solana's venture-centric 2020 genesis.

Initial Circulating Supply = 10.8% (7.5% public + 3.3% airdrop)

This structure delivers two contrasting signals simultaneously:

The Green Signal: Ecosystem Alignment and Developer-First Allocation

The 38.5% ecosystem allocation ($1.6B at $0.016 current token valuation) represents a credible commitment to sustainable developer incentives. For comparison:

- Solana 's ecosystem fund was initially 12% of supply, later increased to 38% through DAO votes. However, Solana's fund was distributed through centralized Foundation grants with limited transparency and notoriously slow disbursement cycles—many projects waited 6-12 months to receive funding after approval.
- Arbitrum 's airdrop + long-term DAO treasury allocated ~42% combined, but this was distributed through retroactive claims rather than forward-looking developer incentives.

Monad's 38.5% allocation is explicitly designated for validator delegation, developer grants, and dApp incentives—funding mechanisms that can be deployed post-launch. The first cohort of grants targeted high-impact categories: decentralized orderbook DEXs, liquid staking, and cross-chain infrastructure. This agility distinguishes Monad from slower governance-driven allocation mechanisms and showcases its aptitude towards investing in the infrastructure of $MON's future.

The Red Signal: Tokenomics Structure Incentivizes Insider Profit-Taking Over Long-Term Utility

However, the token allocation simultaneously exhibits the exact structural characteristics that crypto venture capital has repeatedly used to extract maximum value at the expense of retail shareholders:

High FDV to Low Circulating Supply Ratio: At $2.34 billion FDV with only $251.92 million market cap (10.83B circulating tokens), MON exhibits a 9.3x multiplier between fully diluted and market cap valuations. This is substantially more extreme than comparable recent launches: $SOL at ~1.46x FDV/Market Cap, $SUI at ~3.2x, $ETH at 1.0x (outlier). Monad's 9.3x multiplier is in the highest percentile of recently launched Layer-1s. Mathematically, this creates an environment where early stakeholders (VCs, team, strategic investors) holding pre-launch allocations can execute profitable exits at virtually any price above $0.01 without encountering significant liquidity constraints.

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Vesting Schedule Creates Predictable Selling Pressure: While the 50.6% initial lock is superficially conservative, the vesting schedule beginning mid-2026 represents 153% of the current market cap in scheduled unlock events through 2029. The specific mechanics are:

- Q2 2026 first unlock: 16.62 billion tokens (16.62% of supply = $383M at current prices)
- Quarterly thereafter through 2029: Additional 16.62B quarterly tranches

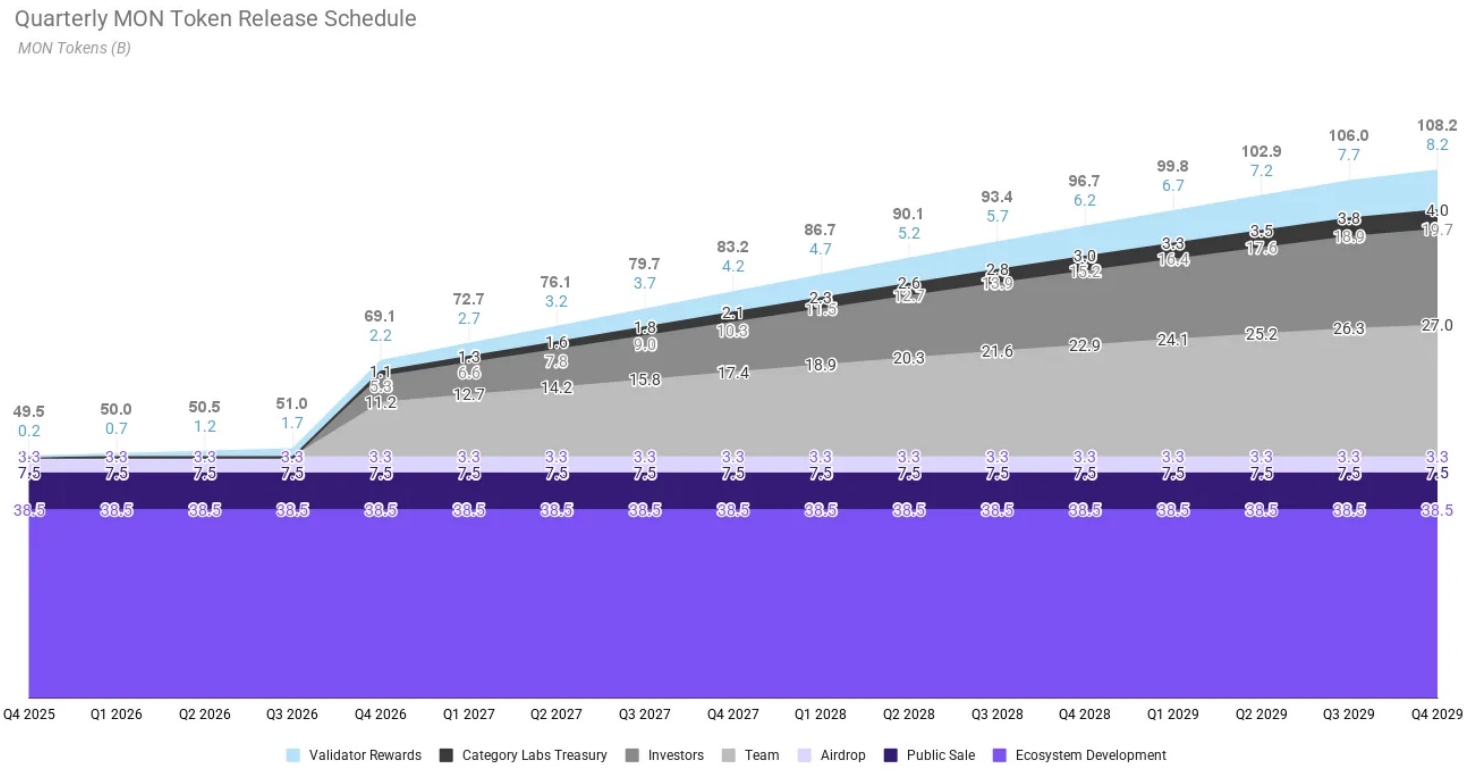
Analysis of comparable projects suggests that quarterly unlock events preceded 30-60% drawdowns in 70-80% of VC-backed token launches post-2021**.** The mechanism is straightforward: insiders treat unlocks as tax-loss harvesting opportunities, and the predictability attracts sophisticated traders who accumulate ahead of unlocks and dump into retail anticipation.

Offsetting the Risk: Actual Ecosystem Utility Reducing Burn Probability

The critical differentiator that provides some hedge against the VC dump scenario is that Monad's underlying infrastructure appears genuinely useful, unlike many purely speculative tokens. Real metrics support this:

- $111K in collected fees in the first week
- 404,000 active addresses in the first 7 days (compared to Ethereum L2s averaging 50-80K in early months)
- 637% transaction growth rate from day 1 to day 7, suggesting organic adoption rather than airdrop farming
- Native dApp development (Kuru Exchange) rather than pure Ethereum imports; Kuru achieved $11M/24-hour volume despite being a brand-new DEX on a 1-week-old chain

If Monad achieves even 1-10% of Ethereum's DeFi TVL ($50-100 billion), and if transaction volume scales proportionally to network effects, then the utility-driven demand could conceivably absorb supply growth from vesting unlocks—precisely the scenario that saved Solana despite similar VC-heavy tokenomics in 2020-2021.



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Thesis #3: The competitive landscape for high-performance Layer-1s has evolved substantially since Solana's 2020 launch. Today's environment includes Solana (now 5 years battle-tested with $150B+ market cap), multiple Ethereum L2s with proven security, and several challengers with meaningful ecosystems.

Why Monad Is Positioned to Compete with Solana and Other L1s (Bull Case)

1. EVM Compatibility Advantage: Solana requires developers to either (a) use third-party EVM or a separate sequencer that is compatible with Solana's validator set, or (b) migrate applications to Rust (Solana's Architecture), a multi-month undertaking. Monad's native EVM compatibility eliminates this friction. Day-1 integrations of Uniswap, Curve, and MetaMask required zero code changes—**something Solana could not achieve in its first 3 years of operation.**

2. **Speed-to-Critical-Mass Advantage**: Monad attracted 240+ dApps and $200M TVL in 72 hours. Solana required approximately 18-24 months to achieve similar metrics. If Monad can sustain this acceleration (which it will not, but any form of similar acceleration), Monad can establish itself as a meaningful Layer 1 competing with the giants.

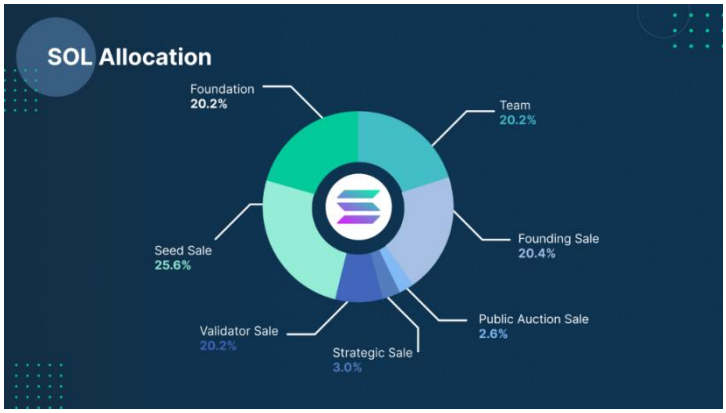
3. **Real Infrastructure Innovation**: Unlike some chains that differentiate on tokenomics or governance alone, Monad's parallel execution architecture represents genuine technical advancement. If successfully deployed at scale, it's defensible by virtue of engineering complexity and competitive moat.

Why Solana Retains Structural Advantages (Bear Case)

1. **Network Effects and Developer Mind-Share**: Solana has spent 5 years accumulating developer relationships, tooling, historical reference implementations, and institutional integrations. Migrating from Rust to Solidity-on-Monad requires developers to build relationships with new infrastructure providers (validators, RPC operators), coordinate liquidity migration, and navigate uncertain token tax implications. **Most developers optimize for minimal friction, not maximum speed.** This, in essence, is why it is so compelling for developers to stay on Solana.

2. **Proof of Battle**: Solana has survived network halts, validator centralization challenges, token price crashes from $200 to $8, regulatory uncertainty, and the FTX collapse (which was Solana's largest venture backer). Monad has operated for exactly 1 month. **No amount of engineering credentials can instill confidence more than time, especially against the unknowns.** Monad could encounter consensus bugs, state synchronization issues, or validator alignment problems that don't emerge until 6-12 months into production operation.

Now, in terms of token sentiment, the widespread sentiment across the crypto community is advocating for $MON to hit “zero”. **Arthur Hayes,** being one of the largest proponents of the movement, alongside a large part of Crypto Twitter, has called the newest L1 “dogshit”. A large part of such bearish sentiment revolves around the textbook tokenomics Monad has adopted, which mimics many other pump and dumps from the past. I believe that the current pricing reflects two contrasting dynamics: (1) exhaustion of retail momentum following the post-launch 71% surge and subsequent 40%+ correction, as many might be too scared for backing VCs ($COIN’s VC largest contributor) to rug pull retail and (2) positioning of sophisticated investors for the 12-24 month accumulation phase before ecosystem adoption metrics compel broader retail participation.



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Bear Case & Risk Mitigation

Despite the bullish technical thesis, material risks warrant serious consideration:

Execution Risk: Parallel execution architectures are notoriously complex. Bugs in transaction ordering, state finality, or consensus could emerge under production stress. The only mitigation is time and proven operational stability.

Ethereum L2 Competition: Arbitrum and Optimism are now defending entrenched positions with $30B+ combined TVL. They have proven security models and are implementing improvements that could narrow Monad's technical advantage.

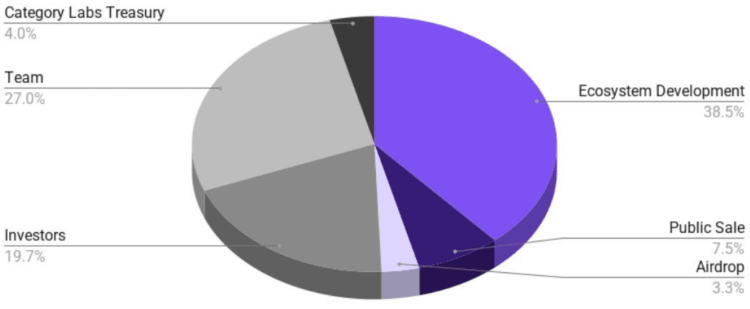
Developer Retention: The 38.5B ecosystem token allocation will eventually be exhausted. If applications are built primarily for subsidies rather than genuine utility, ecosystem development stalls post-subsidy.

Conclusion & Investment Recommendation

Monad represents a **legitimate technical advancement in blockchain infrastructure, coupled with problematic tokenomics and extreme early-stage execution risk.** The bull case (parallel EVM execution enabling 10,000 TPS with developer familiarity) is compelling; the bear case (VC dump dynamics, Solana's entrenched ecosystem, unproven production stability) is equally credible.

I recommend a **cautiously bullish position with strict position sizing (3-5% of speculative portfolio)** and disciplined exit criteria. MON's 9.3x FDV/Market Cap multiplier makes it suitable only for investors with high risk tolerance and a long time horizon with the stomach to withstand the volatility. The token is fundamentally an optionality bet: if Monad achieves even 3%+ of Ethereum's DeFi ecosystem by 2027, current prices offer compelling risk-adjusted returns. If ecosystem adoption stalls, the token could decline 60-80% once insider vesting begins in Q2 2026.

For now, the early ecosystem momentum, verified on-chain metrics, and absence of fundamental technical issues suggest the downside has been temporarily capitulated by retail sellers. **Accumulation by qualified investors during the $0.020-$0.035 range may present attractive entry points, contingent on confirmation of native application adoption and absence of mainnet stability issues over the next 2-3 quarters.**



Allocation Group	Status at Public Mainnet	# Tokens	%
Ecosystem Development	Unlocked	38,544,142,854	38.5%
Team	Locked	26,989,187,887	27.0%
Investors	Locked	19,683,237,451	19.7%
Public Sale	Unlocked	7,500,000,000	7.5%
Category Labs Treasury	Locked	3,952,848,412	4.0%
Airdrop	Unlocked	3,330,583,396	3.3%
Total Initial Token Supply		**100,000,000,000**	**100.0%**