# Investment Case $PUMP

MADABA | INDEPENDENT RESEARCH | NOT INVESTMENT ADVICE 16 October 2026

**BUY | THREE-YEAR HORIZON | BASE CASE +119% (30% P.A.) | BULL CASE +406%**

Revenue sharing is one of crypto's leading investment themes, and Pump.fun ranks second in CoinGecko's 2026 YTD on-chain revenue study. Yet $PUMP trades at **4.9x annualised revenue and 10.1x holder revenue** (revenue spent on buybacks), versus peer medians of 53.5x and 89.6x. I recommend buying. The discount reflects doubts about the durability of memecoin revenue, but revenue has exceeded $20m in every month for two years, Pump keeps winning back market share, and it now earns on more of each trade than in the last cycle.

## VALUATION ON A CONSISTENT FDV BASIS

| Token | FDV $bn | FDV / rev. 30D | FDV / rev. 365D | FDV / holder rev. 30D | FDV / holder rev. 365D |
|---|---|---|---|---|---|
| **$PUMP** | **3.75** | **4.9x** | **7.9x** | **10.1x** | **13.2x** |
| $LIT | 3.04 | 51.1x | 47.3x | 90.8x | 100.0x |
| $HYPE | 77.79 | 89.6x | 112.4x | 89.6x | 112.4x |
| $UNI | 6.64 | 55.9x | 116.1x | 55.9x | 116.1x |
| $AAVE | 2.58 | 42.1x | 29.0x | n.m. | 144.1x |
| **Peer median** | **-** | **53.5x** | **79.8x** | **89.6x** | **114.2x** |

30D annualised; 365D actual. Median excludes PUMP (AAVE records zero 30D holder revenue). Peers differ in growth, token rights and supply. Circulating basis: PUMP market cap $2.10bn, 2.7x revenue, 5.7x holder revenue (30D).

## WHY THE DISCOUNT EXISTS, AND WHY IT SHOULD NARROW

| | |
|---|---|
| **"Too cyclical."** | **We are buying near the trough.** Revenue peaked at $137m in January 2025 ($4.4m/day; single days above $7m) but averaged $1.30m/day over the last 12 months. The last 30 days ($2.10m/day) already run ~60% above that average. I expect memecoin activity to return to 2024-25 levels, or beyond, within two to three years. |
| **"Revenue won't last."** | **It has lasted.** Pump earned over $20m in each of the last 24 months; even its weakest, July 2025, brought $25m. That is $474m over the last 12 months, through a full memecoin downturn. |
| **"Rivals take share."** | **They have tried and lost.** LetsBonk took 80%+ of Solana graduations in July 2025; Pump was back at ~90% within weeks. The pattern is repeating: StonkFun out-earned Pump for a day in September and Flap and Pons gained ground, yet Pump's weekly launchpad revenue share recovered from 59.2% to 76.8% (7-13 Oct vs 30 Sep-6 Oct). |
| **"Buybacks end in 2027."** | **The buyback is the product.** 50% of net revenue buys and burns PUMP by code until April 2027; $460m+ bought since July 2025. Holders have no legal claim, but cutting it would remove the token's only value accrual, so I assume at least 50% continues. Pump ran 100% until April 2026; a higher share is upside. |

## WHAT IS NEW: PUMP NOW EARNS ON THE WHOLE LIFE OF A TOKEN

In 2024-25 Pump earned only on a token's first trades; after "graduating", tokens moved to Raydium and Pump earned nothing more. Together, PumpSwap and Terminal now generate about a third of revenue, and per dollar of launchpad volume Pump earns 17-20% more than in Q1 2025, so the January 2025 peak would be worth ~$5.2m/day today. That leak is closed:

**Launchpad (bonding curve)**
Every new token starts trading here; Pump keeps ~0.95% of each trade until graduation.

**PumpSwap (since Mar 2025)**
Pump's own exchange. Graduated tokens now move here, and Pump keeps a fee (typically 0.05%) on every swap.

**Terminal (ex-Padre, Oct 2025)**
A pro trading app charging ~1% per trade on Solana, Ethereum, Base and BNB Chain, even for tokens not launched on Pump.

## THREE-YEAR SCENARIOS: REVENUE X BUYBACK SHARE X MULTIPLE

| Scenario | Run-rate $m/day | Rev. $m p.a. | Buyback share | Buybacks $m p.a. | FDV / buybacks | FDV $bn | Return |
|---|---|---|---|---|---|---|---|
| Bear last 12 months repeat | 1.30 | 474 | 50% | 237 | 8x | 1.90 | -49% |
| Today last 30 days, current price | 2.10 | 766 | 48.5% | 372 | 10.1x | 3.75 | 0% |
| **Base** just above the 2024-25 boom level | **3.00** | **1,095** | **50%** | **548** | **15x** | **8.21** | **+119%** |
| Strong recovery new cycle, Pump stays #1 | 4.00 | 1,460 | 50% | 730 | 18x | 13.14 | +250% |
| Bull Jan 2025 peak, sustained | 5.20 | 1,898 | 50% | 949 | 20x | 18.98 | +406% |

Each row is an annualised revenue run-rate: the last 30 days today, or the assumed average in year three. Buybacks use the 50% policy share (48.5% today); FDV / buybacks equals the holder-revenue multiple above (10.1x today). **Two levers drive the return.** Revenue: at 15x, each extra $1m/day adds ~$2.7bn of FDV (+73%). Multiple: 15x still means a 6.7% buyback yield and an 83% discount to the peer median; even the bull case values PUMP at 10.0x revenue against a 53.5x peer median.

## RISKS AND POSITION

**Risks.** A prolonged memecoin downturn (bear case -49%). Buybacks not renewed after April 2027, which would break the valuation premise. Insider unlocks of ~6.9bn PUMP per month (~$31m at spot) roughly match monthly buybacks (~$31m). US RICO claims against the operator and founders may proceed (31 Aug 2026 order; liability not established). Regulatory and reputational damage.

**Position.** Build an unlevered spot position in stages; add on two quarters of growing PumpSwap and Terminal revenue or a buyback renewal. Reassess on sustained share loss, a lower buyback share, or two quarters of falling trading-product revenue.

Data: 16 Oct 2026 08:39 UTC (CoinGecko); revenue through 15 Oct 2026 (DeFiLlama). FDV includes locked tokens, net of burns (827.754bn tokens); PUMP revenue excludes app double counts. Ranking: 1 Jan-15 Sep 2026, excl. Tether, Circle, Grayscale. 17-20% uplift: total revenue / bonding-curve volume, Q3 2026 vs Q1 2025, volume inferred from fee rates (indicative). Launchpad share: Pump, StonkFun, Flap, Pons; launchpad revenue only. Scenario returns vs $3.749bn FDV, supply constant, future burns excluded. Sources: DeFiLlama | CoinGecko | buyback terms | buyback history. Calculations by the author.