



## NESTED FINANCE: A DEEP DIVE

### PROBLEM STATEMENT

Investing in the cryptocurrency world can be challenging due to the fragmentation of thousands of tokens across multiple platforms, as such most people don't know where or how to invest their money. Decentralised apps (Dapps) often present a steep learning curve, poor user experience (UX) and user interface (UI), making it difficult for the average person to understand and use them. Additionally, the need for private key management and the friction involved in moving between fiat and cryptocurrency can add to the complexity. Unfortunately, there have been several high-profile hacks, scams, fraudulent schemes, and security breaches in the DeFi space, leading to even more loss of trust among some individuals.

### SOLUTION

#### INTRODUCTION

Nested is a multichain decentralised finance (DeFi) application (Dapp) that leverages composability and offers portfolio management and monetization services to users.

By connecting to an existing web3 wallet or by linking to an email address, phone number, social networks (removing the need for private key management), users can set up a profile and an account can be funded by importing tokens from an existing web3 wallet to the Dapp or funded directly from a bank card or bank transfer using an integrated fiat on/off ramp.

Users can create, replicate, manage, update, send and share financial portfolios with friends, family or whole communities, this makes investing simple, social, and accessible. Inexperienced investors can copy the trades of experienced traders, who receive royalties in return. This creates a mutually beneficial system where those knowledgeable about cryptocurrency investing can help others make money in a fair way.

**Miles Deutscher** @milesdeutscher

I'm building up this position on my @NestedFi portfolio alongside some of my other favourite projects on Polygon.

Building this portfolio slowly over the next 6-12 months.

Here's the link if you want to join along:

### Portfolio 1 (2023)

On Polygon Network

Token	Percentage
USDC	81.71%
ETH	5.82%
WETH	4.35%
MATIC	2.79%
DAI	2.20%
AAVE	2.02%
UNI	1.11%

**+8.44 %** Created 2 months & 25 days ago

app.nested.fi

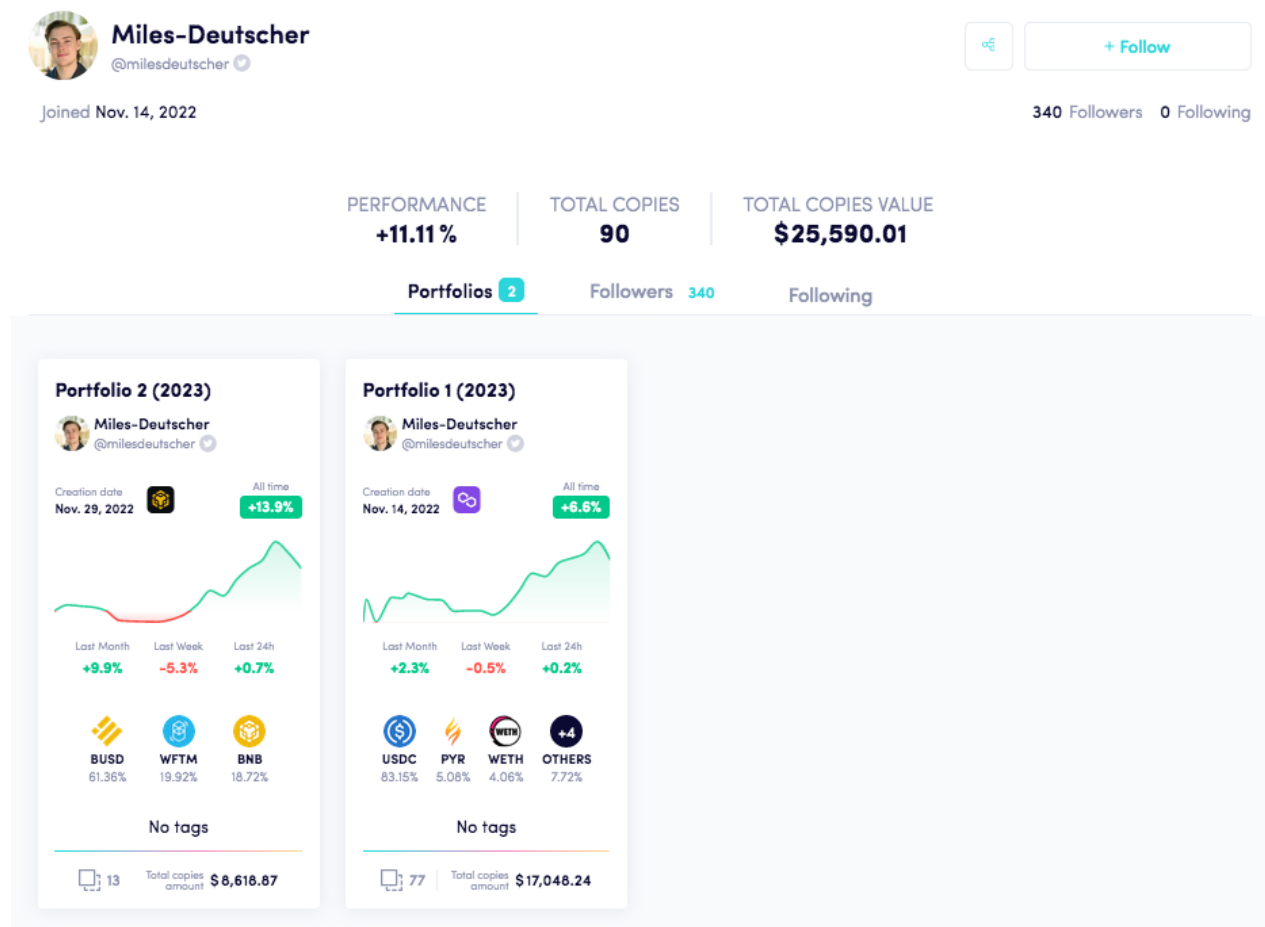
**Portfolio 1 (2023) - A Nested Portfolio**

Copy this portfolio in one click on Nested !

12:58 PM · Dec 7, 2022

26 Retweets 1 Quote Tweet 132 Likes

twitter



Nested profile

## OVERVIEW

Composability in DeFi refers to the ability of different Dapps to work together seamlessly and in a modular fashion, just like building blocks or "Legos". This concept allows DeFi users to take advantage of multiple services offered by different DeFi platforms, without having to navigate between multiple interfaces and user accounts.

The idea behind composability is to create an ecosystem of DeFi services that can be combined in different ways to suit the needs of each individual user. For example, a user might use a decentralised exchange (DEX) to trade cryptocurrencies, a decentralised lending platform to earn interest on their holdings, and a stablecoin to reduce the volatility of their portfolio.

The advantage of this composability is that it helps to increase the adoption of cryptocurrencies by making it easier for people to use and benefit from DeFi services. Instead of having to navigate multiple platforms and user accounts, users can access all of the services they need through a single interface, reducing friction and making the experience more user-friendly.

Composability also allows for greater innovation in the DeFi space, as developers can build new applications and services that can be easily integrated with existing DeFi platforms. This can lead to the creation of new financial products and services that are accessible to a wider range of users, further driving adoption of cryptocurrencies and DeFi.

Nested is a Dapp providing customizable financial products in the form of NFTs and leverages composability by allowing the addition of modules (operators) to interact with any protocol in exchange for ERC20 tokens without re-deploying. This integration with multiple Dapps creates a single multi-functional Dapp i.e Nested which then provides an efficient, creative, seamless one-stop hub for Defi services.

When a portfolio is created, a NestedNFT is minted, representing the user's holdings with up to twelve tokens per NestedNFT. The NestedNFT is backed by the underlying assets and they are stored on a self-custodian smart contract, only the minter can access the funds.

Some functions of the protocol require admin rights e.g upgrades; there are two admin multi-sigs, the Operational Multi-sig which has a 6 hour delay and requires 2/3 approval, and the Emergency Multi-sig which has no delay and requires a 5/5 approval.

Nested smart contracts have been audited on 5 occasions by 3 different reputable auditors and funds are also insured up to \$5M in total on Nexus Mutual while the current total value locked (TVL) on the protocol is about \$2M hence any invested funds are safe (Safu). Additionally users are able to purchase their own insurance on Nexus that covers contract bugs, economic attacks, including oracle failures and governance attacks.



TVL

As a user, you have complete control over the tokens and their weights in the portfolio you have copied or are tracking. In the event that the portfolio is altered, you will receive real-time notifications either in the Dapp or in external apps like Telegram. This gives you the power to make an informed decision on whether to implement the changes or not.

One can verify their profile by linking it with Twitter. In the explorer page, there are more than 30,000 portfolios that can be sorted based on various criteria such as trending, most followed, most trusted, and most copied, for each individual chain. This offers valuable insights to investors and helps them make informed investment decisions.

## TOKENOMICS

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### Token Details

#### Ticker

NST

#### Total supply

150,000,000

#### Token Distribution

Ecosystem & rewards 50.00%

Exposure round 2.75%

Seed investors 7.00%

Strategic investors 8.00%

Private sale 6.0%

Public sale 1.00%

Team & Advisors 19.00%

Airdrop 1.75%

NST tokens will be airdropped to people that are currently using the platform during the the token generation event (TGE) using a formula that takes the following 4 factors into consideration:

1. The total value of all your portfolios.
2. The total number of copies and their total value.
3. The diversity of networks used to build your portfolios: Ethereum, BNB Chain, Optimism, Arbitrum, Avalanche, etc.
4. The volume of activities – create, manage, copy, deposit, edit allocations, etc. – on Nested.

All decisions concerning the usage of the ecosystem and rewards reserve will be done by the DAO.

Currently there is no DAO and the tokens have not been generated but the event is upcoming as it is the next phase of the roadmap. Once the DAO is live, its members will continually adjust the fees and other aspects of the protocol.

\$NST is an ERC20 token and is primarily designed as a utility token to facilitate and incentivize the decentralised governance of the protocol as tips, bribes, staking rewards and VIP content will also be paid for in \$NST.

A fee is charged for each portfolio transaction and the DAO will continually adjust this fee.

Currently Nested charges a 0.3% fee on each operation that doesn't reduce TVL.

It includes the following operations:

- The creation of portfolios
- The copies of portfolios
- Updates
- Edit allocations
- Simple deposit
- Proportional deposit
- Buy/Sell/Convert operations

A 0.8% fee on each operation that reduces TVL and these include a simple withdrawal and a proportional withdrawal.

When a portfolio is created from scratch, the fees flow to Nested Finance Ltd. (and soon the DAO) but if a portfolio is created from copying another portfolio, the fees are split between Nested Finance Ltd. and the original creator as royalties.

## ROADMAP

Q3 2021 PUZZLE	<ul style="list-style-type: none"><li>•Build and manage a financial NFT portfolio.</li><li>•Copy trading.</li><li>•Royalties scheme.</li><li>•Launch on Polygon, Binance Smart Chain, and Avalanche.</li></ul>
Q4 2021 LEGO	<ul style="list-style-type: none"><li>•Modular architecture to plug any protocol on the fly.</li></ul>

	<ul style="list-style-type: none"> <li>•Integration with Synthetix to expand the available assets universe.</li> <li>•Receive royalties in any tokens.</li> <li>•Launch on Fantom, Celo and Ethereum.</li> </ul>
Q1 2022 TETRIS	<ul style="list-style-type: none"> <li>•Generate passive income from other DeFi platforms (Aave, Curve, etc.).</li> <li>•Import assets from a web3 wallet to the NFT.</li> </ul>
Q2 2022 RUBIK	<ul style="list-style-type: none"> <li>•Borrow stablecoins with your whole portfolio at once.</li> <li>•Governance.</li> <li>•NST Token Generation Event (TGE).</li> <li>•Staking pools for NST holders and liquidity providers.</li> <li>•Tokens holders VIP Tiers for a discount on platform fees.</li> <li>•Launch on Solana.</li> </ul>
Q3 2022 MATRYOSKA	<ul style="list-style-type: none"> <li>•NFTs of NFTs (Add BAYC, or another Nested portfolio to your existing Nested portfolio).</li> <li>•Taking profit on NFTs. Users can set a limit order to their portfolios.</li> </ul>

The roadmap promises many exciting developments from Nested in 2022 including the ability to set limit orders, buy NFTs and launching on the first non EVM chain solana which is just a totally different ecosystem from ethereum.

With the ability to borrow stablecoins against your portfolio a user can increase their exposure to the market and potentially generate more profits from trading, liquidity provision, yield farming, hedging or simply to double down and create another portfolio.

The most anticipated development has to be TGE and the formation of the Nested DAO which will assume ownership and control of the protocol and drive future developments.



## SUMMARY

With the streamlined onboarding process and by integrating many Defi protocols, Nested has made DeFi easy to use. Its unique features make it suitable for Defi experts and beginners alike. The social aspect increases trust, transparency and engagement. By using multi-sig wallets, conducting code audits and purchasing insurance, Nested has shown that they prioritise security which should help increase trust. Nested Finance removes many barriers to cryptocurrency investing and is uniquely placed to onboard the next 10 million investors.

## FURTHER ITERATIONS/NEXT STEPS

1. Update this analysis after the formation of the DOA as the tokenomics will be a lot clearer then.
2. Update analysis after actually creating a portfolio as this time i only went as far as creating a profile and browsing the site.
3. Update analysis with Dune analytics and or Flipside crypto charts to reveal some key metrics.
4. Release this analysis to the community for feedback.

## FURTHER READING AND SOURCES

<https://docs.nested.fi/>

<https://github.com/NestedFi/nested-core-lego/tree/master/audits>

<https://github.com/NestedFi/nested-core-lego>

<https://medium.com/enzymefinance/whats-stopping-defi-from-mass-adoption-522594539d3a>

<https://decrypt.co/resources/what-are-the-pros-and-cons-of-defi-learn>

<https://twitter.com/milesdeutscher/status/1600444678599766017?s=20>

<https://app.nested.fi/ue8k/Miles-Deutscher>

<https://defillama.com/protocol/nested>

<https://icoholder.com/en/Nested-1017403>

<https://chat.openai.com/chat>



