

Title: [ARFC] Treasury Management - Convert DAO awETH Holdings to Liquid Staking Tokens

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Summary

This ARFC proposes to convert part of the DAO's current wETH holdings into liquid staking tokens (LSTs), specifically stETH and rETH, to improve yield. The DAO's current holdings are 1561 wETH, earning a yield of 2%. This proposal aims to convert 50% of these holdings to astETH (currently earning 6.8%) and 30% to arETH (currently earning 5.75%). This change can be implemented directly, slippage-free, and on-chain via an AIP.

Motivation

The motivation behind this proposal is to increase the annual yield for the DAO. Currently, the DAO earns a yield of 2% on their awETH. By converting a portion of these holdings to astETH and arETH, the yield could be significantly improved.

The following table compares the current annual yield in ETH with the projected yield following the implementation of this proposal:

wETH (2% Yield)

stETH (6.8% Yield)

rETH (5.75% Yield)

Total Yield

Net Gain

Current (100% wETH)

31.22 ETH

0 ETH

0 ETH

31.22 ETH

0 ETH

Proposed (20% wETH, 50% stETH, 30% rETH)

6.244 ETH

53.074 ETH

26.92725 ETH

86.24525 ETH

55.02525 ETH

As per the table above, implementing this proposal could result in a net gain of 55.02525 ETH for the DAO.

Please note that this is an estimation for information purposes. Yield can vary with market conditions, and actual revenue may differ.

20% wETH Retention

The proposal suggests retaining 20% of the DAO's holdings as wETH. This strategy allows for the onboarding of other decentralized LSTs in the future, offering further potential for diversification and yield optimization.

Exclusion of cbETH

This proposal does not consider converting any portion of the DAO's holdings into cbETH. As a centralized asset, cbETH

does not align with the DAO's commitment to decentralized solutions.

Disclaimer

The author of this proposal owns stETH & rETH, but no LDO and small holdings of RPL intended to be used to deploy mini-pools. The author has no links with and did not receive any payment from Lido, Rocket Pool, or any other third party to publish this ARFC.

Next Steps

1. Gather community feedback and reach a consensus.
2. Publish snapshot vote.
3. If the snapshot vote outcome is YAE, publish AIP.

Conclusion

By converting a portion of the DAO's awETH holdings into astETH and arETH, the DAO improves the DAO's annual yield. This proposal outlines a strategy that not only increases yield in the short term but also allows for future diversification and yield optimization opportunities.

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