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Abstract

Vaultka is seeking 100,000 $ARB to drive the adoption of GMX V2, aiming to attract at least $5 million TVL to GM pools. This will be achieved by incentivizing the $USDC lending vault, which exclusively supports GM leverage vaults.

1. Impact of the Project on GMX and Arbitrum Ecosystem

2. Vaultka features four specialized strategic vaults, built atop both GMX V1 and V2, with a total TVL currently exceeding $5 million across these vaults.

3. Vaultka acts as a bridge between lenders and Perp DEX LP providers, enabling full utilization of lending capital into Perp DEX LPs

4. Team Experience

5. The Vaultka team consists of developers with diverse backgrounds in both Web3 and Web2, with the experience in building Defi projects such as inflation-pegged collateralized currency, perpetual decentralized exchange, and smart contract auditing

6. Relevance to the GMX ecosystem

7. Vaultka offers various strategic options for liquidity providers to maximize and tailor their gains and exposure with delta neutral and leverage products

8. Vaultka GMX-related strategic vaults include: GLP Delta Neutral, GLP Leverage, GLP Compounding, GM (WBTC-USDC, ETH-USDC, ARB-USDC) Leverage, and GM Delta Neutral Leverage Vault

9. Time to complete goals and timeline

10. 100% of the funds will be used to incentivize the $USDC lending pool for GM leverage vaults

11. The incentive program will match the STIP timeline, lasting over 12 weeks

SECTION 1: APPLICANT INFORMATION

Applicant Name or Alias

: Vaultka

Project Name

: Vaultka

Project Description:

Vaultka is a yield optimization protocol for Perpetual Decentralized Exchanges on Arbitrum, enabling users to maximize gains and tailor their strategies based on their risk preferences. Our GM Leverage Vault is the market-first GM strategy vault building on top of GMX V2, with the vision to bring higher yields to users with different risk exposures, and channel in liquidity to support activities on GMX V2.

Team Members and Qualifications:

Development Team:

Composed of six full-time developers proficient in front-end, back-end, and smart contract development, with expertise in general-purpose programming languages and over three years of proficiency in Solidity. Our members possess diverse development experience, spanning projects such as inflation-pegged collateralized currency, perpetual decentralized exchange, and smart contract auditing.

Business Development and Management Team:

Our team comprises individuals from different backgrounds, including hedge funds, global banks, and asset management,

with a track record in developing diverse DeFi protocols and cryptocurrency projects.

Project Links:

Website

https://www.vaultka.com/

Twitter

https://twitter.com/Vaultkaofficial

Chinese Twitter

https://twitter.com/VaultkaCN

Discord

Vaultka

Telegram

Telegram: Contact @vaultkaofficial

Medium

Vaultka – Medium

GitHub

Vaultka-Project · GitHub

Youtube

https://www.youtube.com/@Vaultka_official

DefiLlama

https://defillama.com/protocol/vaultka

Spotify

2023-05-22 Fireside Chat - The Emergence of Decentralized Perpetual Exchange by Vaultka

Contact Information:

TG: Telegram: Contact @vaultkaofficial

Twitter: @Vaultkaofficial

Email: info@vaultka.com

SECTION 2: GRANT INFORMATION

Requested Grant Size:

100,000 $ARB

Grant Matching:

Emission of $esVKA and $USDC

Grant Breakdown:

- 100% of the grant will be used to incentivize the $USDC lending pool, which is exclusive for GM leverage vaults, and GM delta-neutral leverage vaults later.

- The grant will be distributed across 12 weeks, with equal portions each week. Lenders will get a time-averaged portion of the $ARB rewards based on the lending capital they deposit.

- The grant is designed to attract at least an additional $5 million to GM pools by providing incentives for the $USDC Lending pool. This includes an extra $ARB APR of 10% to motivate and reward lenders for their participation.

Funding Address:

0x6CF1974e1f2C36bdE9F63071b0D5503194F0Da37

Funding Address Characteristics:

The address above is a 2/3 Gnosis Multisignature wallet. The private keys are securely stored.

Distribution Contract Address:

User Claim contract for $ARB Distribution: TBD

Incentivized Contract Addresses:

$USDC Lending Contract: 0x9045ae36f963b7184861BDce205ea8B08913B48c

SECTION 3: GRANT OBJECTIVES AND EXECUTION

Objectives:

The core objective of this grant is to increase Vaultka's $USDC Lending pool size by $4 million, which is used to support GM related strategic vaults exclusively

. This is intended to support the expected growth in deposits and leverage within the GM Leverage strategic vaults, driven by the $ARB STIP rewards.

To ensure that leverage users can consistently access and utilize GM pools, our primary aim is to attract fresh lending capital. This lending capital will, in turn, be redirected to GM pools as liquidity by lending it to leverage users, creating a positive feedback loop for GMX with the support of the grant from Vaultka's lending initiative

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Key Performance Indicators (KPIs):

KPI

Description

Target

TVL in GM Leverage Vault

Measures the total inflow of capital into GM pools

$5 million+

Average Utilization Rate

Measures how much lending capital flows back into the GMX ecosystem

75%+

Number of Unique Addresses

Measures the number of new users attracted by the program

500+

How will receiving a grant enable you to foster growth or innovation within the GMX ecosystem?

With this grant, we aim to attract at least an additional $5 million TVL to GMX related vaults,

which will be done by incentivizing the $USDC lending pool and raise the pool size to $4 million. This additional lending capital will be subsequently lent to leverage users and directed into GMX GM pools, thereby enhancing the GM liquidity pool and supporting GMX V2 trading

.

This initiative will significantly benefit the GMX ecosystem by facilitating higher leverage sizes and providing depositors with access to more lucrative yield opportunities

. For Degen yield farmers who find the 10% yield on the ETH-USDC GM pool insufficient, Vaultka enables them to amplify their position by up to 10x, resulting in a tenfold increase in the real yield they initially earned. The lending pool plays a pivotal role in making this possible, serving as the foundation for these enhanced opportunities.

Lending has been a constraint on fully realizing the potential of leverage vaults. With the introduction of additional $ARB rewards offering up to 10x leverage, the existing unused liquidity in the lending pool is anticipated to be swiftly employed, potentially becoming a limiting factor for leverage users.

By offering supplementary $ARB incentives on top of the standard esVKA emission and $USDC real yield, we are confident to attract more users to lend their capital. Investors who prefer to avoid risk exposure can opt for the lending vault, maintaining a protective position while benefiting from the potential of the underlying leveraged LP through a rising reward split, directly linked to the leverage size. The added $ARB incentive serves as an extra layer of enticement to encourage lenders to participate and earn additional $ARB rewards.

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Justification for the size of the grant:

The grant program will be running for 12 weeks, with a total of 100,000 $ARB distributed. The target $USDC Lending pool size is $4 million, and assuming $ARB price is $1.1, APR will be:

= Total $ARB grants for 3 months * $ARB price * 4 / $USDC Lending Pool Size

= 100,000$1.1*4/4,000,000

= 11%

Return ratio in 3 months for TVL created in GMX V2 to $ARB granted:

= (Target Lending pool size - Current pool size) / ($ARB granted * $ARB price)

= (4,000,000 - 1,000,000)/(100,000*1.1) = 27x return

Execution Strategy Details:

- A fixed amount of $ARB tokens will be allocated to the $USDC lending vault each week

- Lenders can claim their $ARB-eligible allocations on our Airdrop page every week

- Time-weighted average of the lender's $USDC lending pool balance will be taken for the whole week to calculate each week's proportional rewards

- The programming will be running for 12 weeks, thus around 100,000 $ARB / 12 weeks= 8,333.33 $ARB for each week

- Vaultka will claim the funding each week from the third-party protocol (e.g. Hedgey, depending on the distribution method that GMX opts for), and transfer the $ARB amount to the claim contract weekly

- Users can then claim their eligible amount weekly from the contract

Eligible pools and assets:

- $USDC Lending Pool will be the only eligible pool for this grant, as to serve the purpose of channeling lending capital into GMX V2 GM pools

- $USDC Lending Pool Address: 0x9045ae36f963b7184861BDce205ea8B08913B48c

- Native $USDC will be the only eligible asset: 0xaf88d065e77c8cC2239327C5EDb3A432268e5831

- The GM Leverage Vault will not directly receive $ARB from this grant to prevent double-spending

Grant Timeline:

The $ARB incentives for lending represent an initial catalyst for attracting new liquidity. Sustaining the Total Value Locked (TVL) in lending will be ensured through ongoing esVKA emission and the APR of GM tokens, distributed through reward

splits to lending pools. Therefore, the grant will serve as a short-term incentive, aligning with the planned STIP timeline of January 31, 2024, to match and support the program's objectives.

- Start Date: TBA (Depending on the approved date by the Committee)

- Duration: 12 weeks

- Claiming period: Roughly until Feb-29-2024, can adjust after confirming the start date

- Estimate 1 month claiming period after the last claiming date, to allow more time for users to get their rewards

Fund Streaming:

Yes, we accept.

SECTION 4: PROTOCOL DETAILS

Provide details about the protocol requirements relevant to the grant. This information ensures that the applicant is aligned with the technical specifications and commitments of the grant.

What date did you build on GMX?:

Strategic Vault Date built on GMX

Strategic Vault

Date built on GMX

GLP Delta Neutral Vault

Feb-08-2023

GLP Leverage Vault

Aug-22-2023

GM Leverage Vault (ARB-USDC, ETH-USDC)

Sep-21-2023

GLP Compounding

Nov-06-2023

GM Leverage Vault (BTC-USDC):

Nov-10-2023

Protocol Performance:

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Vaultka TVL: 12.5m

Product Coverage: Delta Neutral, Leverage

Protocols (LP) Coverage: GMX V1 (GLP), GMX V2 (GM), GNS (gDAI), Vela Exchange (VLP), HMX (HLP)

TVL Breakdown (GMX related vaults):

Vault

TVL

GLP Dela Neutral Vault

$698,308

GLP Leverage

$689,004

GLP Compounding

$3,518,542

GM Leverage

$1,378,026

Protocol Roadmap:

There are two highlight products launching:

1. GM Leverage Delta Neutral Pool for ETH-USDC and ARB-USDC pair (launching on 15-19/11)

For the GM Leverage Vault that we already have, users can only deposit USDC to invest in the pool. If they are holding $ETH or $ARB, they cannot enjoy the leverage providing that Vaultka is providing.

Using the GM Leverage Delta Neutral Pool, users have the option to deposit either $USDC or $ETH/$ARB. Vaultka then aligns the composition of the GM pool and borrows the remaining $ETH/$ARB and $USDC from Vaultka's $ETH and $USDC lending pools based on their leverage size. This approach allows users to benefit from leveraged real yields generated by GMX V2 protocol fees, all while avoiding concerns about price fluctuations due to the pseudo delta-neutral position. Price fluctuation risks only come into play when the pool ratio deviates from 50:50, and these are mitigated through GMX's deposit fee in GM pools.

This alleviates users' concerns about potential losses stemming from price fluctuations, especially when they have a positive outlook on GMX V2 and aim to profit from the protocol fees.

More details on the GM Leverage Delta Neutral Pool can be found in our medium post[here](here).

1. GM Index Token (launching in mid Decemeber)

The GM Index Token, a pioneering Index token built upon Perp DEX LPs, will take on a structure similar to GLP. It consolidates most of the GM pools into one token, with the composition based on each pool's assets under management (AUM). This allows users to diversify their risks across multiple underlying assets present in various GM pools, maintaining partial exposure and earning protocol fees. It's an ideal choice for those who prefer to avoid the specific asset's risk exposure and are more interested in market-wide exposure.

This alternative investment option caters to users who wish to invest in GMX and the broader market's performance, rather than a specific asset pair pool. This approach aims to attract a wider range of users, particularly those with a lower risk tolerance, to invest in GM tokens.

The rest of the roadmap can be seen below:

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Audit History:

- Zokyo Audit (for general Leverage Vault logics)

- Zokyo Audit (for GM Leverage Vault Smart Contract audit)

- Hacken Audit (Tokenomics)

SECTION 5: Data and Reporting

Is your team prepared to create Dune Spells and/or Dashboards for your incentive program?:

Yes, a real-time dashboard will be created on the website of Vaultka, so that users can always track the performance and data regarding the use of funds. KPI listed above and related information will be listed on the dashboard

Does your team agree to provide bi-weekly program updates on the GMX Forum thread?:

Yes, we agree.

Does your team acknowledge that failure to comply with any of the above requests can result in the halting of the program's

funding stream?:

Y