

Introduction

The year 2023 marked the initiation of our collaboration with the CoW DAO protocol. As per [CIP-19

](<https://snapshot.org/#/cow.eth/proposal/0xc4e9c0a28f12b28aedfc8c3802522a9ac9dd1c7d5045dca94abf555ca2d8cd31>), karpatek has been entrusted with the creation, training, support, and audit of a Core Treasury Team within CoW DAO. This report provides a comprehensive overview of our treasury management activities from February to December 2023.

Highlights

- Financial results: earned \$128K in DeFi results with an average APY of 5.1% and an average capital utilisation of 96.0%.
- Strategic asset allocation: optimised capital by consistently focusing on maximising utilisation, leveraging yields, and diversifying holdings.
- Treasury growth: the portfolio increased more than 75% following price variations, the addition of new revenue streams through [CIP-28

](<https://forum.cow.fi/t/cip-28-should-cow-dao-send-its-profits-to-the-cow-treasury-core-unit-to-generate-extra-revenues/1805>), and the accrued yield achieved by participating in DeFi strategies.

Total funds by token category for Dec-2023:

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Chart

910x494 19.5 KB

](<https://europe1.discourse-cdn.com/business20/uploads/cow/original/2X/d/df8035a03460143bb88f549b53e6f1050810fd94.png>)

Treasury Operations Overview

The CoW Treasury Core Unit dedicated itself to optimising capital utilisation and maximising returns while maintaining a conservative approach to risk. The strategy focused on leveraging opportunities in various DeFi platforms and diversifying the portfolio to ensure stability and growth.

- Deployed received funds in various positions, including deposits in Compound and multiple pools on Balancer staked on Aura. The emphasis was on maximising capital utilisation and leveraging yields from Aura.
- Reallocated funds and migrated positions by moving assets between various Balancer pools on Mainnet and Gnosis Chain.
- Improved the stablecoin allocation to optimise yield by depositing USDC in Compound and xDAI in the DSR on Gnosis and providing EUR exposure through EURE in Curve to safeguard and preserve capital value.
- Deployed an ETH LST strategy to reduce risk and enhance returns by diversifying the funds among different positions with exposure to Lido and Rocket Pool.
- Migrated USDC funds from Compound v2 to Compound v3 following the conclusion of \$COMP rewards on v2.
- Created the [Treasury section

](<https://forum.cow.fi/c/treasury-overview-of-cow-dao/21>) in the CoW forum and consistently delivered the monthly report, sharing the executed activities as well as the strategy, operations, and results, that happened each month.

- Upgraded the monthly report to show more detailed information.
- Actioned against a detected [Balancer vulnerability

](<https://forum.cow.fi/t/balancer-vulnerability-report-and-actions-taken/1886>) by holding an emergency meeting, without losing any funds.

- Implemented [CIP-26

](<https://forum.cow.fi/t/cip-26-solver-bond-funds-switch/1709>) and successfully swapped the USDC KYC and non-KYC funds

with the solver.

- Increased the treasury holdings by proposing and implementing [CIP-28

](<https://forum.cow.fi/t/cip-28-should-cow-dao-send-its-profits-to-the-cow-treasury-core-unit-to-generate-extra-revenues/1805>) to utilise the profits generated by the CoW protocol in DeFi strategies to generate yield and farm rewards.

- Implemented [CIP-32

](<https://forum.cow.fi/t/cip-32-mev-blocker-funding/1940>) to fund and support the MEV Blocker project.

- Proposed and implemented [CIP-33

](<https://forum.cow.fi/t/cip-33-should-the-cow-treasury-core-unit-be-added-to-the-mevblocker-rebates-safe/1956>) to authorise the Treasury Core Unit as an owner of the MEV Blocker Rebates Safe to streamline operations and enhance the efficiency of fund flow and utilisation.

Treasury performance for 2023:

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Chart

1200×742 39.8 KB

](<https://europe1.discourse-cdn.com/business20/uploads/cow/original/2X/8/84164d8e7e09e2dc8b48773ee5052045fbdfea95.png>)

Conclusion

The year 2023 has been a period of active treasury management, marked by strategic decision-making, effective risk management, and a continuous pursuit of optimising returns. Our proactive approach to market changes and protocol updates has ensured a robust performance of the treasury, and we remain committed to our goals of maximising capital efficiency, diversifying the portfolio, and ensuring long-term sustainability.

We look forward to the continued growth and success of our partnership with CoW DAO.