

SECTION 1: APPLICANT INFORMATION

Applicant Name or Alias:

Calum Roberts

Project Name:

Mozaic

Project Description:

Mozaic uses its proprietary AI to optimize and automate the yield farming process for the end user by providing 'one-click' vault solutions. The AI, Archimedes has one objective: To save users time and maximize their profitability by removing the hurdles, complexities and indecisions involved with yield farming.

Team Members and Qualifications:

Calum Roberts - CEO: [Linkedin](#)

Star Beta Australia experience in derivatives trading, portfolio management, and the development of advanced risk management algorithmic systems

Greg Tanaka - AI Specialist: [Linkedin](#)

CEO & Founder; Palo Alto City Council Member; US Congressional Candidate

Thomas Wilkinson - CTO: [Linkedin](#)

Co-founded Pitchdrive Web2 Fintech as CTO, helped grow the company to oversee \$100 million in assets under management, and then successfully exited

Sam Mishra - AI Specialist: [Linkedin](#)

Fidelity experience in Portfolio Management, Quantitative Analysis, and Machine Learning +12 years in total

Hamed Mohammadi - Lead Engineer + Cybersecurity: [Linkedin](#)

Blockchain Specialist; Smart Contract Security Expert; Zero-Knowledge Researcher

Brendan O'Brien - Strategic Advisor: [Linkedin](#)

CEO of Star Beta Australia crypto firm

Project Links:

Landing Page: <https://mozaic.finance/>

Docs: <https://docs.mozaic.finance/>

dApp: <https://app.mozaic.finance/>

Github: [Mozaic · GitHub](#)

X/Twitter: [x.com](#)

Discord: [Mozaic](#)

Contact Information:

Point of Contact: Calum Roberts

TG handle: [@Swaytide](#)

Twitter: Swaytide27

Email: contact@mozaic.finance

SECTION 2: GRANT INFORMATION

Requested Grant Size:

75,000 ARB

Grant Matching:

0.4% (or 4,000,000) of the total supply of MOZ (in xMOZ) will be used as additional incentives alongside the proposed grant of 75,000 ARB, at the current value roughly 2 times the amount of ARB provided in USD.

Grant Breakdown:

75,000 ARB for Theseus Vault Incentives to boost rewards and attract liquidity for our launch of Mozaic 2.0 vaults dedicated to GMX.

Funding Address:

0xC56e382Aae7E281de1d8827bb1A166D873A39f4E

Funding Address Characteristics:

3/6 multi-sig.

Distribution Contract Address:

0xC56e382Aae7E281de1d8827bb1A166D873A39f4E

Incentivized Contract Addresses:

To be updated with Theseus Relic (incentive) contracts on week 1 of launch

SECTION 3: GRANT OBJECTIVES AND EXECUTION

Objectives:

- Re-ignite the TVL growth of the already-in-demand Theseus Vault and support the protocol in its recovery, post-exploit in the successful launch of Mozaic 2.0.
- Achieve 5M+ in total TVL in Mozaics dedicated GMX vault to bootstrap liquidity.
- Attract and educate a broad range of new users from the Layerzero ecosystem on how automated AI-FI can enhance effectiveness in liquidity management.

These incentive objectives are specifically designed to aid the Mozaic protocol in its recovery to boost the Mozaic flywheel and ultimately secure its home in the GMX Market Pools.

Key Performance Indicators (KPIs):

Internally, Mozaic analyzes its vault offerings, market trends, and user behavior within the context of TVL to measure retention.

We track several weekly metrics:

- Weekly Active Users
- Weekly User Retention
- Weekly Returning Users

Target KPIs are adjusted based on monthly strategic goals and our development and security standards.

Relevant usage metrics

- Daily Active Users
- Daily User Growth
- Daily Transaction Count
- Daily Protocol Fee
- Daily Transaction Fee
- Daily ARB Expenditure and User Claims
- Incentivized User List & Gini
- TVL

- List of Depositors

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

Mozaic is already deeply ingrained within the GMX ecosystem by choosing GMX as our first AI strategy for the relaunch. Receiving this grant will accelerate our protocol's growth and support the launch of our Mozaic 2.0 vaults. This will further solidify our presence and boost vault TVL and user adoption—two crucial components of our ecosystem's success.

For example: Take the previous average APY of 45% and the targeted TVL of 5M

- At $5,000,000 \times 0.45 = \$2,250,000$
- $2,250,000 \times 0.2$ (fee) = \$450,000

Also see below:

These numbers exclude the LP token price performance, previously +46% for Mozaic 1.0.

Justification for the size of the grant:

The Theseus Vault provided the backbone for revenue generation for the Mozaic protocol. With this in mind, the proposed incentive amount and structure are designed to help the Mozaic protocol return to its projected TVL targets:

- Total protocol TVL was approximately 2.2M prior to the exploit.
- The Theseus Vault TVL sat at 1.65M.
- The Theseus Vault had achieved this TVL acquisition organically without any prior incentives. APY was ~60%, LP token performance: ~25% MoM
- The protocol is aiming to achieve 5M in TVL for the Theseus Vault with this proposed incentive campaign. This represents about a ~3x increase from TVL prior to the exploit.
- Theseus Vault fees were set to 10% on profits only, implemented as of March 11th

. Prior to the exploit and in the two days since turning on fees, the protocol had accrued approximately \$8,000 USDC.

The Mozaic protocol has used the below calculation as the justification for the size of its grant. 2.5M represents the median TVL target the protocol wishes to achieve through its proposed incentive campaign.

Targeting an average increase of 25% APY on 2.5M TVL for the ARB Incentives.

- USD equivalent = $\$2.5M \times \sim 25\% \times 6/52 = \$72,115$
- ARB amount = $\$72,115 / \$0.95 = 75,910$ ARB at \$0.95
- Proposed Theseus Incentive Amount: 75,000 ARB

Also targeting an average increase of 25% APY on 2.5M TVL for the MOZ Incentives.

- USD equivalent = $\$2.5M \times \sim 25\% \times 12/52 = \$144,230$
- MOZ amount = $\$144,230 / \$0.03526 = \sim 4,000,000$ MOZ at \$0.03526
- Grant Matching Theseus Incentive Amount: 4,000,000 MOZ or \$144,230

The MOZ incentives will continue for 6 weeks after the proposed ARB incentives.

Vault Fees will be charged at 20% going forward on profits ONLY.

- $2.5M \times 0.45$ (APY) $\times 0.2 = \$225,000$
- At 2.5M TVL: \$225,000 annual vault fees.
- At 5M TVL: \$450,000 annual vault fees.

Execution Strategy:

1. 75,000 ARB (100%) will be allocated for Theseus vault incentives, distributed based on weekly epochs. A specific amount of ARB will be designated for each epoch.
2. The time-weighted average liquidity per epoch will be used to calculate proportionate rewards.
3. At the end of each epoch, the appropriate amount of \$ARB will be airdropped to the users.

4. If we hit additional milestones prior to the completion of the campaign, we will add those rewards to the incentive pool.

Distribution Plan:

- Initial release: All accumulated ARB rewards for milestones achieved: 37,500 ARB
- 2nd Distribution: 7,500 ARB, only distributed if 0.5M TVL is achieved.
- 3rd Distribution: 7,500 ARB, only distributed if 1M TVL is achieved.
- 4th Distribution: 7,500 ARB, only distributed if 1.5M TVL is achieved.
- 5th Distribution: 7,500 ARB, only distributed if 2M TVL is achieved.
- 6th Distribution: 7,500 ARB, only distributed if 2.5M TVL is achieved.

To help bootstrap liquidity on launch we plan to reduce fees for an extended period of time to get the initial injection. We are also striking a deal with previous investors to combine liquidity + raise incentivization.

The proposed ARB will be released through Relics to promote sticky liquidity from the onset. Relics allow the Mozaic protocol to increasingly scale the release of the incentives in tune with the length of the incentive program itself. I.e. The longer a user holds their Theseus deposit, the more incentives received - up to a cap - where withdrawing forfeits any so-called incentive 'boost'.

The first mechanism (and something we're excited about) is the integration of 'Relics' for each of our vaults - beginning with Theseus. Relics reward vault depositors for their investment longevity i.e. the longer a user holds their position in a vault the more incentives they receive, up to a cap - read more: <https://www.digit.xyz/>. Once users have waited the allotted time to receive the maximum possible incentives, they will be less likely to forfeit their position in the vault having taken the time to 'mature' their deposit. The additional 6 weeks of our Mozaic's own xMOZ incentive program will promote this additional sticky liquidity.

Alongside this, our Leaderboard is set to be released during the incentive program. Users will begin receiving points for holding a deposit(s) in any of Mozaic's vaults, along with performing other interactions within the Mozaic protocol on Arbitrum.

Lastly, the 4M xMOZ as part of the 'Grant Matching' section, will also be used over the course of 12 weeks, or an additional 6 weeks to the STIP program.

Grant Timeline:

Prior to the beginning of the incentive program, the protocol aims to recover the ~\$2M from MEXC frozen after the exploit. The Mozaic protocol is optimistic that at least a considerable portion of this organically achieved TVL will remain with the protocol, setting a strong foundation for future growth.

Justifications:

- Mozaic's Role in AI-FI and GMX Benefits: Mozaic is at the forefront of AI-FI, and GMX will significantly benefit from these user experience improvements and their ripple effects. Our success is intertwined with GMX's success. GMX's support of this infrastructure will directly benefit GMX users and help establish a long-term add-on for the platform.
- Initiation of Quest Campaigns: Our campaigns will reach over 20 million active users. Our goal is to position AI-FI as the future of DeFi by providing engaging educational content through videos and blogs, coupled with daily rewards to keep users connected and engaged with Mozaic. Using Galxe, we'll guide users through a 7-day "Aha moment," highlighting Theseus' benefits such as risk aversion, profit maximization, zero entry barriers, and directing them to our Discord Wonderverse model.
- Wonderverse Campaign: The Wonderverse (Discord) campaign aims to convert participants into core community members. While quests might attract airdrop hunters, we believe that demonstrating how AI-FI integrates with GMX during this period will convert them into long-term supporters. Our Discord will feature a personalized leaderboard that rewards users for on-chain activities such as depositing and holding liquidity in Theseus.
- Previous Successes: Previous quests boosted our community from 5k to over 23k dedicated supporters, as reflected in our social engagement rates. Additionally, previous vault cap raises were fully subscribed within 24 hours without any incentives.
- Integration of Relics: We will integrate Relics to incentivize users to remain engaged even after incentives end. Users will lose the bonuses they have accumulated if they withdraw from GMX.

Fund Streaming:

[Do you accept the funding of your grant streamed linearly for the duration of your grant proposal, and that the multisig holds the power to halt your streamed at their discretion at any time?]

Yes

SECTION 4: PROTOCOL DETAILS

What date did you build on GMX?: [Date of deployment]

January 18th 2024 for Mozaic 1.0

Estimated July 2024 for Mozaic 2.0

Protocol Performance:

The vault token (MOZ-THE-LP) performance since inception on the GMX Market Pools:

+46% since deployment on Jan 18th - Mar 24th.

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](<https://global.discourse-cdn.com/business7/uploads/gmx/original/2X/8/8a42277d8227857608708e446816c4667b9974e0.png>)

The APY performance since inception:

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](<https://global.discourse-cdn.com/business7/uploads/gmx/original/2X/f/f8608e31a85875a894f9b821dafc4e82c45fefad.png>)

The Theseus vault achieved all of its deposit cap thresholds within hours of release to the public, the final 250K > 500K without any form of public announcement.

- 100K: Feb 15th
- 250K: Feb 16th
- 500K: Feb 29th
- 1M: Mar 8th
- 1.65M: March 14th
- Exploit: March 15th

Vault caps exist up to 1M for each vault, due to Mozaic's 'security-first' approach and have limited the damage done to the protocol recently because of this. The protocol takes vault cap deposits and uninterrupted protocol functioning into active consideration for lifting the maximum capacity of its vaults.

Protocol Roadmap:

Complete Hypernative Integration:

Completed on 6th March

GMX Market Pools:

Completed on 7th March

Organic TVL Growth: 500K > 1M TVL:

Completed on 8th March

Expansion: 1M+ TVL:

Ongoing - TVL at 1.65M for Theseus Vault as of 14th March

Exploit Incident:

Occurred on 15th March

Theseus Vault Relaunch:

Aiming for the week of July 1st

This includes:

1. Full Security Overhaul and Review

Completed June/July 2024

1. Theseus Vault Redeployment

Completed June/July 2024

1. Launch of the Mozaic Leaderboard V1: Points Accrual

Completed July 2024

1. Relics: 'Maturity Based Incentives'

Completed July 2024

Theseus Vault is a 'strategy' that is built atop GMX_IO v2 pools/farms that use Mozaic's Archimedes AI to optimize yield and price. It operates in two risk modes: Risk ON, focusing on yield farming with volatile GM token pools, and Risk OFF, prioritizing de-risking by yield farming STABLECOINS in GM Pools. Theseus is solely built atop Arbitrum Chain and the receipt token, MOZ-THE-LP, is compatible with other protocols on Arbitrum.

Audit History:

Mozaic has a comprehensive audit history to ensure the highest security standards. Here's a summary of our efforts:

- Trust Security: We employ Trust Security as our auditor, renowned for their top rankings on the Code4rena and ImmuneFi leaderboards. They have conducted over 50 private audits and awarded over \$1M in public bounties. Their team of 15 top hunters relentlessly pursues vulnerabilities to ensure our protocol's robustness.
- Testmachine: We used Testmachine to review all our smart contracts meticulously, ensuring every line of code is secure.
- Oak Security: As part of our rebuild, we hired a full-time auditor and smart contract developer from Oak Security. They are currently conducting an in-house audit, expected to be completed in June 2024, covering both Solidity contracts and backend systems. All security implementations will be completed before the Beta phase in July, ensuring no downtime.

Vault Audits:

We have conducted thorough audits of our vaults. Detailed information on these audits can be found here: [Vault Audits - Mozaic](#).

Hypervative Integration:

The protocol has also integrated Hypervative as an additional security partner. Hypervative's cutting-edge real-time threat detection and incident response protocols significantly enhance our security by identifying and addressing potential threats before they escalate, ensuring robust protection for our users. In addition, Hypervative conducted a comprehensive post-incident audit of our entire infrastructure, including backend, frontend, Solidity contracts, cloud providers, incident response procedures, key management, and more.

Incident Handling:

On March 15, 2024, Mozaic experienced an internal security breach by a rogue developer who accessed private information from one of our core contributors. Over 85% of the stolen funds were transferred to multiple exchanges. We are in communication with these exchanges, and they have frozen the assets. We are actively collaborating with law enforcement and are confident that we will return these funds to our users. The integrity of our smart contracts, audits, and established security measures remains unaffected.

For more details, please see the full post-mortem report: [Post Mortem Report](#).

SECTION 5: Data and Reporting

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

Yes, by using the dashboard on Dune.

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

Yes, we will provide a Dune dashboard for public viewing as well as bi-weekly updates on the GMX Forum.

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?:

Yes