

title: [ARFC] February Funding Update

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Summary

This publication presents the January funding update, which consists of performing the following key activities:

- Funding FLUID incentive campaign;
- Migrating funds from Aave Protocol v2 to v3;
- Transferring BAL & CRV to ALC;
- Bridging funds to Ethereum;
- Acquiring GHO for Merit Phase V;
- Reimbursing EURA Bad Debt Expense; and,
- Reimbursing Gas & Merkl deployment Costs.

Motivation

As part of our ongoing Treasury asset rebalancing strategy, this proposal when implemented will continue to:

- Fund upcoming GHO incentive campaigns with FLUID;
- Follow up action to this [proposal](#);
- Follow up action to this [proposal](#);
- Fund Merit Phase V;
- Swap USDC and USDT to GHO;
- Swap USDC and USDT to GHO;
- Reimburse ACI of costs incurred from;
- Repaying EURA bad debt;
- Administering the PYUSD incentives;
- Gas costs related to AIP submissions;
- Repaying EURA bad debt;
- Administering the PYUSD incentives;
- Gas costs related to AIP submissions;
- Deposit passively held assets into Aave v3;
- Optimising capital efficiency;
- Optimising capital efficiency;
- Migrating assets from Aave v2 to v3;
- Ensuring improved capital efficiency and enhanced risk management;
- Ensuring improved capital efficiency and enhanced risk management;
- Bridging assets from Polygon, Arbitrum and Optimism to Ethereum;
- Continue reducing bridged USDC exposure in support of Native USDC adoption;
- Convert DAI to USDS;

- Prepare to unstake wstMATIC;
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Additionally, to further consolidate and mitigate risk, certain assets will be reallocated to the Core market from various Layer 2 instances. This adjustment aims to progressively consolidate liquidity into the latest instance of Aave, where it can continue to generate returns.

To promote capital efficiency, some passive assets held idle are to be deployed into Aave to earn yield.

Several smaller asset holdings are to be converted to aEthETH to reduce the DAO's exposure to thinly traded long tail assets (or products being sunset) to ensure a more resilient treasury structure.

Finally, as part of the revamping of SKY, certain DAI-correlated assets will be swapped into aEthUSDS.

Specification

This proposal shall be submitted as several AIPs that align with operational readiness timelines and ease of review given the volume of funds being moved.

Transfer FLUID

Transfer an initial 25% of the 1/3 FLUID holdings assigned to support GHO's growth and adoption on Fluid.

Specifically, Transfer 95,417 \$FLUID to Merit SAFE 0xdeadD8aB03075b7FBA81864202a2f59EE25B312b

Reference this prior [proposal](#) for more information.

Gas Reimbursement and EURA Bad Debt Clearing Reimbursement

Transfer 26,500 USDC, 3.404 ETH and 149 PYUSD to ACI to reimburse expenses incurred.

This reimburses associated expenses with clearing EURA bad debt, gas costs linked to AIP submissions and administering the PYUSD rewards program respectively.

ACI Receiving Address: 0xac140648435d03f784879cd789130F22Ef588Fcd

Migrate funds from Aave v2 to v3

Migrate the following assets from Aave v2 to v3 on the respective network.

Where it says All-1, it refers to all available liquidity minus 1 unit as to not drain the pool where possible. In other pools, it will be as much as is available to withdraw.

Ethereum

Avalanche

Polygon

aWETH (All-1)

avWETH (All-1)

amWMATIC (All-1)

aWBTC (All-1)

avDAI (All-1)

amUSDT (All-1)

aLINK (All-1)

avWAVAX (All-1)

amWBTC (All-1)

aMKR (All-1)

aUSDC (1.5M)

aUSDT (2.0M)

Funds are to be deposited into the Core deployment on Ethereum and Aave v3 on the respective networks.

Note: Not all USDC and USDT on v2 Ethereum can be migrated due to high utilisation. This publication proposes a partial migration subject to liquidity availability.

Deposit Passively Held Assets into Aave

Deposit the following assets into their respective v3 Pools.

Ethereum v3 (Core)

Optimism v3

Avalanche v3

Polygon v3

USDC

USDC

USDC

wMATIC

USDT

wETH

USDT

wBTC

USDT

wAVAX

USDT

wETH.e

LINK

BTC.d

Bridge Assets to Ethereum Mainnet

Withdraw from respective Aave Protocol and bridge the following assets to Ethereum mainnet.

Polygon v2 & Passive

Polygon v3

Arbitrum v3

Optimism v3

amUSDC.e (All-1)

aPoDAI (All-1)

aArbLUSD (All-1)

USDC.e (All)

amBAL (All-1)

aPolWETH (All-1)

aArbFRAX (All-1)

aOptLUSD (All-1)

BAL (All)

aPolBAL (All-1)

aArbUSDC (All-1)

aOptUSDC (All-1)

USDC.e (All)

aPolUSDC.e (All-1)

aArbDAI (All-1)

aOptDAI (All-1)

AAVE (All)

aPolAAVE (All-1)

DAI (All)

DAI (All)

amWETH (All-1)

aPolstMATIC (All-1)

amDAI (All-1)

aPolDPI (All-1)

wETH (All)

aPolwstETH (All-1)

CRV (All)

aPolCRV (All-1)

Upon being received on Ethereum:

- DAI swapped to USDS, deposited into Core instance;
- wstETH deposited into Prime instance;
- DPI swapped to ETH, deposited into Core instance;
- ETH deposited into Core instance;
- AAVE transfer to Economic Reserve;
- BAL and CRV assets are to be transferred to the ALC; and,
- LUSD and FRAX swapped to ETH, deposited into Core instance.

ALC SAFE: 0xA1c93D2687f7014Aaf588c764E3Ce80aF016229b

The remaining assets where applicable will be deposited into the Core instance.

Acquire ETH and deposit into Aave v3 (Core)

Withdraw and swap the following assets to ETH and deposit into the Core market on Ethereum.

Ethereum

aLUSD (All-1)

aEthLUSD (All-1)

aDPI (All-1)

Acquire GHO and deposit into Aave v3 (Prime)

Ethereum

aEthUSDT (1.50M)

aEthUSDC (1.50M)

This is to be performed over several AIP submission to support the ongoing Merit program due for renewal on the 24th February 2025.

Acquire USDS and deposit into Aave V3 (Core)

Withdraw and swap the following assets to USDS and deposit into the Core market on Ethereum.

Ethereum

DAI (All)

aDAI (All-1)

aEthDAI (All-1)

USDS deposits on Core benefit from USDS liquidity mining and SPK airdrop rewards.

Transfer Assets to Aave Liquidity Committee (ALC)

Withdraw and transfer the following assets to the ALC.

Ethereum

BAL (All)

aBAL (All-1)

aEthBAL (All-1)

CRV (All)

aCRV (All-1)

aEthCRV (All-1)

ALC SAFE: 0xA1c93D2687f7014Aaf588c764E3Ce80aF016229b

Disclosure

TokenLogic does not receive any payment for this proposal.

Next Steps

1. Using the Direct-to-AIP process, submit several AIPs for vote.

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