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SECTION 1: APPLICANT INFORMATION

Applicant Name or Alias: Steven T, Nick Westlake

Project Name: Umami DAO

Project Description: Umami Finance is a decentralized finance project within the Arbitrum ecosystem, focused on innovating in yield-generating vault products that align closely with foundational applications like GMX.

Team Members and Qualifications:

- Toki: Solidity Developer
- OxDapper: Solidity Developer
- Greypixel: Frontend Developer
- ClonesCody: Webstack Developer
- Steven T: Treasury Manager
- Edis: Social Media & Marketing
- Nick Westlake: Business Development

Project Links:

- Website: [Umami.Finance](#)
- GitHub/Docs: [Umami DAO GitHub](#)
- Twitter: [@UmamiDAO](#)
- [Stats](#)

Contact Information:

- TG: [@StevenTab](#)
- Twitter: [@NeoTokyoCat](#)
- Email: Neotokyocat@gmail.com
- TG: [@island_W](#)
- Email: Nicholas.Westlake1@gmail.com

SECTION 2: GRANT INFORMATION

Requested Grant Size: 100,000 ARB

Grant Matching: N/A

Grant Breakdown:

- Umami GMX V2 GM Vaults Incentives: To be dynamically adjusted throughout the Grant lifecycle 100% (\$25,000, \$35,000 & \$45,000 ARB)

Funding Address: 0x8E52cA5A7a9249431F03d60D79DDA5EAB4930178

Funding Address Characteristics: 3/6 multisig controlled by Umami DAO team. Holds current ARB airdrop allocation.

Distribution Contract Address: 0x8E52cA5A7a9249431F03d60D79DDA5EAB4930178

SECTION 3: GRANT OBJECTIVES AND EXECUTION

Objectives:

Objective #1:

Finalizing Development, Pre Audit (Scheduled for early December with Guardian)

Deliverables:

- 1- Finalize smart contracts
- 2- Finalize off chain components
- 3- Begin testing in production

Estimated time until completion: 3-4 weeks

KPI's for Objective #1:

- Codebase finalized for Audit with Guardian & adjust code based on findings
- Finalize off chain components for Umami's proprietary internal netting systems

Objective #2:

Post Audit Beta & Public Launches

- 1- Audit Complete
- 2- Beta testing commencement
- 3- Incentive campaign to commence

KPI's for Objective #2:

- Audit complete via Guardian & all findings are finalized & remedied
- Ramp up marketing campaigns during Beta & Public Launch periods
- Front End Release & Stats pages updated

Objective #3:

Vault Incentivization 1- Scale vaults appropriately in regards to demand & security

KPI's for Objective #3:

- \$250,000 TVL
- \$750,000 TVL
- \$2m TVL
- Up to \$5M & beyond as we scale

Small note: As we did with the Umami V1 Vaults, we continuously adapt to performance and demand dynamics, prioritizing a cautious growth approach while remaining agile to meet evolving demands. Our dedication to protocol and vault security remains non-negotiable, aligning with our scaling strategy focused on maintaining the highest standards of security.

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

Before diving into the V2 GM Vaults, allow us to take a moment & reflect on the GLP Vaults released earlier this year. While meticulous in our scaling approach, the Umami DAO has been able to achieve a record \$5M TVL across all GLP Vaults while not jeopardizing on yield. Most notably the BTC & LINK Vaults: see below

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With the DeFi landscape ever expanding & iterating comes the rise of UmamiDAO's new product: the GMX V2 GM Vaults. GMX V2 GM Vaults are emerging as a pivotal component in the Arbitrum DeFi landscape. These vaults offer a distinctive opportunity for investors seeking single-sided exposure to premier assets such as \$USDC and \$ETH, with plans to expand support to a full spectrum of assets in the future. We expect that by offering this alternative simplified and more predictable approach to GM liquidity provision, we will be able attract depositors from the full spectrum of DeFi users, from retail investors to managed funds, who may otherwise be overwhelmed by the broad range of options and dynamic exposure that GMX v2 presents. We also foresee a future where Umami's GM vault tokens can be used as collateral within money markets for borrowing and leveraged products, and can become one of the staple DeFi assets on Arbitrum and beyond.

Risk-Adjusted Index

The initial ETH and USDC Vaults will have exposure to 4 markets:

- ETH-USDC
- XRP-USDC
- DOGE-USDC
- LTC-USDC

This approach allows the vaults to maximize revenue by gathering liquidation fees, swap fees, and PnL from all four pairs, ensuring a balanced risk-adjusted return across these ETH and USDC backed markets while increasing GMX GM TVL. When a user deposits ETH, they become the counterparty to traders involved in trading those pairs. However, our underlying infrastructure, composed of Internal Netting and a sophisticated & proprietary External Trader Router, ensures that users receive the delta of ETH in the ETH GM Vault while maintaining delta neutrality for USDC. Token allocations dynamically rebalance based on asset volatility and returns within the index, optimizing returns and offering diversification to reduce risk.

In essence, Internal Netting in GM Vaults not only ensures desired single-sided exposure for depositors but also offers a more intelligent and cost-effective hedging strategy while increasing TVL into the GMX V2 Platform. This results in depositors enjoying higher yields than they would typically achieve through manual hedging. Our approach is tailored to optimize operations, minimize expenses, and position our GM Vaults a step ahead of our competitors.

The withdrawal & deposits fees will also be calculated on execution - meaning these calculations are dynamic based on the weight of the withdrawal asset in the index and the weight of the GM tokens in the index. In other words, the end user can potentially expect a rebate on these fees due to the nascent architecture of GMX GM.

Justification for the size of the grant:

Umami has operated, since inception, as an independently funded protocol & DAO with \$0 of outside investor money & with all tokens in circulation. Additionally, UmamiDAO is closely aligned with the Arbitrum Network being the only blockchain it is deployed on & will be for the foreseeable future. This has allowed us to be community focused, building real products for the end users of the Arbitrum Network. This Grant will allow us to continue that vision of building great products with a community focused approach

Grant Breakdown:

\$25,000 ARB

- Vault Incentives to begin as the GM Vaults begin to scale

\$30,000 ARB - \$2M TVL

\$45,000 ARB - \$5M TVL

- Vault Incentives to be dynamically adjusted throughout the Grant lifecycle

Grant Timeline:

First \$25,000k ARB to be released on the acceptance & approval of the Grant

Second \$30,000 ARB to be released upon \$2M TVL

Third & final \$45,000 ARB to be released upon \$5m TVL

We believe this to be a fair schedule that aligns with our own development but also GMX as Granters. Additionally, we will be held accountable on network KPIs such as increase in TVL, user growth & retention & performance of the GM Vaults.

Fund Streaming:

We accept funding of grants streamed linearly for the duration of grant proposal.

SECTION 4: PROTOCOL DETAILS

What date did you build on GMX?:

Umami's GLP Vaults are an epitome of innovative DeFi strategies, built around the foundational \$GLP token. This token comprises a mix of key assets: USDC, BTC, ETH, LINK, and UNI. These vaults were released July 1st, 2023 with over a year in development. Umami has been an Arbitrum OG as one of the earliest DeFi builders, and we are committed to the long term growth of the network.

Protocol Performance:

- To date, UmamiDAO GLP Vaults have attracted \$5m in TVL. While this may seem low - we have been very meticulous as to how we scale the product, and have continued to see our TVL grow even as GLP as a whole has been shrinking as we see the market shifting to a more bullish sentiment. Additionally, UmamiDAO has \$3.2m TVL in its Compounding & Marinate products providing steady yield to end users alongside the GLP Vaults.

Protocol Roadmap:

December 2023

- V2 GM Vaults code finalization
- Guardian Audit

January - February 2024

- Beta & Public release of GM Vaults
- Increasing caps as we scale overall protocol TVL to \$10+ million

March - June 2024

- Begin Research & Development of new structured products
- Additional integration with partner Arbitrum protocols

Audit History (if any):

- [GLP Vault Audit](#) (Zokyo)
- [Umami DAO Token](#) (Zokyo)
- [mUmami \(Marinate Product\)](#) (Zokyo)

SECTION 5: DATA AND REPORTING

Dune Spells and/or Dashboards:

Yes, our team is equipped to create comprehensive dashboards.

Bi-weekly Program Updates:

Yes, we will provide updates on the GMX Forum thread.

Acknowledgment of Compliance:

Yes