Constant-product AMM

Terraswap and Astroport are automated market-maker (AMM) protocols implemented with smart contracts on the Terra blockchain. An AMM enables a decentralized on-chain exchange for the various assets involved in Terra ecosystem. For more details regarding these protocols, please refer to:

- Terraswap documentation:https://docs.terraswap.io
- .
- Astroport documentation:https://docs.astroport.fi/astroport/astroport/astro-pools/constant-product-pools#how-constant-product-pools-work
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The delta-neutral strategy uses constant-product AMMs offered by Terraswap and Astroport, to trade between UST and cw20 tokens, including mAsset, MIR and SPEC in the following situations:

- mAsset -> UST (Terraswap):
- When mAsset short position is opened or increased (at delta-neutral position open and reinvestment events), the minted mAsset is swapped for UST by Mirror's smart contract; at rebalance events, moving from a net long state back to the neutral state;
- UST -> mAsset (Terraswap):
- At rebalance events, moving from a net short state back to the neutral state;
- MIR -> UST (Terraswap or Astroport):
- At reinvestment events, the Aperture delta-neutral smart contract swaps MIR reward for UST via Terraswap or Astroport, whichever provides the better rate;
- SPEC -> UST (Terraswap, or potentially Astroport in the future):
- At reinvestment events, the Aperture delta-neutral smart contract swaps SPEC reward for UST via Terraswap; at this time there is no SPEC-UST liquidity pool on Astroport, but the Aperture delta-neutral contract is already implemented to check for such a pool on Astroport. As a result, when the SPEC-UST Astroport pool is created and provides a better rate than Terraswap, SPEC swaps will automatically be routed to Astroport.
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To learn about the mechanism of a constant-product AMM, please refer tohttps://docs.terraswap.io/docs/introduction/mechanism/ .

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