Hey Aave Fam!

As you probably know, the governance is accumulating fees from the protocol V1 and V2.

Most of the fees from V1 have been transferred to the Governance address, that also receive reserve factor for V2: 0x464c71f6c2f760dda6093dcb91c24c39e5d6e18c

Some flash loans fees remain on the V1 address and will be transferred soon, probably once the migration tool is live.

The governance currently hold around 290k, mostly in stablecoins but also in other currency, however, the numbers won't be right once I publish as it grows all the time.

Here is a quick overview:

First, we need to transfer V1 fees to the governance address and deposit all the stablecoins on Aave. A majority is not in atokens, as it comes from V1.

Once it's done, the treasury can start generate interests by using the Aave curve pool and the ETH/sETH curve pool.

Aave curve pool: Deposit aDAI, aUSDC and aUSDT generate 12.5% APY + 14.5% in CRV (without boost)

The treasury would earn interests accrued by Aave + trading fees from the curve pool + CRV from the gauge. By using Aave curve pool, the risk is quite low as Curve is battle tested and the liquidity remains on Aave too.

ETH/sETH curve pool: Deposit ETH and sETH from synthetix generate 0.3% APY + 34% in CRV (without boost)

The governance would earn 0.3% APY + trading fees + CRV from the gauge.

For now, the governance doesn't hold CRV, but farm it can be a smart move to start accumulating, and the reserve factor will earn some too. Once the governance has enough, we will be able to stake those CRV to boost the APY, earn curve fees, and vote to increase the gauge for Aave pool.

The current CRV APY with max boost is 36.5% in CRV for Aave pool and 85% for ETH/sETH pool. Moreover, increasing the gauge could bring an even better APY, which will potentially increase Aave TVL.

Summary of transactions required for this strategy:

- Transfer the remaining fees from V1 to the governance address
- Deposit all stablecoins on Aave
- · Swap low balances into DAI or USDC
- Deposit atokens on Aave Curve pool and stake into the gauge
- Deposit ETH into ETH/sETH Curve pool and stake into the gauge

About other tokens such as BTC, YFI... it's probably better to let it grow for now as the balances are quite low, and with L2 coming soon, the governance will be able to swap or deposit these tokens as a collateral for a much lower gas price.

I can't wait to hear your opinions about this!:)

Put the treasury to work

- Yes
- No

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voters