

Calculating the Expected Value of the Impermanent Loss in Uniswap

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TL;DR: The expected impermanent loss in constant product AMMs like Uniswap and SushiSwap follows a simple expression that depends on the volatility σ and drift μ of the asset. Specifically, the expected IL is the worst for assets which have a large annual drift μ , while the impact of price volatility, surprisingly, is less important.