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## Summary

In pursuit of maximizing the DAO's treasury management efficiency and ensuring thoughtful investment decisions, this post introduces a structured framework for asset allocation and investment evaluation. Drawing inspiration from established practices in traditional finance and aligned with the DAO's long-term objectives, this framework aims to provide a systematic approach to strategic financial management.

## Key Objectives

The primary objectives here is to outline three individual proposals:

1. **Establishment of an Entity:** The first suggests initiating a vote to create an entity that will facilitate cross over investments into tradfi. RWAs and their natural connections to lending make owning an entity for this asset class an inevitability for the protocol and governance. Several ongoing and near term conversations will require such an entity to exist in order to perform counterparty diligence and AML/KYC. Unfortunately, creation of such a structure has a long lead time. In order to streamline efforts and avoid prolonged governance discussions about any one investment activity, we strongly believe this should be extracted into its own governance item.
2. **Rubric for Evaluating Asset Allocations:** To promote consistency and transparency, a standardized rubric will be proposed for evaluating different asset allocation options. Drawing from the insights gained in prior roles, this rubric will serve as a common benchmark to assess the suitability of various investment avenues. By adopting this rubric, the DAO can avoid ad hoc decision-making and ensure rigorous evaluations for each investment proposal.
3. **Scoring Rubric for Investment Evaluation:** Beyond asset allocation, a scoring rubric will be introduced to assess investments within specific asset classes. This comprehensive evaluation framework will provide a clear set of criteria for gauging the potential of each investment opportunity. By enabling the community to vote on the rubric, the DAO ensures collective input and alignment on the most important criteria.

## Implementation Process / Next Steps

The implementation process will unfold as follows with three separate proposals:

1. **Entity Establishment Vote:** The first proposal will establish a legal entity. This initial step will serve as a foundation for other discussions and future investments.
2. **Rubric for Asset Allocation Evaluation:** A second proposal will introduce the rubric for evaluating asset allocation options. This rubric will encompass risk assessment, return potential, and alignment with the DAO's mission.
3. **Investment Scoring Rubric:** The third proposal will introduce the scoring rubric for evaluating potential investments within specific asset classes. The rubric will include market analysis, growth potential, and alignment with the DAO's risk appetite.

## Benefits and Future Outlook

By adopting this approach, the DAO gains several benefits:

1. **Enhanced Decision-Making:** The systematic approach ensures that investment decisions are well-informed, consistent, and aligned with the DAO's long-term vision.
2. **Transparency and Accountability:** Clear evaluation criteria and rubrics increase transparency, enabling the community to understand and support investment choices.
3. **Mitigated Risk:** Rigorous evaluation reduces the likelihood of rash decisions and promotes risk mitigation in asset allocation and investment strategies.
4. **Framework for Future Growth:** Establishes a framework that can be extended to evaluate future investment opportunities, enabling the DAO to follow best practices in financial management consistently.

## Conclusion

Incorporating the proposed framework for asset allocation and investment governance aligns with the DAO's mission to ensure prudent financial management and thoughtful investment decisions. By establishing an entity, introducing rubrics, and promoting a systematic approach, the DAO can achieve its near-term treasury management objectives while laying the foundation for strategic growth and sustainable financial success.

The community's evaluation, feedback, and collaborative efforts are encouraged to refine the framework, enhance its effectiveness, and collectively advance the DAO's financial governance practices. Together, the DAO can elevate its financial strategy to new heights and achieve greater stability and growth in the DeFi landscape.

UPDATE: This proposal is not intended proceed beyond the TEMP CHECK stage. Its purpose is spark conversation and debate while agreeing on a general direction. We intend to participate in all three objectives outlined above but are eager for others to also contribute in whichever way they are able to.

## **Disclaimer**

I am presenting this TEMP CHECK on behalf of Hashnote, below is additional information about us. We offer several treasury management products that we believe can benefit the DAO.

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