Summary

We have completed our 12 month term with Aave DAO. This post covers the work done. In addition to our scope, we have developed evergreen, publicly-available tools to serve the needs of Aave and future contributors: [Aave Swapper](), [StrategicAssetManager](), and [Polygon Bridge tool]().

We are grateful for the opportunity to contribute to Aave.

Deliverables

Treasury Management & Analytics

Task

Work Completed

Strategic Partnerships

Work with other communities to determine if they are a good match for the Aave community and Aave's vision/future intentions. Coordinate and deploy all on-chain proposals across necessary platforms.

- [Whitelist Balancer's Liquidity Mining Claim]()

- [Deployed 100k BAL acquisition bonding curve]()

- [Set LDO, stMATIC, MaticX and SD Emission_Admin for Polygon v3 Liquidity Pool]()

- [LDO - Reward Controller Access Request]()

- [OP Emission_Admin for Optimism v3 Liquidity Pool]()

- [AIP-267: Treasury Management - Acquire B-80BAL-20WETH]() See an [analysis of this acquisition]().

- Developed Strategic Asset Manager to manage Aave's strategic assets like veBAL.[Code](), [forum discussion]().

Earning Yield

Deploy a portion of the DAO's funds across diversified strategies of varying risk profiles to earn yield across many networks while maintaining sufficient stablecoin runway and optimizing risk exposure.

-[\[ARC\] Polygon and Avalanche v2 → v3 Treasury Migration]() (was ultimately incorporated in another ARC from BGD Labs)

- [AIP-144: Ethereum v2 Collector Contract Consolidation]()

- [AIP-261: Treasury Management - Acquire wstETH & rETH]()

- [AIP-282: Acquire more aUSDC on Aave Ethereum Collector]()

- [AIP-302: Swap assets to aUSDC]()

Grow Aave's Revenue

Position Aave's assets to bolster revenue growth. Utilize assets from the Reserve Factor to unlock and promote the growth of Aave markets and revenue.

- [AIP-131: Aave v2 ETH Interest Rate Curve Update]()

-[\[ARFC\] Create eMode Categories for Aave v3 on Ethereum]()

- [AIP-150: Aave v3 Polygon wMATIC Interest Rate Upgrade]()

- [AIP-151: BAL Interest Rate Curve Upgrades]()

- [AIP-158: Ethereum v2 - wETH Interest Rate Curve Upgrade]()

- [AIP-163: Add wstETH to Arbitrum Aave v3]()

- [AIP-167: MaticX Risk Parameter & Interest Rate Upgrade]()

- [AIP-168:Add CRV to Ethereum v3]()

-[AIP-172: stMATIC SupplyCap Increase Polygon v3]()

- [AIP-175:CRV Interest Rate Curve Upgrade](#)

- [AIP-182:MaticX Supply Cap Increase Polygon v3](#)

- [AIP-197: Add UNI, MKR, SNX & BAL to Ethereum V3](#)

- [AIP-199: Increase wMATIC Supply Cap and BAL Borrow Cap](#)

- [AIP-201: Add LDO to Ethereum Aave v3](#)

- [AIP-209: Increase SupplyCap stMATIC Polygon & wETH Arbitrum](#)

-[AIP-210: Add wstETH to Polygon Aave V3](#)

-[AIP-211: BAL Interest Rate Upgrade](#)

-[AIP-225: LST Supply Cap Increase Polygon & Arbitrum](#)

- [AIP-229: MaticX Supply Cap Increase Polygon v3](#)

- [AIP-231: wMATIC Supply & Borrow Cap Increase Polygon v3](#)

- [AIP-241: Polygon Supply Cap Update](#)

- [AIP-242: Add rETH to Arbitrum v3](#)

-[AIP-243: Add LUSD to Arbitrum Aave V3](#)

- [AIP-257: Optimism - Create ETH eMode Category](#)

-[AIP-257: Optimism - Create ETH eMode Category](#)

- [AIP-275: Add rETH Aave v3 Optimism](#)

- [AIP-278: MaticX Polygon Supply Cap Update](#)

- Enabled incentives on Polygon V3 by supporting Polygon Foundation, Stader Labs, and Lido DAO.

Hedging

Explore and implement ways to provide downside protection to the Ecosystem Reserve.

Llama explored various hedging options; given market prices and hedging costs, hedging the Ecosystem Reserve would have been uneconomical.

Claim Revenue to Treasury for Aave V3

Make periodic calls to claim Aave V3 revenue to Aave's treasury.

Set up off-chain infrastructure to automatically and dynamically claim all revenue to the treasury for Aave V3 on Polygon, Optimism, Arbitrum, Avalanche, Metis, and Base on a weekly basis (i.e every Thursday).

Some example transactions across the different networks:

1. [Polygon](#)

2. [Optimism](#)

3. [Arbitrum](#)

4. [Avalanche](#)

Improve Capital Efficiency of the Safety Module (SM)

Create various optimizations for the SM to ensure that it functions with Aave's increased TVL.

- [[Discussion] Safety Module](#)

- Published 6 part Temp Check with proposed upgrades to the Safety Module:[1](#), [2](#), [3](#), [4](#), [5](#), [6](#)

Safety Module Performance

Provide detailed analysis of the SM's historical and current performance relative to TVL, market conditions, and market volatility.

- Published [Safety Module dashboard](#) on [community.llama.xyz](#).

Shortfall Event Analysis

Model the effect of a shortfall event on the SM's backstop and AAVE token price.

Published [Shortfall Analysis dashboard](#)

Runway Analysis

Provide analysis that will shape investment, amongst other, decisions across the DAO.

- [Published initial Runway Analysis](#) in December '22

- Published [live runway analysis](#) on community.llama.xyz

Develop a Data Warehouse for Aave

Develop a live, customized, and transparent financial reporting backend solution for Aave.

Developed a data warehouse that combines and transforms on-chain data from numerous networks with off-chain data sources to provide a comprehensive base layer of Aave blockchain data that can be used to build real-time analytics dashboards.

This code has been open sourced and is [publicly available on Github](#).

Accounting Reports

Publish financial reporting statements enabled by the data warehouse.

- [October 2022](#)

- [November 2022](#)

- [December 2022](#)

- [January 2023](#)

- [February 2023](#)

- [March 2023](#)

- [April 2023](#)

- [May 2023](#)

- [June 2023](#)

- [July 2023](#)

- [August 2023](#)

- [September 2023](#)

Investment Performance Reporting

Provide visibility into each investment strategy, its performance, and associated risks.

- Published [publicly available dashboard](#)

Risk Modeling for DAO Investments

Model various risk scenarios to ensure the DAO has exit strategies during periods of market turbulence.

- Published [publicly available dashboard](#)

Growth

Task

Work Completed

ARC Market Liquidity Mining Module

Upgrade the Aave ARC market to include a liquidity mining module.

ARC Market has very little TVL, meaning it no longer made sense to add a liquidity mining module.

New Collateral Types

- Published [ARC for ERC-4626 collateral type](). After discussion with other community members, it was determined that it made most sense for Aave Companies to pursue [their implementation of this productive collateral proposal]()

DeFi Integrations

Bolster the adoption of Aave's tokens across DeFi by supporting initiatives that build on top of Aave markets or integrations that create TVL for Aave markets.

- Supported CIAN as they built a [MaticX / wMATIC strategy for Aave V3 (Polygon)]()

- Made Balancer gauge proposals to support Aave's growth. Ex: ([1](), [2](), [3](), [4](), [5](), [6](), [7]())

- Created [proposal on Sturdy Finance]() to onboard the new boosted Aave V3 BB-A-USD as collateral.

Metagovernance

Enable AAVE and stkAAVE holders to participate in metagovernance by voting on proposals within other communities in which Aave DAO holds tokens.

- Developed [StrategicAssetManager]() to enable Aave DAO to use its strategic assets and vote in other DAOs' proposals

Asset Listing Risk Assessments

Support asset listings by providing a qualitative risk analysis report on the forum that details the initial risk parameters.

Adopt any risk parameters suggested by Gauntlet, provided borrowing is enabled at launch.

- [Badger]()

Additional Work

Throughout our 12-month engagement, Llama undertook projects that would benefit the DAO, though they weren't explicitly within our scope.

Task

Notes

[aFEI Holding Update]()

Allowed for unwinding Aave's aFEI holding for DAI and depositing the DAI into the Aave v2 Ethereum Pool DAI Reserve.

[FEI Reserve Factor Update]()

The previous configuration of FEI's Reserve Factor at 100% did not accrue variable borrow debt and did not redirect the Reserve Factor fees to the Collector smart contract.

Executed multiple swaps of aFEI to aDAI in the Aave V2 Collector through the [swapper contract]() that was set up as part of [AIP-105]()

Co-authored an [ARC]() with Gauntlet to propose a path forward for covering $1.6m in excess debt from CRV markets.

Roughly ~$280k of stkAAVE will be used from Gauntlet's insolvency fund. Llama and Gauntlet have recommended that the rest of the excess debt be repaid using Aave's Collector Contract.

We [published more details]() on how we propose funding the Excess Debt from the Collector Contract.

Worked with Chaos Labs to propose [AIP-125](), which allows users to deposit assets across the majority of reserves rather than freezing pools as outlined in AIP-121.

Published [ARC]() along with Gauntlet, Chaos Labs, 3SE Holdings, and [@ItsFreeRealEstate]() to halt listings on Aave V1 and Aave V2 markets.

Published [[ARFC] Receipt of Gauntlet Insolvency Fund]() [Snapshot passed 12/16/2022]().

Published [[ARFC] Repay Excess CRV Debt on Ethereum v2]() [Snapshot passed 12/16/2022]().

[AIP-145: Renew Aave Grants DAO](#)

[AIP-146: Repay Excess CRV Debt on Ethereum v2](#)

2.7m CRV tokens were acquired for an average price of $1.0762 ($2.9m total), clearing excess debt on the Aave V2 protocol ahead of the launch of Aave V3.

[[ARFC] Extend Safety Module Coverage to Polygon v3](#)

Deployed Aave Swapper. Shared an [update on the forum](#) regarding the Swapper.

Swapper contract address: [0x3ea64b1C0194524b48F9118462C8E9cd61a243c7](#)

Developed Aave Polygon<>Ethereum Bridge

Bridge contract address: [0xc928002904Ec475663A83063D492EA2aE09EbDA1](#)

Published Aave Grants DAO Dashboard

[Aave | Llama](#)

Please let us know if you have any questions.