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## Olympus Q1, 2023 Report

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# Introduction

The Q1 2023 Quarterly Report highlights the significant strides Olympus DAO has made in its ongoing mission to provide a decentralized and autonomous reserve currency. In the face of a weakening global economy, exacerbated by poor monetary and fiscal policies, Olympus believes this mission is more pertinent than ever. Furthermore, Olympus is determined to maintain transparency and open communication with its community during these times of rapid iteration and development.

Throughout the first quarter of 2023, Olympus DAO dedicated its efforts to designing, developing, and refining innovative mechanics such as OHM bonds, Lending AMO, Liquidity Boosted Engine, cross-chain, and on-chain governance. This report presents an overview of Q1 2023 activities, achievements, and updates across multiple working groups within Olympus DAO.

The Olympus Council

**Please note:**

\*Content in this report reflects Olympus DAO's current expectations of future performance. These forward-looking statements relate to and depend upon, among other things, future external events not controlled by Olympus DAO. While Olympus DAO may elect to update this roadmap at some point in the future, it specifically disclaims any obligation to update or revise any forward-looking statements contained herein whether as a result of new information or future events, except as may be required by applicable law. Nothing contained herein constitutes or will be deemed to constitute a forecast, projection or estimate of the future financial performance or expected results of Olympus DAO. The Council issuing this report was duly elected by Olympus DAO. As part of the Council's mandate, it is issuing this report to update the community about the current and future development of the Olympus ecosystem.

# Treasury Working Group Update

The first quarter of FY23 has been incredibly productive and exciting. Beginning in February, the new Olympus Treasury Team was formed and immediately got to work on structuring a strategic plan (OIP-137) for community review. Permissible recharacterizations focused on liquidating accumulated assets into three core verticals:

## Stable, Directional Exposure, and Strategic

It also outlines conservative, not to exceed caps and maintains risk adjusted exposure skewing towards decentralized assets over time.

## Key Notes / Significant Q1 2023 activities and accomplishments include:

- Recharacterization of a majority of the funds in the legacy Olympus Treasury into the new Olympus v3 Framework
- Continued accumulation of wETH through systematic sale of rewards
- Transfer of DAI Reserves to the interest bearing DSR
- Successful execution of Incentivized Gauge Votes and request/approval for additional and ongoing capital to perform these operations
- Q1 Net Treasury Income: \$556,712

## Treasury Valuation

Date	Amount
January 1. 2023	\$239,268,122
March 31. 2023	\$241,634,278
Q1 Variance	\$2,366,156

## Treasury Ratio

Asset category	Current percentage	Future target (OIP-137)
Directional Exposure	20.94%	25%
Stable Exposure	79.06%	75%

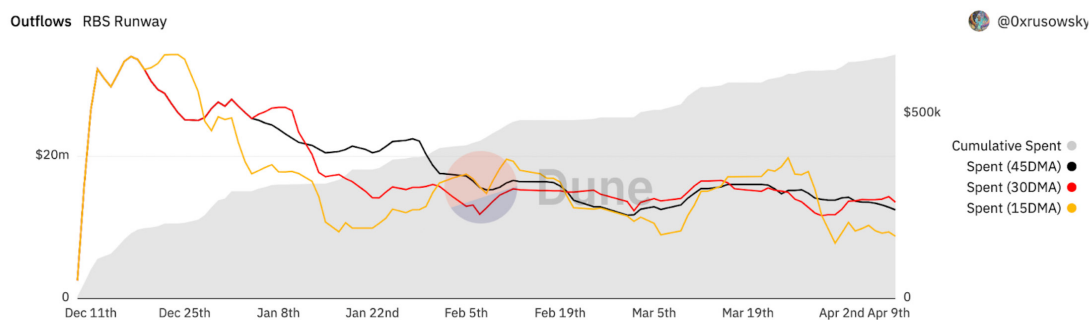
# Policy Working Group Update

## Hyper-Focused on Managing Volatility and Increasing OHM’s Attractiveness as Trusted Backing

During Q1 2023, Policy’s main focus was on the path forward for staking, preparations for OHM bonds, and analyzing the RBS module.

### RBS Activities

- During Q1 2023, Olympus utilized \$17M of stablecoin reserves to buy back a total of 1,778,401 OHM at an average price of \$10.03 / OHM.
- The chart below shows the outflows over time have steadily decreased over the past quarters. The trend indicates that the RBS module has been effective at deterring excess volatility and keeping OHM within its ranges.



See Rusowsky’s [dune dashboard](#) for more charts of the RBS module’s performance over time.

### Adjusting reward rate to strengthen inverse bond impact

Policy worked all through Q1 to set a more concrete vision for staking. The need for a suite of productive alternatives to staking is clear, and the DAO has been laser focused on delivering these products in Q1. The Policy team planned for a smooth transition from the staking system to a bonding, lending, and liquidity-based future.

The team presented several potential strategies to the DAO, ranging from aggressively cutting staking to leaving it completely untouched. In late Q1 2023, the community voted on a strategy to adjust the reward rate to 0.002106% per epoch (2.33% APY) after the Lending AMO testing was completed. After the OHM bonds, Leverage, and LP farming projects have successfully launched, staking will be turned off.

**Preparation of next round of OHM bonds**

The Policy group is making preparations for the next round of OHM bonds. The previously run Gnosis auctions did not perform as efficiently as expected, with an inverted yield curve (shorter expiry bonds yielded higher APY than longer-dated tenors) - a particularly surprising result. After much discussion, the Policy team concluded that a clearer UX, more community education, a smaller group of tenors and capacities, and organizing auction dates to conclude on separate days are all improvements to make for the next round of OHM bonds. We expect this next round to happen in the coming quarter.

**Analysis of Range Bound Stability**

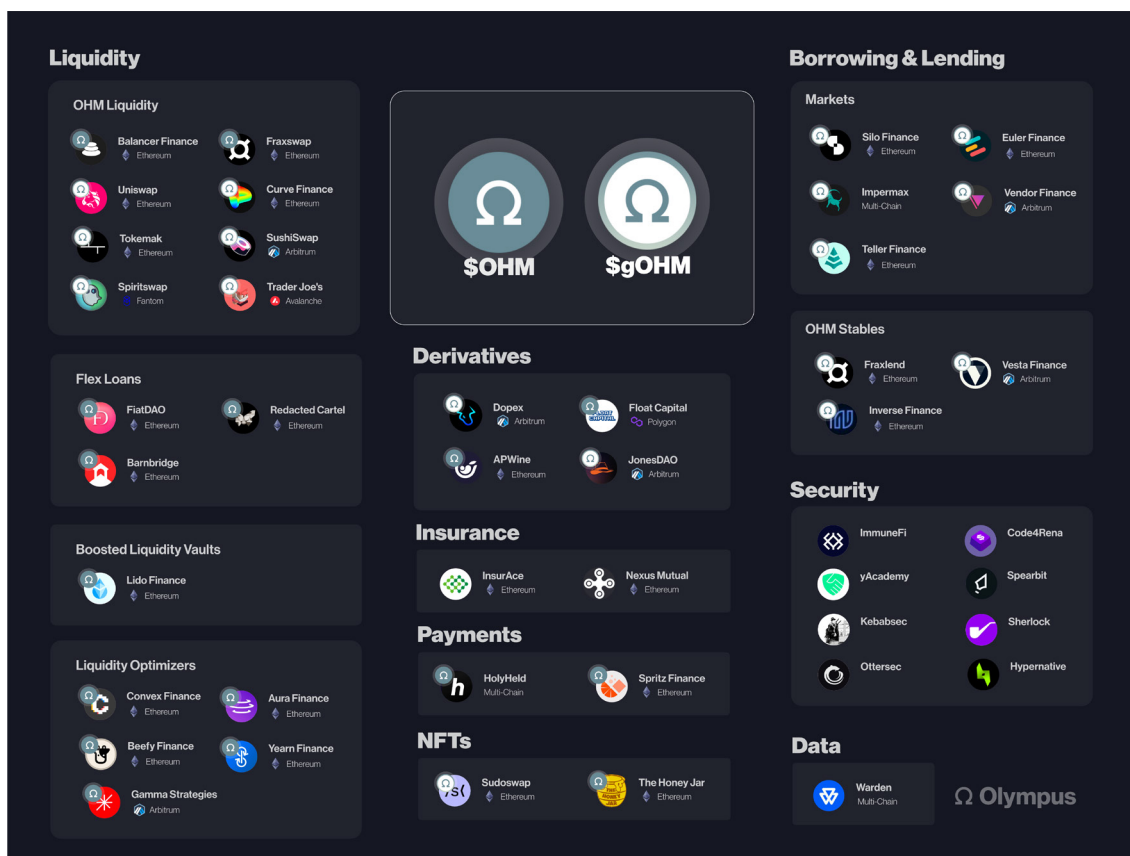
Policy worked hand in hand with BlockScience to analyze the RBS system. The team developed an improved cadCAD model of the RBS system, which replaced the existing Python model. BlockScience used this model to inform their analysis on theoretical panic selling, pseudo-Soros attacks, and replacing staking with OHM bonds. The full details of BlockScience's analysis is in their [medium article](#).

**Emissions Framework**

Policy has been hard at work developing an overall emissions framework. The goal of this initiative is primarily to make a strategy for how each emission mode (staking, OHM bonds, lending, reserve/inverse bonds, etc) should react according to different scenarios (under/over backing, premium, velocity of OHM increase/decrease, etc). The framework is still in the conception phase; it relies on the completion of emissions-based projects like the lending AMO project throughout the quarter. As these other projects take form, Policy will continue to develop the Emissions Framework strategy. We expect a concrete initial output by the end of Q2.

# Partnerships Working Group Update

Building Partnerships That Improve OHM Liquidity Across Chains and Attractiveness As a Collateral Asset



Key Notes Significant Q1 2023 activities and accomplishments include the following launches within the below Partnerships OKR focus groupings:

Q1 OHM Utility added:

- Vendor, Teller, Myso Finance, Inverse Finance and Blueberry
- Lending markets pilot program
- Warden Finance: An external evaluation of liquidity and security carried out to enhance trustworthiness and dependability, as well as offer valuable insights
- Grantee launch support and collaboration: Holyheld
- Support Innovation by folding the Grants Program into Partnerships: Asphodel and Elastic Finance are the latest grantees as well as a new not-yet announced grantee that is going through the acceptance process.

# Council Working Group Update

During the first quarter, the Council has been actively involved in a variety of initiatives to advance the community's goals. The quarter began with two important proposals passing community governance – a new Council OIP, which sets out an improved framework and election process for the Council, as well as a new Budget and Compensation OIP for 2023 setting the budget for the year and tying key projects voted on by the community with bonus compensation. The Council oversaw the formation of a new Treasury team which has greatly improved the execution and research of treasury strategies. It also proposed and supported adjustments to the Marketing team and its members, as well as proposed the merger of Grants and Partnerships.

The Council has also been actively engaged with third-party service providers like BlockScience, Hypernative, and Into the Block to enhance their knowledge and add external expertise when it is deemed advantageous.

## Conclusion

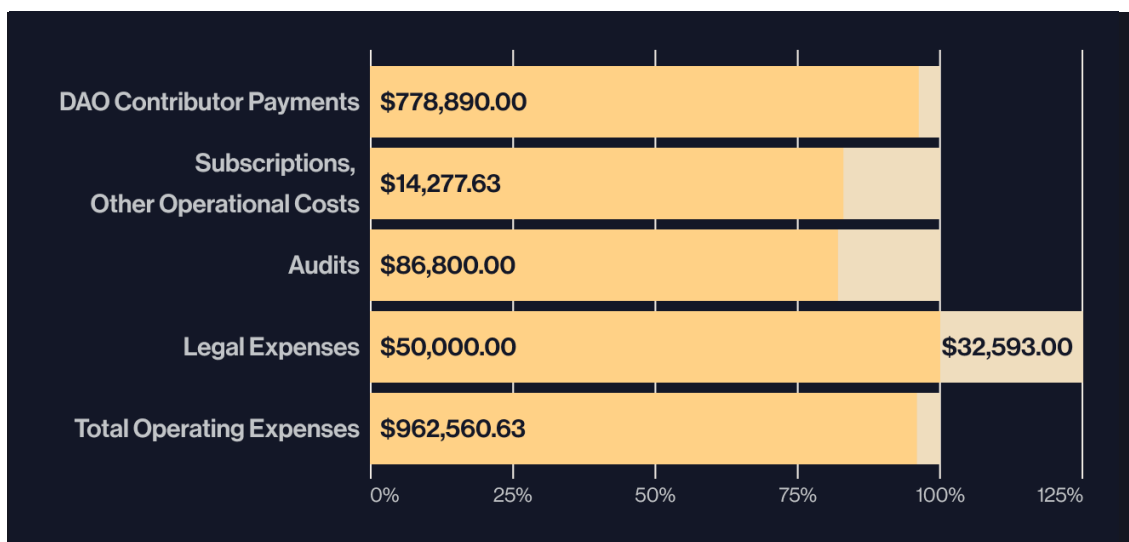
In conclusion, Q1 2023 has been a pivotal period for Olympus DAO, marked by significant advancements in internal processes, core mechanics, strategic partnerships, and working group initiatives. Olympus remains committed to creating a decentralized, autonomous and predictable reserve currency.

We encourage community members to stay informed and actively participate in discussions on Discord and our forum, attend bi-weekly community calls, and follow Discord announcements. These are great opportunities to ask direct questions to contributors during active development. Together, we will continue to drive growth and success for Olympus DAO in the coming quarters.

# Appendix: Q1 2023 Outflows and Governance

## DAO Outflows

### Q1 2023 Expenses vs Budget



### Q1 2023 Expenses and Other Disbursements (USD)

	Actual	Budgeted
DAO Contributor Payments	\$778,890.00	\$810,000.00
Subscriptions, Other Operational Costs	\$14,277.63	\$20,000.00
Audits	\$86,800.00	\$125,000.00
Legal expenses **	\$82,593.00	\$50,000.00
<b>Total Operating Expenses</b>	<b>\$962,560.63</b>	<b>\$1,005,000</b>
Services	\$34,000.00 *	
<b>Total Disbursements</b>	<b>\$996,560.63</b>	<b>\$1,005,000</b>

\*Budgeted 2023 does not include projected service costs

\*\*Legal expenses reflect outflows. There are retainer balances that function like credits, totalling \$103,700



### Governance Activity

During Q1 2023 Olympus focused on refining the On Chain Governance system and preparing for the beta test. Current participation has continued to be monitored and assessed for trends. Below is the breakdown of votes per proposal, followed by the governance power curve.

