

Uniswap Farming

Overview

[Uniswap](#) is a decentralized exchange based on automated market makers. It allows anyone to provide liquidity and gets rewards based on a spread also called liquidity fee (0.3% of the volume which may then be reduced to 0.25% in order to keep 0.05% for UNI token holders).

Required Assets

Uniswap (UNI) can currently be farmed with the following pairs of assets:

- ETH-DAI
- ETH-USDC
- ETH-USDT
- ETH-WBTC

From now on we'll use ETH-USDC as an example.

Links

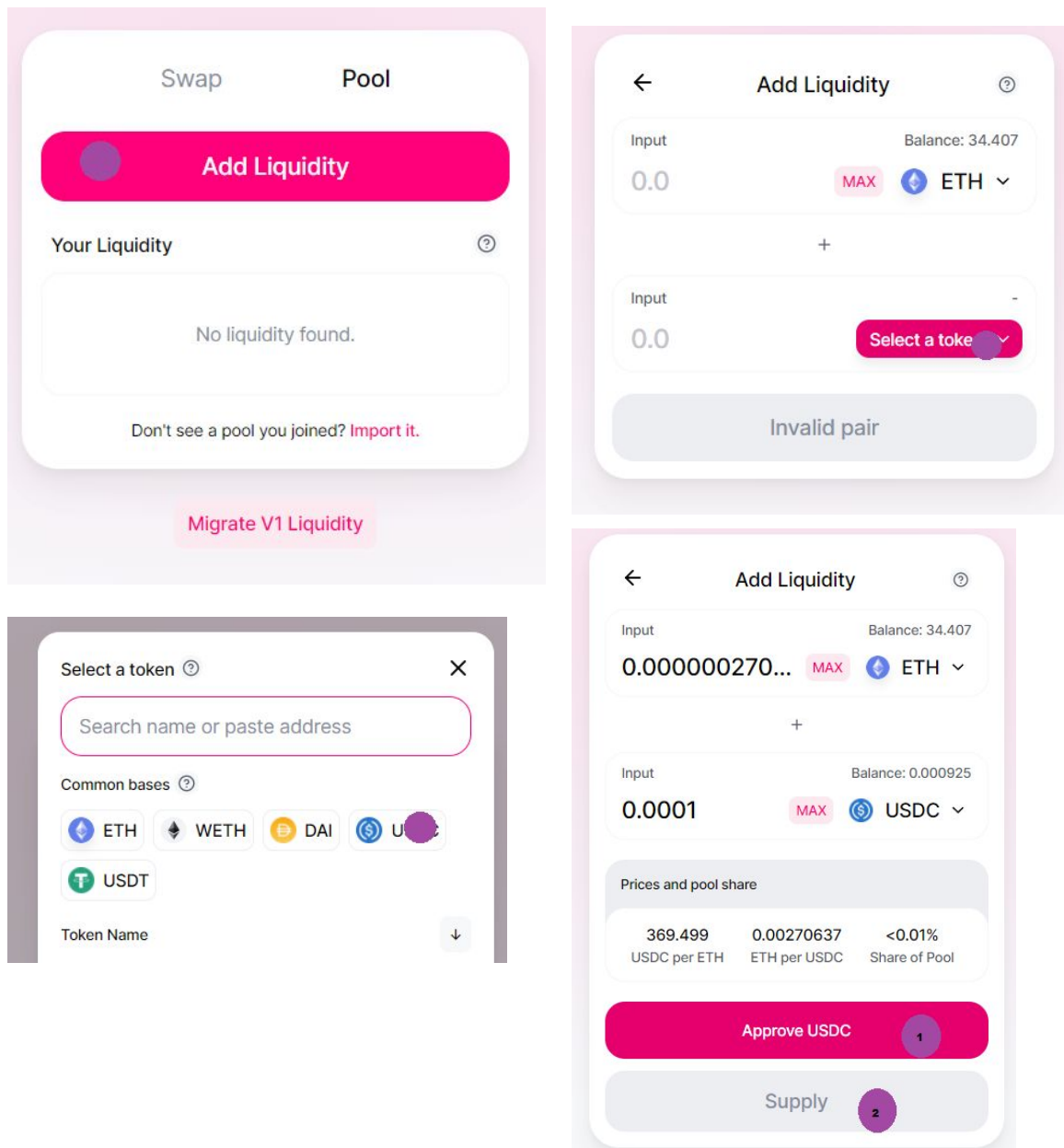
Uniswap: <https://app.uniswap.org>

Strategy Description

A. Getting Uniswap LP tokens

First you need to add tokens to the Uniswap Liquidity pool. The same value of ETH and USDC must be used. To do so go to the [Uniswap pool page](#).

1. Click on "Add Liquidity".
2. Click on "Select Token".
3. Select USDC (for other tokens you may need to find the token in one of the lists).
4. Approve USDC (confirm the transaction) and then click on supply (confirm the transaction).



B. Adding LP tokens to Uniswap

Then you need to stake the Liquidity Provider tokens on the [Uniswap UNI page](#).

1. Click on "Deposit" the ETH-USDC pool.
2. Click "Max", "Approve" (and approve the signature) and "Deposit".

ETH-USDC

Deposit

Total deposited

Pool rate

\$179,084,389

583,333 UNI / week

ETH-USDC Liquidity Mining

Total deposits

\$179,142,694

Pool Rate

583,333 UNI / week

Your liquidity

0

Your unclaimed

0.0000

★ When you withdraw, the contract will automatically claim UNI on your behalf!

0.00000000000391115 UNI-V2 LP tokens available

Deposit

Available to deposit: 0.02

0.02 MAX USDC:WETH

Weekly Rewards 300

Approve 1 Enter an amount 2

1 2

C. Harvest

To harvest UNI, click on “Claim” and then again “Claim” (confirm the tx).

Your unclaimed UNI

0.2239

⚡ 425 UNI / week

★ When you withdraw, the contract will automatically claim UNI on your behalf!

Deposit Withdraw

Claim

6.47959

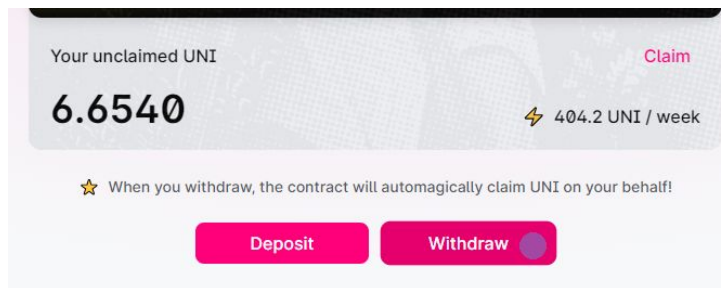
Unclaimed UNI

When you claim without withdrawing your liquidity remains in the mining pool.

Claim

D. Withdraw

1. To withdraw, click on “Withdraw” then on “Withdraw & Claim” (confirm the transaction).
2. Go back to the pool tab. Expand the USDC/ETH pool and click on “remove”.
3. Click on “Max”, “Approve” (confirm the transaction) and “remove” (confirm the transaction).



Withdraw



0.02

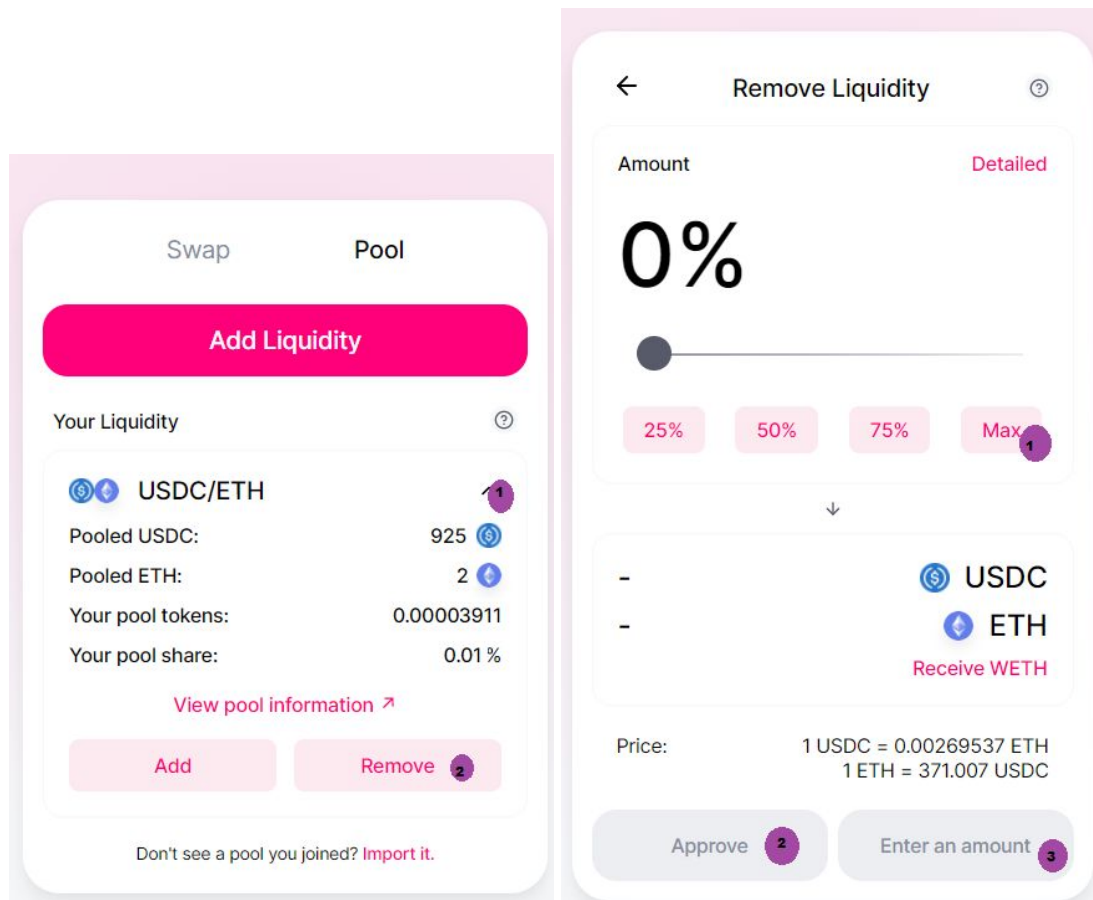
Deposited liquidity:

6.696

Unclaimed UNI

When you withdraw, your UNI is claimed and your liquidity is removed from the mining pool.





Yield

This strategy produces 2 kinds of yield:

- **Uniswap liquidity fee yield:** Uniswap is an automated market maker, it allows traders to buy from its reserves and charges a 0.3% liquidity fee to do so. It then automatically adjusts the price. The 0.3% liquidity fee goes to liquidity providers. You can look at returns of those strategies, also counting impermanent loss (see next section) on pools.fyi.
- **UNI token yield:** Uniswap distributes UNI to those staking the liquidity pools.

Risk Disclosure

There are the following risks:

- **Uniswap exchange smart contracts breaking:** Uniswap had been [audited](#) and serious findings were fixed. However there is always a risk of smart contracts having bugs and vulnerabilities.
- **Uniswap staking smart contract breaking:** Staking contract is relatively simple and doesn't allow any operator to take control of the funds. The code quality seems good except the use of SafeMath which slightly decreases security compared to using native operators (here a wrong UNI allocation would be less problematic than locking

the liquidity forever as SafeMath does in case of error). Due to [UNI](#) supply being limited to $2^{96}-1$, it is not possible to send enough UNI to the contract to create SafeMath overflows blocking the staked tokens (so those cannot be locked). We are not aware of security reviews of the staking contracts but reviewed it ourselves.

- **Frontends:** The frontends could be hacked or changed by the team making them do different actions than those explained in this strategy including stealing user funds. Always verify that the transactions are approving and interacting with the right contracts.
- **Impermanent Loss:** Due to how automated market makers work, in case of price change between supplied assets, liquidity providers will end up with more of the token whose price decreased and less of the token whose price increased. This can result in a loss of funds compared to holding assets separately which may or may not be compensated by liquidity fees paid to liquidity providers. At the time of this report none of the assets of the pools are particularly volatile (in the crypto sense) so even if impermanent loss could potentially outweigh the liquidity fees, the net reward is unlikely to be deeply negative.

Tipping Address

0x67311d3d0B16486c3CB74080e811669B00267202

If you liked this due diligence report, don't hesitate to tip.

