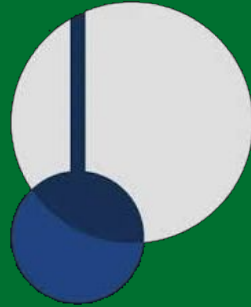


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Oregon



# Pendle – \$PENDLE

By: Dexter Koester & Jordan Brewer

10/17/23

# Background - Bond Stripping & Rate Swaps

Two types of interest rates in finance: variable rates & fixed rates

- Financial instruments with variable rates often have a way to swap the rate to a fixed rate
- Bifurcate the instrument into two: the variable rate payments & right to the principal

This is called Bond Stripping - stripping the [coupon] payments

Very Popular in traditional finance



# Product/Market Fit

Lots of variable yields in DeFi



GLP



sDAI



stETH



# What does the Protocol Do?

## Yield Tokenization:

- Converts a yield bearing token into a principle and yield token
- Similar to bond stripping in TradFi

## AMM:

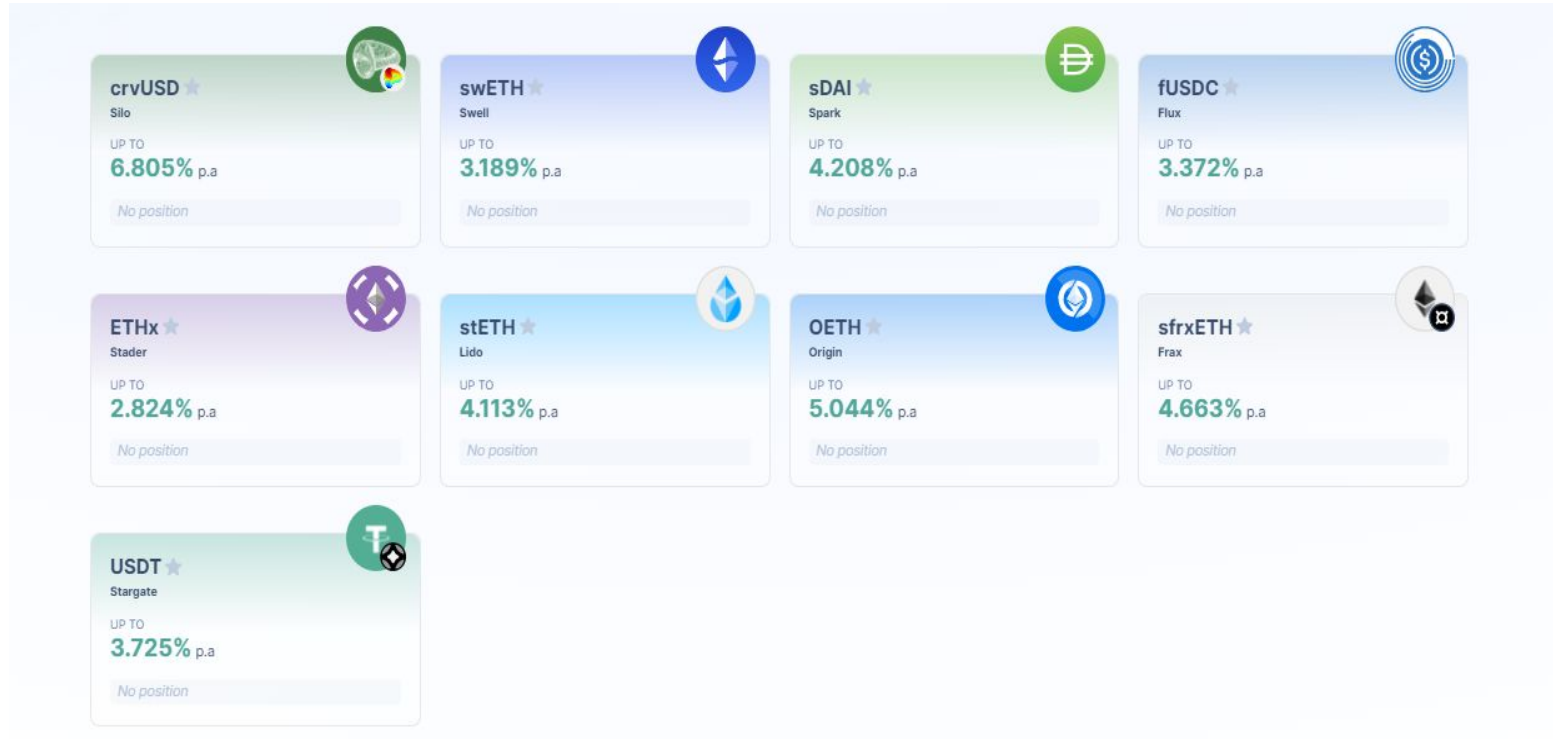
- yield tokens (YT)
- principle tokens (PT)

## \$PENDLE & \$vePENDLE:

- Pendle's token & token derivative
- Used to vote in LP's channel rewards, and collect fees

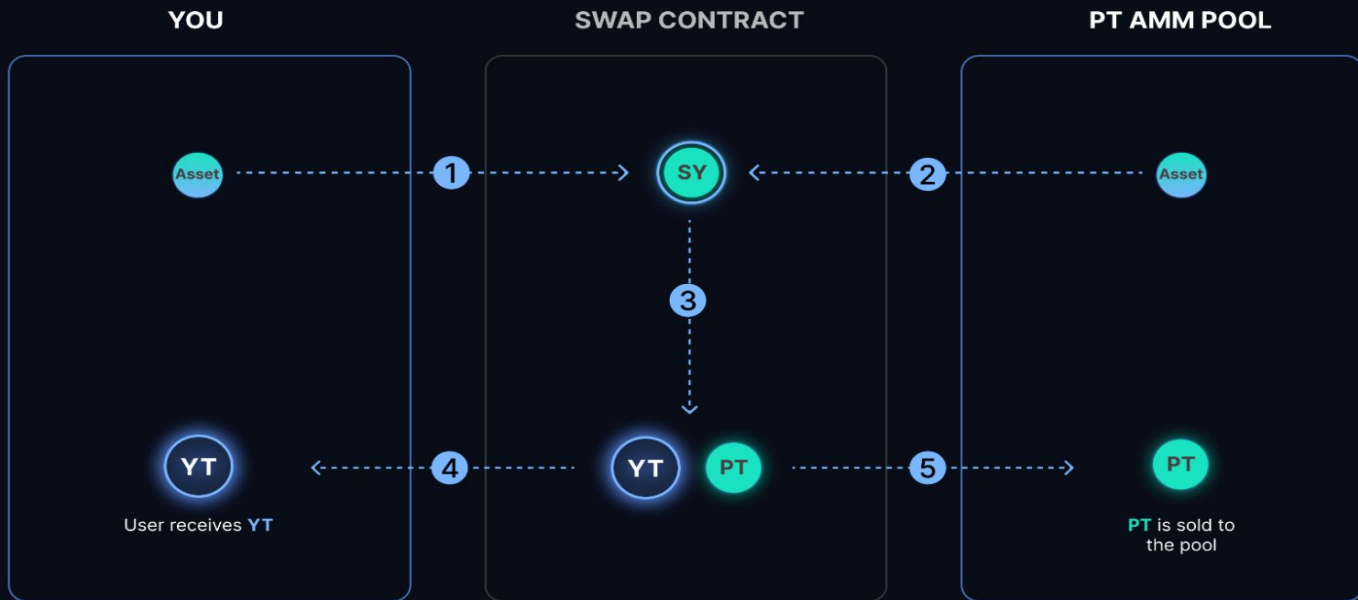


# How it Works



# The integral use for the AMM

## Buying YT



# Team

Co-Founder: TN Lee

Team size: 13 people

Location: Denver, CO

TN Lee Brief history:

- 2016 head of business Kyber
- 2019 co-found Dana Labs
- 2020 co-found Pendle Fiance



# Roadmap

## Network Expansion

Mantle Network

Possibly Base as volume increases

## Exchange Integration

Exposure & integration with OKX exchange

## New Features

Limit orders

## Protocol Positioning

Continue to lead in LSDFi

Integrate RWAs

## Institutional Focus

Focus on trading experience for institutional investors

Current TVL ~20% institutional, expecting 50% by EOY

## Regional Targeting

China: 20% of worldwide crypto volume

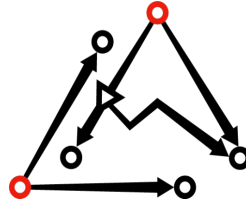
Vietnam: 4th highest global trade volume

South Korea: 30% of worldwide crypto volume





# Auditing Background



# Least Authority

## PRIVACY MATTERS

ISSUE / SUGGESTION	STATUS
<a href="#">Issue A: Check For WETH Address In The Receive Fallback</a>	Resolved
<a href="#">Issue B: claimLpInterests Potentially Blocked by High Gas Cost</a>	Partially Resolved
<a href="#">Issue C: No Return Value Check for Transfer of Random ERC-20 Token</a>	Resolved
<a href="#">Issue D: updateParamL is Called Twice Within _settleLpInterests in _beforeTokenTransfer</a>	Resolved
<a href="#">Issue E: updateParamL is Missed in addMarketLiquidityDual (Known Issue)</a>	Resolved
<a href="#">Suggestion 1: Remove Unnecessary/Unwarranted Reentrancy Guards</a>	Partially Resolved
<a href="#">Suggestion 2: Create View Function For Loop In claimRewards</a>	Resolved
<a href="#">Suggestion 3: Improve Tests</a>	Partially Resolved
<a href="#">Suggestion 4: Remove Complicated Custom Reentrancy Guard</a>	Unresolved
<a href="#">Suggestion 5: Remove Instances of Redundancy</a>	Resolved
<a href="#">Suggestion 6: Reduce Contract Complexity</a>	Unresolved
<a href="#">Suggestion 7: Conduct Security Audit of Governance Model</a>	Unresolved
<a href="#">Suggestion 8: Conduct a Follow Up Security Audit Prior to Launch [NEW]</a>	Unresolved

Smart Contract Audit by Least Authority in 2021

“The Pendle protocol code base is well written, organized, and logically structured”

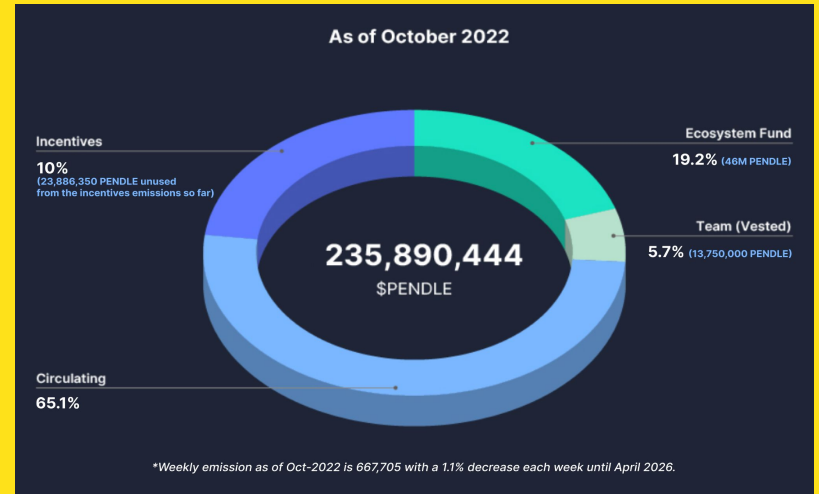
“The Pendle team has demonstrated a consideration for security in the design of the Pendle protocol”



# Tokenomics & Vesting

Pendle emits 677,000 weekly with on a 1.1% weekly decrease

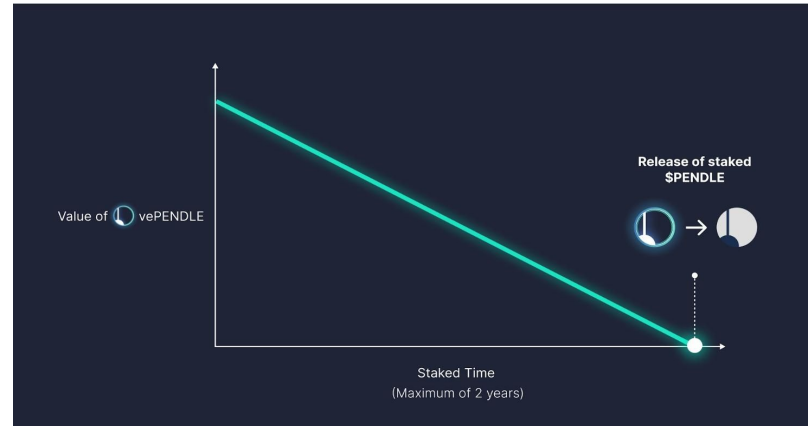
Until April 2026 where they will follow a 2% annual inflation model



# How the token captures Value



- Stake \$PENDLE for a set duration to receive \$vePendle
- Use \$vePENDLE to vote in pools. This entitles you to pool rewards and fees for that pool
- Swap, and yield collection fees, as well as sold matured principle tokens makeup \$vePENDLE's APY

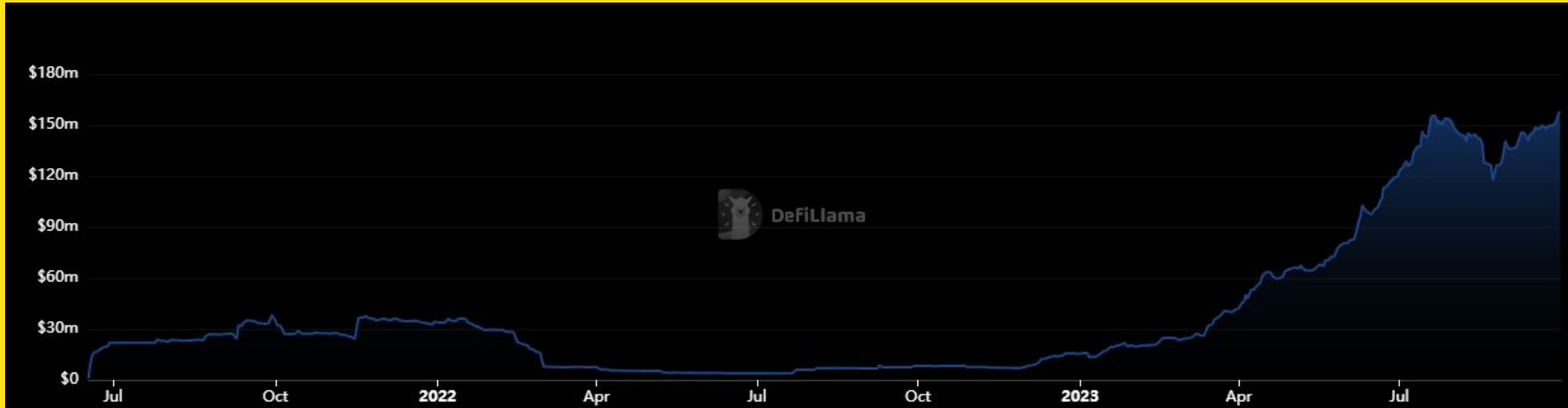


# Token Demand Drivers

- Liquidity providers can boost their APY by staking vePENDLE in the pool they are providing liquidity for
- Pendle has the largest market share, volume, and liquidity in the staked fixed yield derivatives market
- PENDLE owners are incentivized to stake PENDLE reducing outstanding volume



# Total Value Locked



# Investors



**MECHANISM  
CAPITAL**



**SPARTAN**



**HASHKEY  
Capital**

**abra**



# Competition Landscape

- Much more optionality in tokens and chains
- Highest liquidity in pools

<b>Protocol</b>	<b>TVL</b>	<b>Assets Offered</b>	<b>Chains Offered</b>
Pendle	\$157,746,851	17	4
88MPH	\$479,871	16*	1
Notional	\$24,856,648	4	1
Yield Protocol	\$2,280,000	10	2
Sense	\$554,458	1	1
IPOR Labs	\$13,571,601	3	1



# Comparable Analysis (Market Capitalization)

Current Stats	\$ Revenue	\$ TVL	\$ FDV	FDV/Revenue	FDV/TVL
Pendle	275,077	157,746,851	186,900,000	679.45	1.18
GMX	7,330,000	478,640,000	511,840,000	69.83	1.07
Notional	-	24,856,648	13,060,000	-	0.53
Joe	768,168	76,950,000	125,940,000	163.95	1.64
Beefy	-	183,830,000	29,220,000	-	0.16

Implied Stats	Rate Swap Market (\$M)	Total Derivatives (\$M)
<b>Trad Fi Value</b>	414,000,000	617,000,000
<b>DeFi TVL</b>	299	1,237
<b>Implied DeFi TVL</b>	2,511	3,748
<i>Pendle TVL Target</i>	1,323	
<i>Weighted Avg FDV/TVL</i>	0.94	
<b>Target Valuation</b>	1,245	\$4.20
<b>Current Valuation</b>	186	\$0.61





# Investment Thesis

Variable yield assets will continue to be common in DeFi

P E N D L E

**Rate swaps** & **fixed rates** will continue to grow in DeFi, similar to their prevalence in TradFi

Pendle will continue to capture a majority of market share

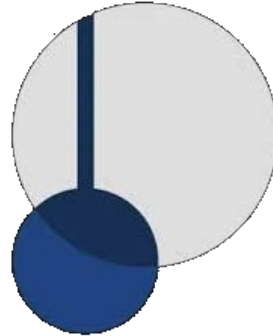


# Fund Recommendation

\$PENDLE

**Current Price:**

0.61 USD



Cost: 1.9 Eth

**Action:**

Buy 5000 PENDLE



# Questions?