

DeFi Superstar #4: The Battle-Tested DeFi BlueChip for 2023

Chris Coney, Editor

Our goal is to bring you the hottest and most promising coins in crypto's hottest sector. And right now, that sector continues to be decentralized finance (DeFi).

Our fourth DeFi superstar you should have on your radar is the largest money market (or lending platform) in DeFi.

What makes this platform stand out is its combination of liquidity and availability of assets to borrow and lend.

What's more, this crypto has surged 2,440% in the bull run that ended last year. It has since corrected -90%, hence it's nearing the best price for buying. And we expect it to grow at least six times in the near future.

Which means if you invest \$1,000 in this crypto now, the Weiss crypto team believes you could turn it into at least \$6,000 in the near term.

Of course, this is just an estimate. The actual number could be higher ... or lower.

But our team believes this is a solid crypto to add your portfolio, no matter what the eventual gains.

The crypto we're talking about is ...

Aave (AAVE)

Aave (pronounced ah-vee) is one of several money market DeFi protocols. These are places to borrow and lend all manner of assets.

Think of them as commercial banks ... except there are no bankers, brokers or middlemen of any kind involved. The application runs like clockwork exactly as designed by its code.

This results in the most seamless and streamlined user experience when lending or borrowing assets ever conceived.

It's easy to see how much I can get when I deposit my assets.

It's equally as easy to see how much interest I'll need to pay when borrowing.

And Aave gives users the flexibility to either choose fixed-rate or floating-rate borrowing when taking up loans. It's still, to this day, one of the few DeFi money markets to offer this convenience to borrowers.

Unlike traditional banks, these money markets are “non-custodial” meaning your assets — when deposited — are stored by an immutable smart contract, pooled together with other assets of the same kind and a receipt is given to the lender.

This receipt is redeemable for the amount of money I deposited, plus interest, at will. Again, no middlemen or intermediaries are involved in the process, as the act of lending is as easy as pushing a button.

Best yet, the process is simple: All you need to do is deposit collateral — which acts as a guarantee that the loan will be repaid — and this establishes a “credit line” with the Aave protocol.

This credit line can be tapped into at will, and with the simple push of a button, the borrowed money is credited to the user's account.

What makes Aave stand out from the competition is the sheer creativity of its developers.

Features of a DeFi Leader

Aave was not the first DeFi money market to come to market. But it was always the best for several reasons:

First, Aave was the first to create “flash loans” for advanced users (developers), which is the ability to borrow assets without collateral, as long as the borrowed money is paid back immediately within the same block of transactions.

Flash loans have since become a staple of DeFi, and it was Aave who pioneered them. Remember, in the crypto markets, first can sometimes be best.

Second, a unique feature of Aave is the direct integration with decentralized exchanges (DEXs) like **Uniswap (UNI)**. This allows you to use the collateral you have stored in Uniswap to directly borrow on Aave.

This convenient feature saves money and time, which is priceless in moments of high volatility in crypto markets.

Third, Aave is a “multichain” protocol. Unlike the competition, it refused to be confined to the Ethereum blockchain. Instead, Aave is available on any smart contract platform or layer-two solution the team deems has enough of a user base to justify deployment.

Aave has also deployed Aave Pro, which would bring a permissioned platform tailored especially for institutional investors. With Aave Pro, institutions, corporate clients and fintech users can access DeFi while maintaining compliance with regulations.

This is a huge opportunity to bring traditional investors — and their capital — into DeFi.

Created to Go Up ... and Up!

AAVE (the token itself) is used to vote on the outcome of Aave Improvement Proposals (AIPs). It can also be ‘staked’ to provide a kind of ‘insurance’ for the protocol ... as well as for depositors. Stakers are then compensated for this service by earning staking rewards and fees. To increase the token’s value, the tokens collected from fees are “burned.” In other words, AAVE tokens were created to go UP in value!

You can buy AAVE from exchanges. Or you can make use of the AAVE platform yourself, earning tokens by depositing (lending) money ... or even taking out a loan!

Through Aave, you can access over 30 Ethereum-based assets including Tether, DAI, USDC, Chainlink, Uniswap and more.

But that is not all. Aave also includes markets for tokenized real-world assets, such as real estate, payment advances and cargo and freight invoices. In addition, Aave’s community has also approved a launch of a stablecoin.

The History of “Aavenomics”

Aave actually used to be called ETHLend.

In November of 2017, Finnish law student Stani Kulechov noticed a dearth of peer-to-peer (P2P) lending activity on the Ethereum platform. So, he established ETHLend, raising \$16.2 million for the initial coin offering (ICO). Since then, important events quickly played out in the ecosystem ...

In September of 2018, ETHLend was rebranded as Aave, integrating more platform features.

In January of 2020, ETHLend ceased operations, and the Aave protocol went live. The company changed its strategy from P2P to a pool-based marketplace for lending and borrowing.

In July of 2020, the Aave platform was upgraded, with a focus on security.

Then, in September of that year, “Aavenomics” officially began, and LEND was swapped for the newly minted Aave token.

Outgunning All Rivals ...

Aave has now become the largest money market in decentralized finance ... with an unparalleled combination of liquidity and availability of assets to borrow and lend.

Aave’s protocol includes the ability to trade assets directly on its platform. It also cuts fees substantially, allowing traders to leverage up even more.

It’s also further integrating with Uniswap (UNI) and Balancer (BAL) — two of the largest decentralized exchanges (DEXs) — in a move likely to attract even more interest (and hence *liquidity*).

Plus, a scaling upgrade that dramatically boosted transaction speeds and slashed costs.

Aave has started to get the recognition it deserves. It has unseated **Compound (COMP)** as the largest DeFi lending platform. (Until recently, COMP was not only DeFi’s largest money market in the world, it was also the second largest DeFi app in the world.)

How was this possible?

Through Aave’s creativity.

The thing about crypto assets is that the code they rely on is open source. That means there are no patents preventing the competition from copying an idea, improving it slightly and stealing users away.

This is why being creative, innovative and constantly pushing for new solutions is the only way to stay ahead in the crypto game.

An Utterly Brilliant Risk-Management Play ...

The risks associated with the Aave platform are the **smart contract risk** (risk of a bug within the protocol code) and **liquidation risk** (risk on the collateral liquidation process).

Every possible step has been taken to minimize these risks ...

First, the protocol code is public and open source. And it's been audited.

Then there's the brilliant "Bug Bounty" campaign:

The community is invited to submit bug reports and earn a reward of up to \$250,000. That can only help ensure Aave to be one of the safest crypto assets around.

AAVE's Lustrous Future ...

Quite frankly, the future of Aave couldn't look brighter. As the crypto grows, the need for online borrowing and lending in the form of cryptocurrencies can only ramp up.

For one, its open source and thoroughly battle-tested!

Another factor influencing Aave's unique value is the "coin burning" ... which lowers the supply of tokens — and thus serves to boost the price! A nice side benefit, right?

Besides, token price, usage and popularity are all set to rise much, much higher as adoption of the Aave platform grows ... and as the assets it lists are adopted more broadly.

In a nutshell ...

Aave's fundamentals are about as good as they get, regardless of any short-term price action .

Aave has already proved to be as good as it gets when it comes to creativity and has made itself a solid DeFi asset.

It's why Aave is a must-own for any investor seeking exposure into this new frontier of finance.

Of course, all investments carry risk. And the crypto markets are more volatile than most. That means knowing *when* to buy is just as important as knowing *what* to buy.

This includes the expected rise in popularity of now nascent industry of tokenized Real World Assets (RWA market), as well as having their own stablecoin in the future.

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