LlamaRisk | aave/horizon

December 2025

Aave Horizon Spotlight

About Aave Horizon

Aave Horizon is an institutional solution developed by Aave Labs and built on top of Aave infrastructure. It **extends Aave's decentralized lending framework to financial institutions**, creating markets where tokenized Real-World Assets (RWAs) can be used as collateral to borrow stablecoins.

Since its launch in Aug 2025, Aave Horizon has attracted **over $550 million in deposits** and secured premier partnerships with leading financial institutions and infrastructure providers. Aave Horizon delivers deep, 24/7 stablecoin liquidity while combining **institutional-grade compliance** with the openness and efficiency of DeFi – establishing Aave at the forefront of the future of finance.

About LlamaRisk

LlamaRisk is a leading **DeFi risk manager** trusted by top-tier protocols like Aave, Aave Horizon, Curve, and Ethena. We work alongside our partners to protect users and **drive sustainable growth**. LlamaRisk delivers transparent, verifiable risk engineering that accelerates institutional onchain adoption.

We blend **rigorous protocol research** with **real-time market monitoring and quantitative tooling** to safeguard lending markets, stablecoins, and tokenized assets. Our risk engines optimize parameters and trigger proactive protections, helping protocols ship faster with guardrails that benefit the whole ecosystem.

Key Metrics

Total Market Size

$552M

Total Borrows

$159M

Available Liquidity

$138M

Blended Utilization Rate

53.6%

Markets

See market live here

Stablecoins

Asset	Total supplied
Ripple USD RLUSD	$191.2M
GHO Token GHO	$79.3M
USD Coin USDC	$25.9M
Total	**$296M**

Real-World Assets

Asset	Total supplied
Superstate Crypto Carry Fund USCC	$210.5M
Janus Henderson Anemoy Treasury Fund JTRSY	$33.3M
VanEck Treasury Fund VBILL	$9.3M
Janus Henderson Anemoy AAA CLO Fund Token JAAA	$2.5M
Superstate Short Duration US Government Securities Fund USTB	$392K
Total	**$256M**

The Power of Onchain Lending: Composability Meets Institutional-Grade Security

Aave Horizon **unlocks the core value of tokenization:** composability. In traditional finance, this is the ability to instantly use an asset from one issuer as collateral for a loan at another, creating powerful new strategies for capital efficiency.

This is all built on the familiar principle of **over-collateralized lending** and protected by a robust risk framework:

- **Conservative Loan-to-Value (LTV)**: Aave Horizon assigns a maximum borrowing capacity based on asset quality. Safer assets like tokenized T-bills receive higher LTVs, while more volatile assets receive lower LTV.
- **Liquidation Threshold (LT) Buffer:** This provides a safety cushion before any collateral is at risk of a forced sale (liquidation), acting like the buffer before a margin call. It gives borrowers a crucial window to manage their position, with wider buffers applied to riskier assets.

By pairing the **programmability of DeFi** with **institutional-grade risk controls**, Aave Horizon provides a secure and powerful new venue for Real-World Assets.

Aave Horizon also includes several protective measures. Smart contracts execute deterministically without matching logic, order books, or quotes. The non-custodial architecture means users remain in control and Aave Labs cannot move funds.

Unlocking Institutional Opportunities

By transforming static assets into **programmable building blocks**, Aave Horizon enables diverse new financial strategies for institutions.

Instant Institutional Credit

Access immediate working capital by borrowing stablecoins against tokenized assets, eliminating the redemption delays and fees typically associated with traditional issuers. This enables institutions to **access liquidity 24/7,** even outside traditional market hours.

DeFi Yield Generation

Generate new revenue streams by either passively supplying stablecoins to earn interest from institutional borrowing demand or actively executing advanced yield strategies within the Aave ecosystem.

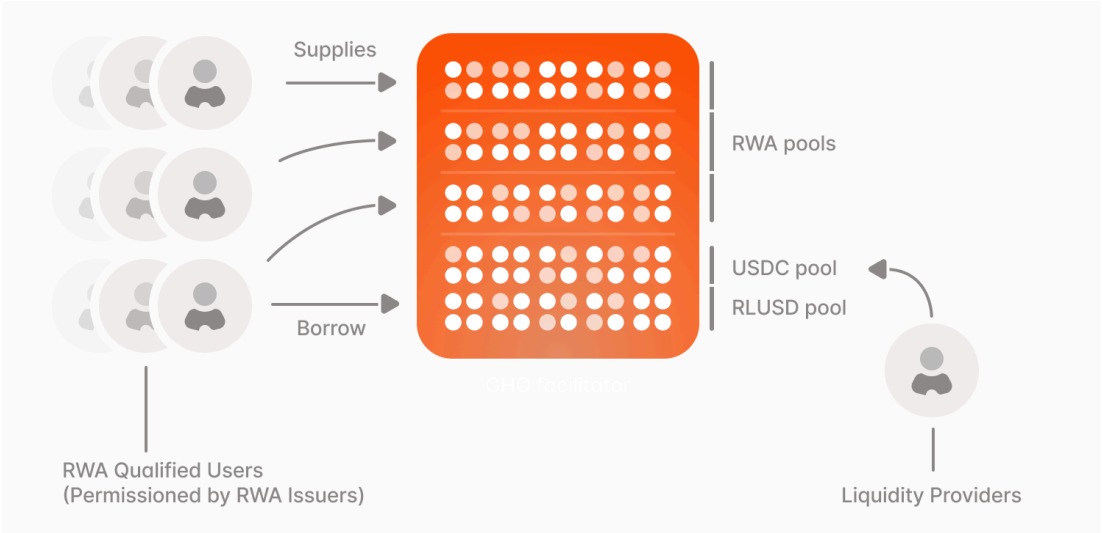
Leveraged Carry Trades

Execute sophisticated carry trades by borrowing stablecoins against yield-bearing RWAs. Institutions can scale their positions by recursively supplying and borrowing ("looping") to capture the basis between the asset's yield and the stablecoin borrow rate.

How Aave Horizon Works

Built on Aave Protocol version 3.3, Aave Horizon operates as non-custodial lending infrastructure, where borrowing and lending are executed automatically through smart contracts.

The Aave Horizon market is built to support two types of users. Qualified institutional investors can supply RWA collateral and borrow stablecoins, while others can supply stablecoins to earn yield from institutional borrowers.



Listed Assets

Stablecoins

USD Coin
USDC

Issued by Circle, USDC is a centralized, fiat-collateralized stablecoin backed 1:1 by cash and short-term U.S. government obligations held in segregated accounts. It offers a 1:1 redemption facility for U.S. dollars through Circle's platform, primarily for institutional or "Type A" users.

Ripple USD
RLUSD

Issued by a wholly-owned subsidiary of Ripple, RLUSD is a centralized, fiat-collateralized stablecoin backed 1:1 by U.S. dollars and cash equivalents. It is designed for enterprise and institutional use, offering 1:1 redemption for U.S. dollars, with reserves held in segregated accounts.

Crypto-Collateralized Stablecoins

GHO Token
GHO

Issued by the Aave DAO, GHO is a decentralized, over-collateralized stablecoin minted by users who supply diverse crypto-assets as collateral to the Aave Protocol. While users primarily repay debt to reclaim their specific collateral, the GHO Stability Module (GSM) offers a direct 1:1 redemption facility. This allows GHO to be swapped 1:1 for USDC or USDT (minus fees) when liquidity is available, helping maintain the peg through both arbitrage and DAO-managed stability.

Real-World Assets

Tokenized Money Market / Treasury Funds

Janus Henderson Anemoy Treasury Fund
JTRSY

Issued by Anemoy Capital SPC on the Centrifuge protocol, JTRSY is a tokenized money market fund investing in U.S. Treasury bills with maturities generally under 3 months. It offers standard daily redemptions and an instant redemption facility through the Anemoy Liquidity Network.

VanEck Treasury Fund
VBILL

Issued by VanEck Treasury Fund, Ltd. via the Securitize platform, VBILL is a tokenized fund investing in short-term U.S. Treasury obligations and cash equivalents. It offers standard daily redemptions in USDC and instant, atomic liquidity through RLUSD and Agora's AUSD stablecoin.

Superstate Short Duration US Government Securities Fund
USTB

Issued by Superstate Inc., USTB is a tokenized money market fund that invests exclusively in short-duration U.S. Treasury Bills. Redemptions are available through the issuer, facilitated by an onchain USDC liquidity contract.

Tokenized Institutional / Credit Funds

Janus Henderson Anemoy AAA CLO Fund Token
JAAA

Issued by Anemoy Capital SPC on the Centrifuge protocol, JAAA is a tokenized institutional fund investing primarily in AAA-rated Collateralized Loan Obligations (CLOs). Redemptions are processed daily with a target of T+3.

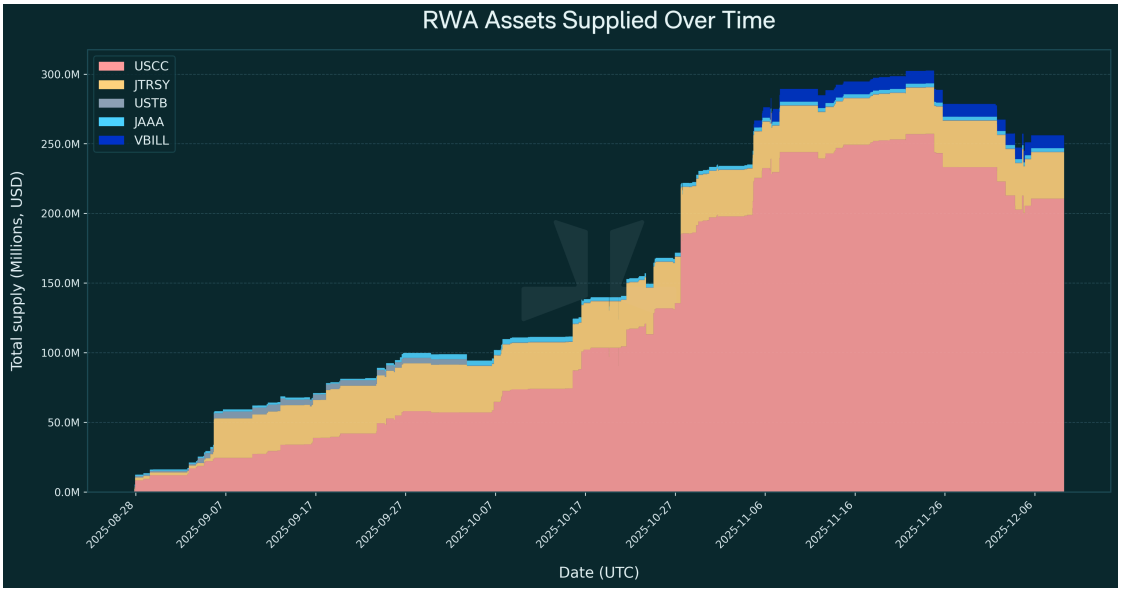
Superstate Crypto Carry Fund
USCC

Issued by Superstate Inc., USCC is a tokenized institutional fund that invests in digital asset basis trades (cash and carry) and U.S. Treasuries. Redemptions are available on a T+1 or T+2 basis through the issuer.

Real-World Asset Collateral Deposits

Total RWA supply surged to nearly $300 million between late August and mid-November, driven mostly by high-yielding assets like USCC and tokenized money market funds like JTRSY.

In contrast, USTB, JAAA, and VBILL maintained more modest market share due to their lower yield profiles, as depositors prioritized higher yielding instruments.

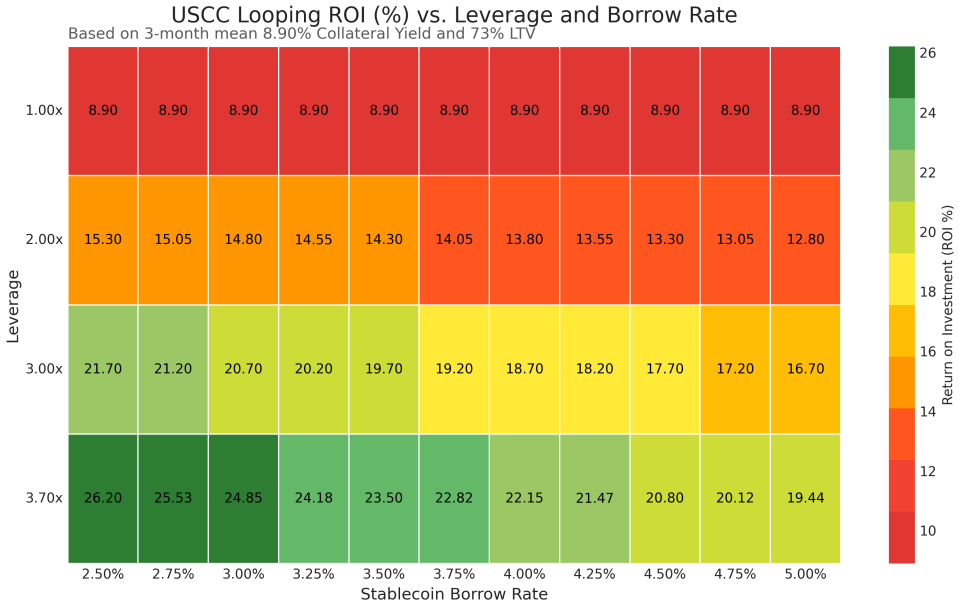


Source: LlamaRisk

Case Study: USCC Basis Trade Recursive Looping

Recursive looping amplifies USCC yields by making use of the "positive carry" spread between high asset returns and low borrowing costs. Since the base yield of USCC (3-month mean of 8.9%) is higher than the cost to borrow stablecoins (roughly 3–4%), investors can deposit USCC, borrow cheaper funds against it, and swap those funds for more USCC to repeat the process.

This strategy leverages the capital multiple times; as the chart demonstrates, increasing leverage from 1.00x to 3.70x multiplies the net profit margin.



Source: LlamaRisk

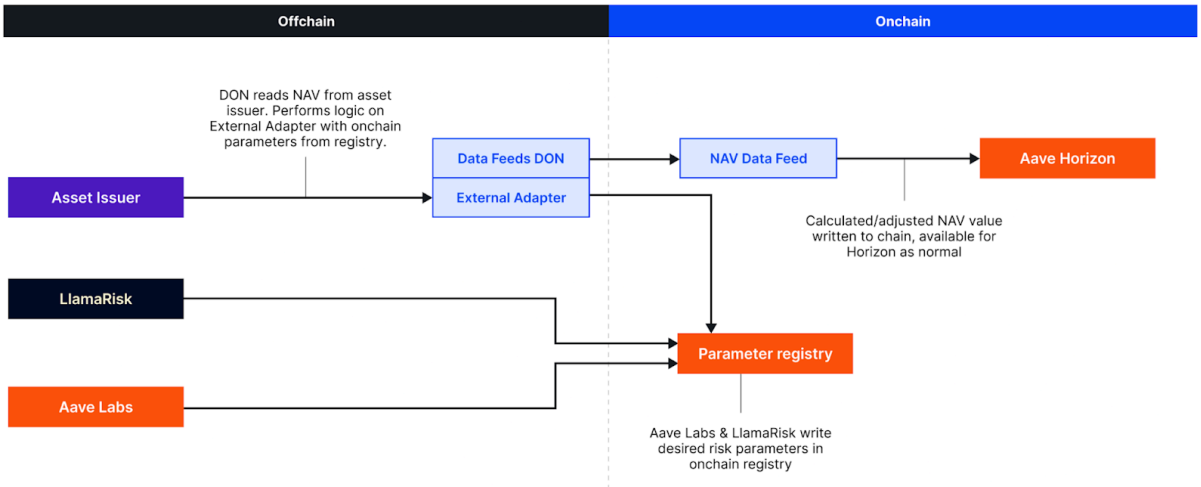
Adaptive Bounds: Resilient NAV for Tokenized Assets

Pricing tokenized Real-World Assets (RWAs) presents a unique challenge: reliance on a single, offchain source for Net Asset Value (NAV) data introduces significant risk. A delayed, inaccurate, or malicious price feed could trigger catastrophic, faulty liquidations. To solve this, Aave Horizon has pioneered **LlamaGuard NAV,** a dynamic, risk-adjusted oracle solution developed in collaboration with industry leaders LlamaRisk, Chainlink Labs, and Aave Labs.

LlamaGuard NAV integrates a dynamic bounds methodology, designed by LlamaRisk, directly into Chainlink's proven oracle infrastructure. Before any NAV update reaches the protocol, it is automatically validated against adaptive upper and lower bounds that reflect real-time market conditions. Any invalid or anomalous price is instantly rejected at the oracle level, ensuring that only validated, reliable data is published onchain.

All parameters that govern these bounds are enforced transparently onchain through a registry, jointly managed by Aave Labs and LlamaRisk via the Aave Horizon operational multisig. This creates accountability, auditability, and resilience, while leveraging Chainlink's decentralized network for trusted data delivery.

By embedding proactive safeguards at the oracle layer, LlamaGuard NAV eliminates the risk of erroneous liquidations and delivers the institutional-grade security required to safely scale tokenized assets across DeFi.



Architectural overview of LlamaGuard NAV operating on Chainlink Runtime Environment (CRE)

LlamaGuard NAV Testimonials

Watch LlamaGuard NAV presentation here

"The integrity of NAV data is critical to the growth of tokenized asset markets. With LlamaGuard, we've built an oracle that not only validates NAVs but also provides automated protections when anomalies occur. Working with Chainlink to deploy this on Aave Horizon shows how tokenized RWA protocols can be equipped with the same kind of risk controls that institutions expect in traditional finance."

Adam Sadowski, CEO at LlamaRisk.

"LlamaGuard NAV shows how DeFi infrastructure is maturing to meet the scale of global finance. By pairing Chainlink's battle-tested oracle networks with LlamaRisk's dynamic risk modeling, we're building on Aave Horizon's resilient foundation to support the next wave of tokenized Real-World Assets."

Stani Kulechov, Founder, Aave Labs.

"LlamaGuard represents a major step forward in how tokenized Real-World Assets can be secured onchain within the DeFi economy. By combining Chainlink's proven oracle networks with LlamaRisk's expertise in risk management, Aave Horizon can now access NAV safeguards that adjust dynamically to real-world market conditions. It's a prime example of how the DeFi ecosystem is moving toward more resilient and institution-ready RWA infrastructure."

Johann Eid, Chief Business Officer at Chainlink Labs.

LlamaRisk | aave/horizon | Chainlink

This report has been independently prepared by LlamaRisk.
LlamaRisk is responsible for delivering transparent, data-driven risk assessments that safeguard and support sustainable growth.

About LlamaRisk

LlamaRisk is a leading DeFi risk manager trusted by top-tier protocols like Aave, Aave Horizon, Curve, and Ethena. We work alongside our partners to protect users and drive sustainable growth. LlamaRisk delivers transparent, verifiable risk engineering that accelerates institutional onchain adoption.

Learn more at llamarisk.com.