FUSIONLIDO

COMPOSITE RETURNS

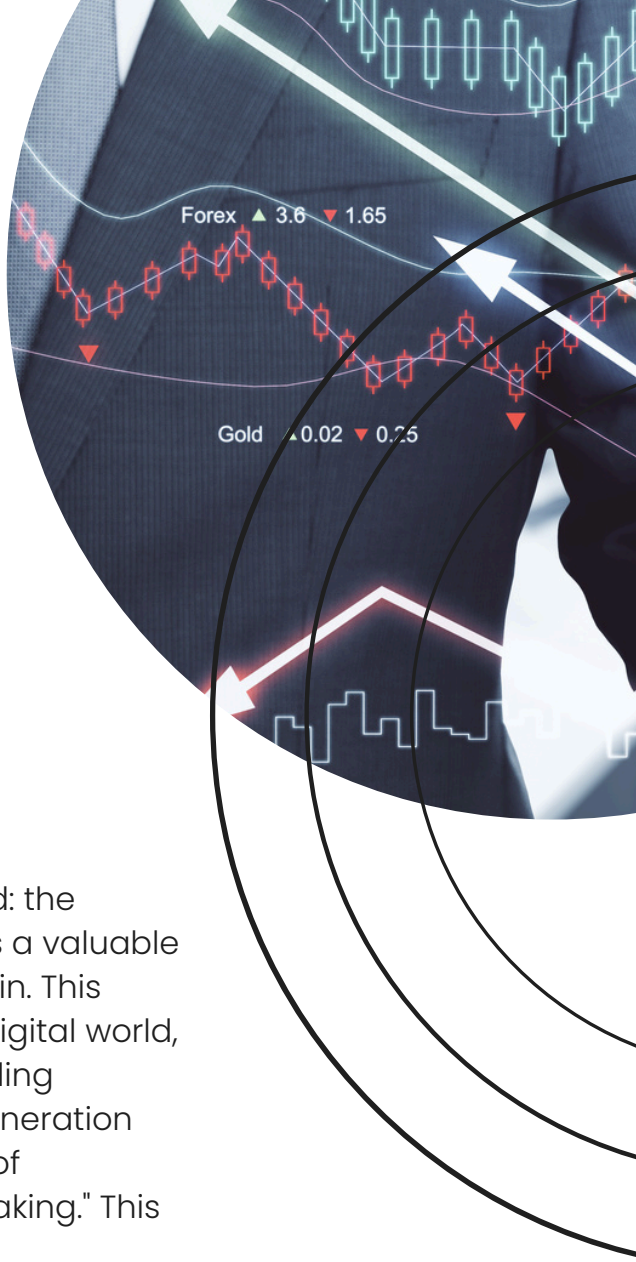
WHITE PAPER

2025

Version 1.0

WEBSITE:
fldporject.site

FUSIONLIDO



PREFACE

We are in the midst of a great transformation of the digital social structure. Ethereum's "merge" completed the most spectacular upgrade in blockchain history, marking humanity's entry into an era of large-scale, programmable trust. In this new era, "staking" has become the only way to build this cornerstone of trust, transforming dormant assets into active security.

However, a fundamental contradiction has emerged: the security provided by the Ethereum Beacon Chain, as a valuable public good, has long been confined to a single chain. This immense energy of trust should serve the broader digital world, verifying the state of cross-chain bridges, safeguarding decentralized storage networks, and driving next-generation privacy computing protocols... until the emergence of EigenLayer opened the door to this new idea—"re-staking." This means that Ethereum's trust is no longer a one-time consumable, but a core production factor that can be recycled and continuously appreciate in value.

Our mission is clear and unwavering: to encapsulate the complexities of restaking behind the scenes through aggregation and optimization, presenting users with the simplest one-click experience and the most robust triple returns. Our issued fETH is not just another liquidity token; it is the condensation of the entire restaking ecosystem's value, a universal key for users to access future decentralized services.

OBJETIVOS

01 Becoming a "one-stop" user experience benchmark in the re-pledge field

02 Building the safest and most reliable decentralized strategy market

03 This is driving fETH to become a recognized high-quality collateral in the DeFi ecosystem.

04 Achieving full community governance has become the cornerstone agreement for the re-pledged asset management track.

Table of Contents

01. Project Background

1.1 Market Opportunities

The solid foundation of Ethereum staking:

Since the "merger," Ethereum has fully transitioned to a Proof-of-Stake (PoS) consensus mechanism. This has not only made the network more environmentally friendly but has also spawned a massive staking economy exceeding hundreds of billions of dollars. The emergence of Liquidity Staking Tokens (LSTs) initially solved the problem of lost liquidity of staked assets, but as the market matures, the underlying staking yield is gradually stabilizing.

A revolutionary breakthrough in the re-pledge paradigm:

The introduction of the EigenLayer protocol marks the arrival of the "restaking" era. It allows users to restake already staked ETH (or held LST) to secure other applications or networks requiring distributed trust—namely, Active Validation Services (AVS). This enables the "export" and "reuse" of Ethereum's trust, opening up entirely new revenue streams for stakers. Conservative estimates suggest this will create a new market worth tens of billions of dollars, encompassing cutting-edge areas such as data availability layers, decentralized sorters, coprocessors, and alternative virtual machines.

Huge undervalued opportunities:

The restaking market is currently on the verge of explosive growth. Numerous AVS projects are about to launch, and their demand for security creates a rigid need for restaking capital. For stakers, this means an excellent window of opportunity has opened to significantly improve their asset returns.

01. Project Background

1.2 Core Pain Points

Despite the promising prospects, ordinary users and even institutional investors face significant challenges in effectively participating and safely profiting from it:

Cognitive barriers:

Each AVS is a complex technical and economic system. Conducting professional due diligence and technical risk assessment on it is beyond the capabilities of most users.

Cumbersome to operate and costly:

To build a diversified restaking portfolio, users need to perform a series of cumbersome operations on EigenLayer and various AVS websites. This is not only time-consuming and labor-intensive, but also incurs high gas fees.

Risk Concentration and Amplification:

Many users may selectively participate in only one or two seemingly well-known AVSs. This "putting all their eggs in one basket" behavior exposes them to the risks that may arise from a single AVS.

1.3 FusionLido Solution

To address these challenges, FusionLido offers a simple yet powerful solution: building a decentralized liquidity restaking aggregator that abstracts complex operations and provides users with a convenient experience of accessing the optimal global returns with a single click.

Our core philosophy is:

Polymerization	Simplify	Maximizing capital efficiency
We do not create new restaking risks, but rather act as a neutral channel, broadly integrating high-quality AVS from the market. Users no longer need to research each project individually.	The only action users need to take is depositing assets. All subsequent processes will be automated by FusionLido's smart contracts and algorithm engine.	Users will receive a unified liquidity token – fETH. Users will not only enjoy the rights to all underlying yields, but will also be able to freely circulate and use it within the DeFi world.

02. Technical Architecture

The FusionLido protocol's technical architecture aims to build a secure, efficient, and permissionless restaking aggregation layer, providing users with an extremely simplified front-end experience.

2.1 Policy Allocation Engine: The Brain of the Protocol

Data input layer

- **AVS Data Source:** Real-time monitoring of performance metrics for all keys integrated with AVS, such as Total Value Locked (TVL), committed annualized percentage yield (APY), number and distribution of node operators, and penalty history.
- **On-Chain Metrics:** Real-time gas fee costs, MEV (Maximum Extractable Value) yield, and liquidity pool depth are obtained through the oracle network.
- **Community Risk Rating:** A risk rating model jointly maintained by professional auditing firms and community governance is introduced to score each AVS.

Core decision-making logic

- **Risk-Weighted Scoring Model:** Each potential restaking opportunity is assigned a comprehensive risk score, which takes into account its code audit status, economic model stability, degree of centralization, and sensitivity to slashing conditions.
- **Optimal Portfolio Calculation:** The engine uses the principles of modern portfolio theory to calculate the optimal proportion of capital allocation among different AVSs to maximize returns within a given risk tolerance. It does not simply pursue the highest APY, but rather the highest risk-adjusted return.
- **Dynamic Rebalancing Trigger:** When the APY of an AVS changes drastically, its risk score is lowered, or a predetermined rebalancing cycle is reached, the engine automatically triggers asset rebalancing.

Execution layer

- By directly integrating with EigenLayer smart contracts and various AVS contracts, allocation instructions are transformed into actual on-chain transactions, enabling the deployment or migration of assets.

02. Technical Architecture

2.2 fETH: A Liquidity Token with Triple Rewards

fETH serves as the medium for user interaction with the protocol and embodies all accumulated value. We adopted a value-accumulating token model.

Working principle

The exchange rate between fETH and the underlying staked assets (such as stETH) will increase over time.

If a user deposits 1 stETH, and assuming that 1 fETH = 1 stETH at this point, he will receive 1 fETH.

After a period of time, through the accumulation of basic staking rewards, AVS restaking rewards, and protocol incentives, 1 fETH may be able to redeem 1.05 stETH.

This approach keeps the amount of fETH in the wallet stable, but its purchasing power (the underlying asset it can be exchanged for) is constantly growing, making it ideal as collateral in DeFi.

Triple sources of income

Basic Staking Rewards	Restaking Rewards	Protocol Incentives
Native rewards from the Ethereum consensus layer.	Fees and rewards from all AVS payments served by user assets.	A portion of FLD tokens will be distributed as rewards during the protocol's initial launch.

Composability

- As a standard ERC-20 token, fETH can be deposited into any DeFi protocol it is integrated with for lending, providing liquidity, or serving as collateral, thereby accumulating yields.

02. Technical Architecture

2.3 Modular Risk Isolation Vault

To avoid the systemic risk of "all suffering losses," we have completely abandoned the single hybrid fund pool model.

Independent vault design

- Each restaking strategy that has been approved by the community has its own dedicated, independent smart contract vault.

Risk containment mechanism

- Users' deposits do not enter a large public pool; instead, their shares are routed to different vaults according to the instructions of the strategy allocation engine.
- Each vault independently bears all the gains and risks (especially confiscation risk) arising from its specific strategy. If a particular AVS experiences a serious problem leading to the confiscation of its associated vault, the loss will be strictly limited to the assets allocated to that vault.

Upgradeability and flexibility

- The smart contract of a single vault can be upgraded or replaced independently without affecting other vaults, giving the protocol great flexibility and adaptability.

2.4 Security and Decentralized Governance

The core contract will be audited by several top blockchain security companies, and a bug bounty program will be set up to encourage the community to discover potential issues.

The long-term development direction and key parameters of the protocol will be managed by FLD token holders through a decentralized autonomous organization (DAO).

03. Token Economic Model

FusionLido's token economic model is meticulously designed to create a powerful and self-reinforcing value flywheel. This model not only endows the FLD token with real utility value and governance power, but also ensures long-term scarcity and price support through explicit deflationary mechanisms and profit sharing.

3.1 Basic Information about FLD Tokens

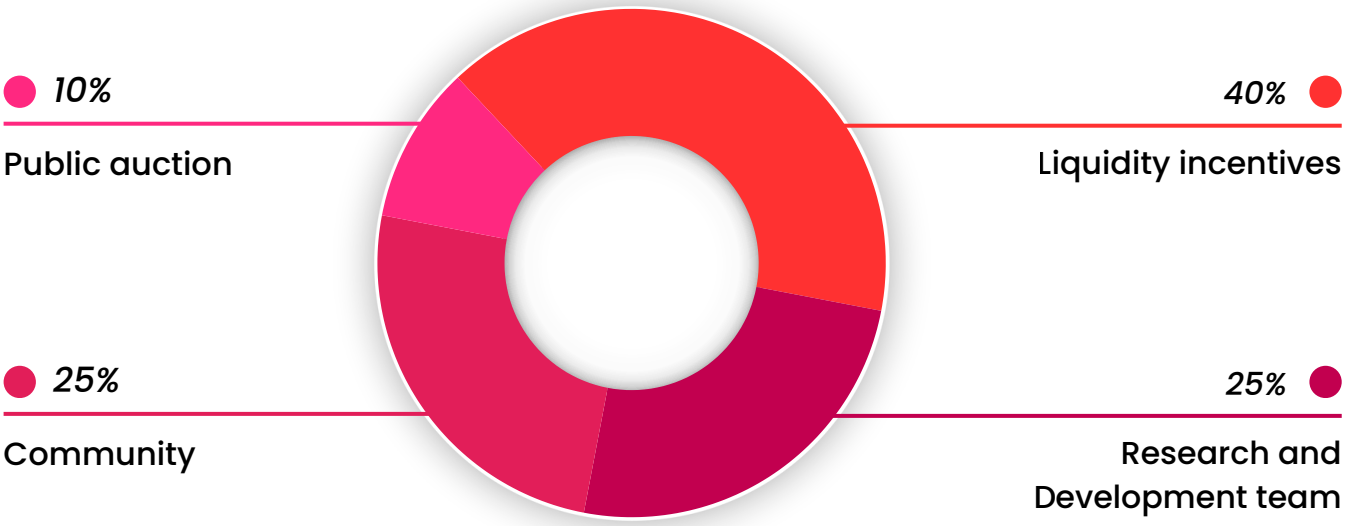
Property	Parameter
Token Name	FusionLido
Token symbol	FLD
Blockchain Network	Ethereum
Token Standards	ERC-20
Total supply	400 million
Initial circulation	Approximately 88 million items (around 22% of the total)
accuracy	18-bit
Contract address	To be determined upon the deployment of the mainnet.

03. Token Economic Model

3.2 Token Allocation and Release Plan

The token allocation aims to balance community incentives, team contributions, and long-term development. The specific allocation ratios are as follows:

Project	Proportion	Quantity	Release guidelines
Liquidity incentives	40%	160,000,000	The 48-month liquidity mining and staking reward initiative will be implemented in a linear fashion.
Research and Development team	25%	100,000,000	12-month lock-up period, followed by linear unlocking over 36 months.
Community	25%	100,000,000	5% will be unlocked during TGE, with the remaining portion released in stages by DAO governance.
Public auction	10%	40,000,000	TGE complete release



03. Token Economic Model

3.3 Core Utility of the Token

Fee Discount and Equity Pledge System

Tiered discount model:

• Pledge 0-10,000 FLD:	Enjoy a 5% reduction.
• Pledge 10,001-50,000 FLD:	Enjoy a 10% reduction.
• Pledge 50,001-200,000 FLD:	Enjoy a 15% reduction.
• Pledge 200,001+ FLD:	Enjoy a capped discount of 20%.

VIP Privilege Channel:

- Large stakers can participate in a dedicated strategy pool
- and have priority access to early staking opportunities with the new AVS.

Hierarchical governance system

Level 1 Governance (Daily Decision-Making)	Level 2 Governance (Major Decisions)
• Added AVS strategy voting • Regular parameter adjustments • Small community funding	• Management fee structure adjustment • Core protocol smart contract upgrade • Major use of treasury funds

Governance weight calculation:

- Base number of votes = Number of FLDs held
- Time bonus = Continuous holding time × 0.1%
- Staking bonus = Staking lock-up period coefficient × 1.2

03. Token Economic Model

3.3 Core Utility of the Token

Strategic Contributor Ecosystem

Strategy submission rewards:

• Strategies for approval:	Rewards of 1,000-5,000 FLD
• The adopted strategy:	Additional bonus starting from 10,000 FLD

Risk Management Bounty:

- Discover and report potential AVS risks: Reward 500-10,000 FLD

3.4 Value Capture and Deflation Mechanisms

Sources of income

• Basic management fee:	A 10% fee will be charged on all total earnings generated through fETH.
• Premium service fee:	Institutional-grade customization strategy: Additional fee of 0.5%-1%
• Cross-chain scaling revenue:	Future profit-sharing mechanisms supporting multi-chain re-staking

Buyback and Destruction of Flywheels

100% of the protocol's revenue is used to periodically buy back FLD tokens on the open market.

The FLD tokens obtained from the buybacks will be processed as follows:

- 50% will be distributed proportionally to all FLD stakers. This provides long-term holders with an additional passive income stream besides discounts, enhancing their willingness to hold tokens.
- 50% will be sent to a burn address and permanently removed from the circulating supply.

04. Application Scenarios

The FusionLido protocol is designed to go beyond simple yield aggregation; it aims to become a multi-layered, composable, open financial infrastructure.

4.1 Targeting individual investors and retail investors

For the vast majority of users who lack the expertise and time, FusionLido offers the most intuitive value proposition.

Participate with one click and enjoy triple benefits

- **Entry:** Users simply deposit their ETH or mainstream LSTs (such as stETH, rETH) into the protocol via a single transaction on the FusionLido interface.
- **Process:** The protocol's backend automatically handles all the heavy lifting: re-staking assets through EigenLayer and allocating funds to a basket of selected AVS according to the strategy engine's instructions.
- **Exit and Value Accumulation:** Users immediately receive fETH. Afterward, they require no further action; the value of their fETH holdings silently grows over time, encompassing all returns from the initial staking, re-staking, and protocol incentives.
- **User Experience Analogy:** This is similar to having a "high-yield, automatically compounded savings account." After depositing funds, users can temporarily "forget" about it, knowing that their assets are working optimally for them in the market.

Improve capital efficiency

As a high-quality collateral	fETH can be deposited as collateral into lending protocols such as Aave and Compound to lend out stablecoins or other assets for consumption, investment, or to provide liquidity, thereby achieving **yield stacking**.
Provide liquidity	Users can create liquidity pairs with fETH and ETH or other tokens and deposit them into decentralized exchanges such as Uniswap V3 and Curve. In addition to earning the yield from fETH itself, users can also earn transaction fees and potential liquidity mining rewards.

Example: A user can deposit their ETH into FusionLido in exchange for fETH, then deposit the fETH into Aave as collateral to borrow USDC, and finally invest the USDC in another interest-bearing protocol. All of this is built on the ever-appreciating asset, fETH.

04. Application Scenarios

4.2 Targeting whales and institutional investors

FusionLido offers more in-depth services to hedge funds, DAO treasuries, or wealthy individuals with substantial pledged assets.

Scalable operations and cost control

Management fees are calculated based on a percentage of returns, and the fees generated by large amounts of assets can be substantial. By staking a large number of FLDs, users can achieve significant savings in platform fees.

Customized strategies and white-label services

Institutions can create customized re-pledge strategy portfolios that meet their specific requirements based on their own risk appetite, through the advanced features of the agreement or by working directly with the team, thereby achieving refined risk management and return objectives.

Institutional-level risk management

The agreement's transparent risk scoring and modular vault design enable institutions to clearly understand their asset exposure and make effective allocations.

4.3 DeFi Protocols and Collaborative Ecosystem

For other DeFi projects, FusionLido is an important partner and traffic portal.

Integrating fETH as collateral:

Lending protocols: For example, Aave's integration of fETH can significantly increase its platform's TVL and trading volume, while providing its users with a novel, high-yield asset option.

Building derivatives and structured products:

Professional DeFi teams can build more complex financial products based on fETH, such as:

Principal-protected notes:
By investing a portion of the funds in low-risk assets and a portion in fETH, investment tools that cater to different risk appetites can be created.

Revenue Aggregator:
Other yield aggregators can directly incorporate fETH into their strategies, thereby indirectly providing users with restaking exposure.

04. Application Scenarios

4.4 For strategy developers and auditors

FusionLido encourages an open strategy development ecosystem.

Contribution strategy to earn rewards

Researchers, analysts, or teams with in-depth knowledge of the restaking ecosystem can submit detailed strategy reports to the FusionLido community, including expected risk-return analysis and relevant audit materials. Once the strategy is adopted and generates returns, contributors will continuously receive FLD token rewards.

Become a node operator

Teams with strong technical capabilities can run nodes and provide services for AVS integrated with the protocol. They can not only receive rewards from AVS itself, but may also receive additional FLD ecosystem incentives.

4.5 Targeting Game Guilds and Metaverse Projects

Use the proceeds from staking for community operations:

- On one hand, fETH itself is constantly appreciating in value.
- On the other hand, they can stake fETH in games as a form of "proof of productivity" to lease or access high-end game assets.
- In this way, guild treasuries achieve "fighting to sustain themselves," using native on-chain revenue to support the expansion and development of their community without having to frequently sell their core assets.

05. Core Competitive Advantages

In the increasingly crowded competition of the liquidity re-staking sector, FusionLido is not just a simple follower. We have established a structural advantage in three dimensions—yield, security, and sustainability—through a unique and difficult-to-replicate combination strategy. This is not merely a matter of piling up features, but a profound reconstruction of the underlying protocol philosophy and economic model.

5.1 Panoramic Revenue Aggregation

Our goal is not to provide the highest APY at any given moment, but to provide the best risk-adjusted return in the long run through dynamic optimization.

Breadth coverage and depth mining

We not only integrate top-tier AVS on EigenLayer, but also actively seek out and integrate emerging AVSs in their early stages with high growth potential. This enables our strategy engine to capture revenue opportunities across different timeframes, whether it's a mature, low-risk data availability layer or an emerging, high-risk, high-reward alternative virtual machine or coprocessor.

Intelligent rebalancing and timing

When an AVS (Advanced Virtual Service) experiences diminishing marginal returns due to TVL (Total Value Limit) saturation, our engine will issue an early warning and gradually shift capital to more attractive new opportunities. This proactive approach prevents user funds from being trapped in strategies with diminishing returns.

Source of income

In addition to the publicly available AVS rewards, we also secure additional airdrop points, token rewards, and priority participation rights for fETH holders through protocol-level partnerships. These "hidden benefits" are usually not noticed by ordinary users, but can be effectively captured by our aggregator.

05. Core Competitive Advantages

5.2 Structural Risk Mitigation

A qualitative shift from "soft isolation" to "hard isolation"

Many competitors claim to have implemented risk isolation, but in reality, they only achieve accounting separation within the same contract (“soft isolation”). FusionLido, on the other hand, achieves true, contract-level “hard isolation” through modular vaults.

Real risk containment

Imagine a scenario where an AVS focused on providing proof services for ZK-Rollups suffers a fatal vulnerability due to the complexity of its cryptographic implementation, leading to massive forfeiture.

In the "soft isolation" model, this penalty could erode or even deplete the "buffer" set up for other AVSs, posing a risk of a chain reaction.

In our hard-isolation model, the impact of this catastrophic event is strictly confined to a dedicated vault set up for this AVS. Funds allocated to other strategies (such as the decentralized sorter oracle) remain unaffected.

Dynamic evolution of risk scoring

Our risk scoring model is not a static blacklist. It dynamically adjusts based on on-chain data (such as abnormal changes in node operator behavior) and community intelligence to provide early warnings of potential risks.

05. Core Competitive Advantages

5.3 Sustainable Deflationary Economy

Level 4 Value Flywheel

- User growth flywheel: fETH high yield & easy to use → TVL growth.
- Agreement Revenue Flywheel: TVL growth → Increased agreement management fee revenue.
- Token Value Flywheel: Increased revenue → Larger-scale FLD buybacks and burns → Increased token scarcity.
- Eco-enhancing flywheel: Increased token value → attracts more users and developers → drives further growth of TVL.

Strong deflationary expectations

Unlike many projects that use only a small portion of their revenue for buybacks, we use 100% of our revenue for buybacks, and half of that is permanently burned. This mathematically creates sustained deflationary pressure, especially during periods of rapid revenue growth for our protocols.

5.4 Community Safety Culture

Strategy Contribution Rewards

We have established a clear bonus pool and adoption process to encourage white-hat hackers, researchers, and academics to identify risks and contribute strategies for us.

Decentralized crisis response

In the event of a major security alert, the DAO can quickly activate its contingency plan, such as temporarily freezing affected vaults and voting on whether to use the risk buffer fund for compensation. This mechanism avoids the lengthy decision-making chains found in traditional corporate structures, enabling faster protection of user assets.

05. Core Competitive Advantages

5.5 Competitive Landscape Benchmarking Analysis

Dimension	EigenLayer	Puffer Finance	FusionLido (FLD)
Revenue stream	Restricted AVS alternatives	Emphasize native staking alongside proprietary technology.	Tripartite revenue consolidation and dynamic optimization
Risk Management	The user accepts complete responsibility.	Collaborative security pool	Modular hard-isolation vault
Token value	No token	Relying on PUF tokens.	A definitive repurchase deflation model
Community Function	Adhere to official directives.	Restricted governance	Profoundly Engaged Symbiotic Ecosystem
Core barrier	First-mover advantage, network effect	Native staking optimization technology	A synthesis of structural advantages

06. Development Roadmap

Phase 1: Product Validation Period (Q3-Q4 2025)

Key technology milestones:

Completed full-featured integration with the EigenLayer mainnet

Deployed the Strategy Allocation Engine V1, Modular Vault, and fETH token contracts

Successfully integrated 3-5 rigorously selected AVS systems

Market and Ecosystem Achievements:

The total value locked(TVL) in the agreement exceeded US$100 million.

Build a community base with over 5,000 active addresses.

Establish stable fETH/ETH liquidity pools on major DEXs.

Phase 2: Expansion Phase (Q1-Q2 2026)

Key technology milestones:

Released Strategy Allocation Engine V2, introducing an improved risk assessment algorithm.

Achieve deep integration of fETH with 2-3 mainstream lending protocols

Market and Ecosystem Achievements:

TVL achieved a fivefold increase, reaching $500 million.

Launching the FLD staking system to offer fee discounts

Establish a community governance forum and launch an off-chain governance mechanism.

06. Development Roadmap

Phase 3: Ecological Deepening Period (Q3-Q4 2026)

Key technology milestones:

Complete the full deployment of the DAO governance system

Transfer control of key parameters to the community

Launching a proof-of-concept for interest rate derivatives based on fETH

Market and Ecosystem Achievements:

Establish a sound community governance system

Establish a stable revenue model

Complete the design of the cross-chain restaking module

Phase 4: Multi-Chain Leadership Phase (2027+)

Key technology milestones:

Cross-chain restaking module testnet launched

Achieve integration with at least two mainstream Layer 2 networks.

Market and Ecosystem Achievements:

TVL remains firmly in the top three of the re-pledged track.

fETH has become a widely accepted high-quality collateral in the DeFi ecosystem.

Forming a complete re-pledged financial service ecosystem

07. Responsibilities and Risks

7.1 Technical Risks

Smart contract vulnerabilities are the primary threat facing the project. Although the protocol has undergone multiple security audits, including those by PeckShield and CertiK, the complexity of blockchain technology means that the possibility of potential vulnerabilities cannot be completely ruled out.

To address this risk, we have implemented multiple defensive measures: a $1.5 million bug bounty program to incentivize global security researchers to assist in identifying potential issues; and a time-lock mechanism for critical contracts to provide sufficient emergency response time for the core team and community.

Protocol dependency risks also warrant close attention. FusionLido's operation is heavily reliant on the stability of EigenLayer and other underlying infrastructure. Failures or upgrades of any underlying service could impact the protocol's normal operation in the short term. Therefore, we have established a comprehensive technical monitoring system to track the operational status of all dependent components in real time and maintain close technical collaboration with these projects to ensure timely support in case of issues.

7.2 Financial Risks

Forfeiture risk constitutes one of the most destructive financial threats. User funds could face direct losses in the event of serious problems with AVS or node operators. To mitigate this risk, we have established an initial risk buffer fund of $2 million and are actively exploring partnerships with professional insurance companies to develop targeted forfeiture insurance products.

Liquidity risk manifests as a potential deviation of fETH from the net asset value of its underlying assets. This deviation can be exacerbated, especially during periods of high market volatility. To maintain price stability, we have established deep partnerships with major decentralized exchanges and implemented dedicated dynamic market-making strategies to ensure adequate liquidity across various market conditions.

07. Responsibilities and Risks

7.3 Operational and Regulatory Risks

Regulatory uncertainty is a significant challenge currently faced by the industry. The regulatory attitudes and legal definitions of re-pledged transactions worldwide are still evolving. We have assembled a professional compliance team comprised of lawyers from the US and Singapore, and established a global real-time monitoring system for regulatory dynamics to ensure that our agreements operate within a legal and compliant framework.

Regarding geographical access, we strictly enforce KYC/AML procedures and have established an IP-based geographical restriction system to prevent providing services in unauthorized jurisdictions.

7.4 Emergency Response and User Protection System

We have established a three-tiered, comprehensive risk protection network:

- First, a risk reserve fund directly deducted from agreement revenue;
- Second, a community-driven mutual insurance pool;
- Finally, additional protection obtained through commercial insurance.

The organic combination of these three protective mechanisms forms a relatively complete risk management system.

Regarding transparency, we solemnly promise to regularly publish monthly verification of our agreement reserves by authoritative third-party institutions, and to publish quarterly comprehensive reports containing detailed financial data and risk management information.

Of particular note is that we recently launched a protocol security enhancement program, which focuses on strengthening research and prevention of new attack vectors.

Risk Notice: Please note that participating in re-pledged investments may result in the loss of principal. It is recommended to use only funds within your risk tolerance. This agreement does not guarantee or promise any investment returns, and all investment decisions should be based on your independent judgment.