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SMART CONTRACT CODE REVIEW AND SECURITY ANALYSIS REPORT

Customer: SDAO
Date: September 30th, 2022

Document

Name	Smart Contract Code Review and Security Analysis Report for SDAO
Approved By	Evgeniy Bezuglyi | SC Audits Department Head at Hacken OU
Type	LP tokens system
Platform	EVM
Network	Ethereum, BSC
Language	Solidity
Methods	Manual Review, Automated Review, Architecture Review
Website	https://singularitydao.ai/
Timeline	01.09.2022 - 30.09.2022
Changelog	20.09.2022 - Initial Review 30.09.2022 - Second Review

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Introduction

Hacken OÜ (Consultant) was contracted by SDAO (Customer) to conduct a Smart Contract Code Review and Security Analysis. This report presents the findings of the security assessment of the Customer's smart contracts.

Scope

The scope of the project is smart contracts in the repository:

Initial review scope
Repository:
> https://github.com/Singularity-DAO/DynasetForge
Commit:
> 29059274c4b78cb9ea85683129bdbdfcc5a8ea17
Documentation:
> Functional requirements

Integration and Unit Tests: Yes
Contracts:
File: ./contracts/AbstractDynaset.sol
SHA3: bb447a424a0b10530f611b7efdf2a404c8938b3fe6b17471c11f86e3331810b6

File: ./contracts/AbstractDynasetFactory.sol
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File: ./contracts/interfaces/IDynasetTvlOracle.sol
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File: ./contracts/interfaces/IUsdcOracle.sol
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Second review scope
Repository:
> https://github.com/Singularity-DAO/DynasetForge
Commit:
> 58d76819f83b4aefecb43d889677807667ac3fcc
Documentation:
> Functional requirements

> Functional requirements

Integration and Unit Tests: Yes
Contracts:
File: ./contracts/AbstractDynaset.sol
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SHA3: 8dbd0715ab4e0c8a16b95e77dd086152b9dd9208ffb40d3da7335d49a8805473

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SHA3: 3ae7232a52f4fdd452fe1ddf50ef514ba976bf4accaca55894eeb9f8248a4fc5

File: ./contracts/DynasetDydx.sol
SHA3: ecfc9c8712c8dba96ecac1105aab06e12f9050b738c062ec56053b87f6d94a88

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File: ./contracts/interfaces/IUniswapV2Pair.sol
SHA3: 494ba4054b5f2c0e85c0d9880e54d8c4262c2b699094bca9badc74e006ee24bb

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SHA3: db9e2aea72ba9a85fe8cb17559d0e2f0a21270a3677316286ddbc6e1948f3217

File: ./contracts/interfaces/IUsdcOracle.sol
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File: ./contracts/libs/PriceLibrary.sol
SHA3: 7395b7903ed9476bad272281db50358c5519fe3fba57d5596c73ae1646bb41fb

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SHA3: f16ae90bc00c408507a1b812a0225b6048fcdb9ce54512006ef34cdfcef2087a


File: ./contracts/recipe/UniswapV2Library.sol
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```

Severity Definitions

Risk Level	Description
Critical	Critical vulnerabilities are usually straightforward to exploit and can lead to assets loss or data manipulations.
High	High-level vulnerabilities are difficult to exploit; however, they also have a significant impact on smart contract execution, e.g., public access to crucial functions.
Medium	Medium-level vulnerabilities are important to fix; however, they cannot lead to assets loss or data manipulations.
Low	Low-level vulnerabilities are mostly related to outdated, unused, etc. code snippets that cannot have a significant impact on execution.

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Executive Summary

The score measurement details can be found in the corresponding section of the scoring methodology.

Documentation quality

The total Documentation Quality score is **10** out of **10**. Functional requirements are provided. A technical description is provided as comments in the code.

Code quality

The total Code Quality score is **7** out of **10**. Redundant declarations and code duplications were found. Tests were provided. Integration Hardhat tests coverage is **60%**; **14%** for Hardhat unit tests coverage, and **18%** for Truffle tests.

Architecture quality

The architecture quality score is **10** out of **10**. The Truffle is provided as a development environment; it implements deployment scripts and tests (The Hardhat is used for tests as well.)

Security score

As a result of the audit, the code contains **3** low severity issues. The security score is **10** out of **10**.

All found issues are displayed in the "Findings" section.

Summary

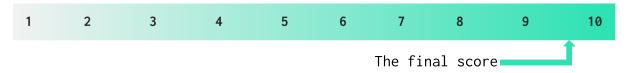According to the assessment, the Customer's smart contract has the following score: **9.7**.

1	2	3	4	5	6	7	8	9	10

The final score ⟶

Table. The distribution of issues during the audit

Review date	Low	Medium	High	Critical
19 September 2022	7	0	2	3
30 September 2022	3	0	0	0

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Checked Items

We have audited provided smart contracts for commonly known and more specific vulnerabilities. Here are some of the items that are considered:

Item	Type	Description	Status
Default Visibility	SWC-100 SWC-108	Functions and state variables visibility should be set explicitly. Visibility levels should be specified consciously.	Passed
Integer Overflow and Underflow	SWC-101	If unchecked math is used, all math operations should be safe from overflows and underflows.	Not Relevant
Outdated Compiler Version	SWC-102	It is recommended to use a recent version of the Solidity compiler.	Passed
Floating Pragma	SWC-103	Contracts should be deployed with the same compiler version and flags that they have been tested thoroughly.	Passed
Unchecked Call Return Value	SWC-104	The return value of a message call should be checked.	Passed
Access Control & Authorization	CWE-284	Ownership takeover should not be possible. All crucial functions should be protected. Users could not affect data that belongs to other users.	Passed
SELFDESTRUCT Instruction	SWC-106	The contract should not be self-destructible while it has funds belonging to users.	Not Relevant
Check-Effect-Interaction	SWC-107	Check-Effect-Interaction pattern should be followed if the code performs ANY external call.	Passed
Assert Violation	SWC-110	Properly functioning code should never reach a failing assert statement.	Passed
Deprecated Solidity Functions	SWC-111	Deprecated built-in functions should never be used.	Passed
Delegatecall to Untrusted Callee	SWC-112	Delegatecalls should only be allowed to trusted addresses.	Passed
DoS (Denial of Service)	SWC-113 SWC-128	Execution of the code should never be blocked by a specific contract state unless it is required.	Passed
Race Conditions	SWC-114	Race Conditions and Transactions Order Dependency should not be possible.	Passed
Authorization	SWC-115	tx.origin should not be used for	Passed

through tx.origin		authorization.	
Block values as a proxy for time	SWC-116	Block numbers should not be used for time calculations.	Passed
Signature Unique Id	SWC-117 SWC-121 SWC-122 EIP-155	Signed messages should always have a unique id. A transaction hash should not be used as a unique id. Chain identifier should always be used. All parameters from the signature should be used in signer recovery	Not Relevant
Shadowing State Variable	SWC-119	State variables should not be shadowed.	Passed
Weak Sources of Randomness	SWC-120	Random values should never be generated from Chain Attributes or be predictable.	Not Relevant
Incorrect Inheritance Order	SWC-125	When inheriting multiple contracts, especially if they have identical functions, a developer should carefully specify inheritance in the correct order.	Passed
Calls Only to Trusted Addresses	EEA-Level-2 SWC-126	All external calls should be performed only to trusted addresses.	Passed
Presence of unused variables	SWC-131	The code should not contain unused variables if this is not justified by design.	Failed
EIP standards violation	EIP	EIP standards should not be violated.	Passed
Assets integrity	Custom	Funds are protected and cannot be withdrawn without proper permissions.	Passed
User Balances manipulation	Custom	Contract owners or any other third party should not be able to access funds belonging to users.	Passed
Data Consistency	Custom	Smart contract data should be consistent all over the data flow.	Passed
Flashloan Attack	Custom	When working with exchange rates, they should be received from a trusted source and not be vulnerable to short-term rate changes that can be achieved by using flash loans. Oracles should be used.	Passed
Token Supply manipulation	Custom	Tokens can be minted only according to rules specified in a whitepaper or any other documentation provided by the customer.	Passed
Gas Limit and Loops	Custom	Transaction execution costs should not depend dramatically on the amount of	Passed

		data stored on the contract. There should not be any cases when execution fails due to the block Gas limit.	
Style guide violation	**Custom**	Style guides and best practices should be followed.	Passed
Requirements Compliance	**Custom**	The code should be compliant with the requirements provided by the Customer.	Passed
Environment Consistency	**Custom**	The project should contain a configured development environment with a comprehensive description of how to compile, build and deploy the code.	Passed
Secure Oracles Usage	**Custom**	The code should have the ability to pause specific data feeds that it relies on. This should be done to protect a contract from compromised oracles.	Passed
Tests Coverage	**Custom**	The code should be covered with unit tests. Test coverage should be 100%, with both negative and positive cases covered. Usage of contracts by multiple users should be tested.	Failed
Stable Imports	**Custom**	The code should not reference draft contracts, that may be changed in the future.	Passed

System Overview

DynasetDydx is an actively managed multi-asset on-chain crypto investment system with the following contracts:

- *AbstractDynaset* — is an abstract contract with the base Dynaset functionality. The contract is an ERC-20 token. Token`s name and symbol are defined when the contract deployment, the total supply is unlimited. The contract allows depositing tokens in appropriate weights for each token to get the desired amount of the Dynaset tokens. Resulting Dynaset share is calculated according to the sum of UDS prices of deposited tokens to the total deposited tokens in USD ratio (Uniswap oracle). The Dynaset tokens can be redeemed: the appropriate amounts of the tokens in the pool will be transferred to the user during the redeeming, and the Dynaset tokens will be burnt. The addresses should be allowed to deposit and redeem tokens.

- *DynasetDydx* — is a contract that inherits the *AbstractDynaset* contract. The functionality of the contract allows the user with the *digitalAssetManager* role to withdraw and deposit ERC-20 tokens from contract.

- *AbstractDynasetFactory* — is an abstract contract with the base DynasetFactory functionality for managing *Dynaset* contracts (*Dynaset*s creation is not implemented in this contract).
  The functionality allows the owner to collect fees from the *Dynaset*:
  - Performance fee: the fee is the defined percentage of the total amount of tokens in the contract in USD (up to 25%, is defined for each *Dynaset* contract when initialization). The fee collected is transferred to the contract in USD tokens. Fee collecting can be triggered once a month.
  - Management fee: the fee is the defined percentage from the year's total amount of tokens in the contract in USD (up to 5%, is defined for each *Dynaset* contract when initialization): the amount of calculated fee is multiplied by the amount of time since the last fee collection and is divided by the year time. Fee collecting can be triggered once a month, together with the performance fee.

  The owner can withdraw tokens from the contract to the defined deployment address. The owner can create a snapshot for each *Dynaset*: the total amount of tokens in the contract in USD at that moment will not be considered in the fee calculations. The owner sets and updates the oracles (*DynasetTvlOracle*) for each *Dynaset* that are used for the fee calculations. The fees are transferred to the defined *gnosis* address.

- *DynasetDydxFactory* — is a contract that inherits the *AbstractFactory* contract and allows the creation of *Dynasets.*

- *DynasetTvlOracle* — is a contract that interacts with oracle (*UsdcOracle* contract), obtains USD prices for Dynasets and underlying

tokens, allows to update tokens prices, used in the *AbstractDynaset*, *AbstractDynasetFactory*, *DirectForge* and ForgeV1 contracts.

- *UniswapV2Library* — is a library with helper methods for the Uniswap oracle, used in the *Uniswapv2Oracle* and *PriceLibrary* contracts.
- *PriceLibrary* — is a library that helps to retrieve and aggregate data from the Uniswap oracle, used in the *Uniswapv2Oracle* contract.
- *FixedPoint* — is a library for handling binary fixed-point numbers, used in the *Uniswapv2Oracle*, *PriceLibrary*, *UniswapV2OracleLibrary* contracts.
- *UniswapV2OracleLibrary* — is a library with helper methods for the Uniswap oracle, used in the *PriceLibrary* contract.
- *DToken* — is an ERC-20 token contract, inherited by the *AbstractDynaset* contract.
- *DTokenBase* — is a contract with base ERC-20 token functional, inherited by the *DToken* contract.
- *BConst* — is a helper contract that contains constants, used in the *BNum* contract.
- *BNum* — is a contract that contains the functional for calculations, used in the *AbstractDynaset* contract.
- *UsdcOracle* — is a contract that interacts with the oracles, obtains prices and allows to update oracles. The contract contains the preferred oracle; the user with the *ORACLE_ADMIN* role adds fallback oracles to the contract; when obtaining prices, they are requested from all the oracles in turn until the stale (2 days initially, can be changed by the user with the *ORACLE_ADMIN* role) price is returned.
- *Uniswapv2Oracle* — is a contract that allows getting prices of tokens from the Uniswap V2 oracle. The contract provides average token prices that are measured using the recent and historical prices.

  The prices for tokens can be obtained after the defined deployment time *periods*. All the prices are stored in the contract state (in USDC for WETH, and in the WETH for all the other tokens). The average token prices are measured using the current token price received from the oracle and the previously obtained one if it is at least half a *period* older than now and at most 2 *periods* older.

- *Uniswapv3Oracle* — is a contract that allows getting prices of tokens from the Uniswap V3 oracle.
- *ChainlinkOracle* — is a contract that allows getting prices of tokens from the Chainlink oracle.
- *IDynaset* — is an interface for the *Dynaset* contract, used in the *DynasetTvlOracle* contracts.
- *IDynasetContract* — is an interface for the *Dynaset* contract, inherited by the *AbstractDynaset,* used in the *AbstractDynasetFactory* contract.

- *IDynasetTvlOracle* — is an interface for the *DynasetTvlOracle* contract, inherited by the *DynasetTvlOracle* contract, used in the *AbstractDynaset, AbstractDynasetFactory, DynasetTvlOracle* contracts.
- *IERC20* — is an interface for the ERC-20 tokens, inherited by the *DToken*, *IDynaset,* contracts.
- *IUniswapV2Pair* — is an interface for Uniswap pair, used in the *AbstractDynaset*, *UniswapV2OracleLibrary*, *UniswapV2Library* contracts.
- IUniswapV2Router — is an interface for Uniswap router, used in the *AbstractDynaset* contracts.
- *IUsdcOracle* — is an interface for USDC oracle, inherited by the *UsdcOracle*, *Uniswapv3Oracle*, *Uniswapv2Oracle*, *ChainlinkOracle* contract, used in the *DynasetTvlOracle* contract.

Privileged roles

- The *AbstractDynaset* and *DynasetDydx* contracts have privileged roles of controller, factory and digitalAssetManager:
  - The controller can set addresses that can deposit and redeem tokens.
  - The factory can initialize the contract, withdraw fees and set the oracle address.
  - The digitalAssetManager can add and remove pool tokens (remove when the token balance in the contracts is 0).
- The digitalAssetManager of the *DynasetDydx* contract can withdraw tokens from the pool and deposit them.
- The owner of the *AbstractDynasetFactory* and *DynasetDydxFactory* contracts can initialize *Dynaset* contracts, collect and withdraw fees from them, set and update *DynasetTvlOracle* contracts for *DynasetDydx* contracts, update the gnosis address (address where the fees are transferred to).
- The owner of the *DynasetDydxFactory* contract can create *DynasetDydx* contracts.
- The *ORACLE_ADMIN* role of the UsdcOracle contract allows to set fallback oracles and stale price period, and pause the oracles.
- The *ORACLE_ADMIN* role of the *Uniswapv3Oracle* contract allows to set the Uniswap fee.

Risks

- In the *Uniswapv2Oracle* contract, the average prices are computed using the current and previously manually obtained token prices; they should have the correct time gap between each other. Therefore, it is impossible to get the average prices when the token price has been obtained the first time and the time period has not passed, or when the token price has not been updated in time and the required time period   has   expired.

(https://docs.uniswap.org/protocol/V2/guides/smart-contract-integration/building-an-oracle#oracle-maintenance)

- Despite the documentation specifying that there are AI contracts to manage the funds based on the profit forecasts, the project does not contain any AI contracts. (It is impossible to run AI on the blockchain)
- If the calculated fee amount in the *DynasetDydxFactory* is greater than the USD balance on the *DynasetDydx* contract, it would be impossible to collect the fee.
- The user with the digitalAssetManager role of the *DynasetDydx* contract can withdraw tokens from the pool.

Findings

■■■■ Critical

1. Denial of Service vulnerability

When obtaining the prices from the *fallbackOracles*, for the *price* and *observation* values assignment, the *value > value* condition is checked, which always returns *false*.

Therefore, the prices from *fallbackOracles* can not be obtained.

Path: ./contracts/oracles/UsdcOracle.sol : getPrice()

Recommendation: replace the *value > value* condition with *value > 0*, or fix the logic in another required way, and ensure that prices from *fallbackOracles* can be obtained.

Status: Fixed (Revised commit: 58d76819f83b4aefecb43d889677807667ac3fcc)

2. Denial of Service vulnerability

Functions *updateTokenPrices* of *ChainlinkOracle* and *Uniswapv3Oracle* do not update tokens prices, and *canUpdateTokenPrices* functions return *false* value.

Therefore, these oracles are inoperable and cannot provide prices for *UsdcOracle* contract.

Paths: ./contracts/oracles/ChainlinkOracle.sol : canUpdateTokenPrices(), updateTokenPrices(); ./contracts/oracles/Uniswapv3Oracle.sol : canUpdateTokenPrices(), updateTokenPrices()

Recommendation: ensure that *ChainlinkOracle* and *Uniswapv3Oracle* contract can provide tokens prices for the *UsdcOracle* contract.

Status: Fixed (Revised commit: 58d76819f83b4aefecb43d889677807667ac3fcc)

3. Flashloan attack

Uniswapv3Oracle and Uniswapv2Oracle contracts use Uniswap router for the prices obtaining.

The prices in the Uniswap may be disbalanced using the flashloan, and the price may be manipulated.

Paths: ./contracts/oracles/Uniswapv3Oracle.sol, ./contracts/oracles/Uniswapv2Oracle.sol

Recommendation: do not the current price for the price calculation, replace the arithmetic mean with the geometric mean in the *Uniswapv2Oracle*.

Status: Mitigated (The Customer comment: "The oracles are taking the average price of two observations at least a minimal observation period in the past. Which means an attacker needs to manipulate the price over several minutes without it getting arbitraged. A flashloan has zero effect on such oracles.")

■■■ High

1. Requirements violation; Denial of Service vulnerability

Function *updateTokenPrices* runs over *fallbackOracles* array to update tokens prices, but the tokens for the *preferredOracle* are not updated.

Therefore, tokens may be un-updated or not updated in time, leading to the inoperability of the oracle.

Path: ./contracts/oracles/UsdcOracle.sol : updateTokenPrices()

Recommendation: ensure that all the token prices are updated.

Status: Mitigated (The Customer comment: "Works as designed. Since chainlink oracle is used as preferred oracle. The oracles do provide prices even when we don't update them explicitly. Even when the prices are not updated in the preferred oracle, it will return the fallback oracle.")

2. Unsecure oracles usage

The *UsdcOracle* contract does not allow to remove oracles it relies on (*preferredOracle*, *fallbackOracles*).

Therefore, if the oracle is compromised, it will be impossible to pause it.

Path: ./contracts/oracles/UsdcOracle.sol : preferredOracle, fallbackOracles

Recommendation: add the ability to pause oracles.

Status: Fixed (Revised commit: 58d76819f83b4aefecb43d889677807667ac3fcc)

■■ Medium

No medium severity issues were found.

■ Low

1. Boolean equality

The values are compared to *true* and *false* instead of a direct boolean check.

Path: ./contracts/AbstractDynaset.sol : joinDynaset(), exitDynaset();

Recommendation: remove the boolean equality.

Status: Fixed (Revised commit: 58d76819f83b4aefecb43d889677807667ac3fcc)

2. Redundant role

The *ORACLE_ADMIN* roles of the *DynasetTvlOracle*, *Uniswapv2Oracle*, *ChainlinkOracle* contracts are never used.

Paths: ./contracts/DynasetTvlOracle.sol : ORACLE_ADMIN; ./contracts/oracles/Uniswapv2Oracle.sol : ORACLE_ADMIN; ./contracts/oracles/ChainlinkOracle.sol : ORACLE_ADMIN;

Recommendation: remove the redundant roles.

Status: Reported

3. Never used functions

There are never used functions in the contracts.

Unused code decreased the code readability.

Paths: ./contracts/libs/FixedPoint.sol : encode(), encode144(), div(), decode(); ./contracts/balancer/BNum.sol : bpow(), bpowApprox(), bdiv(), bsubSign(), badd(), bsub(), bpowi(), bfloor(), btoi();

Recommendation: remove never used functions.

Status: Reported

4. Never used variables

The contract contains variables that are never used.

Unused code decreased the code readability.

Paths: ./contracts/balancer/BConst.sol : WEIGHT_UPDATE_DELAY, WEIGHT_CHANGE_PCT, MIN_FEE, MAX_FEE, EXIT_FEE, MAX_IN_RATIO, MAX_OUT_RATIO
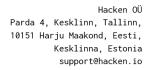
Recommendation: remove the redundant code.

Status: Reported

5. Redundant imports

The contracts contain imports that are not used.

Unused code decreases the code readability.

Paths: ./contracts/AbstractDynasetFactory.sol : "@openzeppelin/contracts/utils/math/SafeMath.sol"; ./contracts/AbstractDynaset.sol : "./interfaces/IUniswapV2Pair.sol", "./interfaces/OneInchAggregator.sol";

```
./contracts/DynasetDydxFactory.sol                                        :
"./interfaces/IDynasetContract.sol"
```

Recommendation: remove the redundant imports.

Status: Fixed (Revised commit: 58d76819f83b4aefecb43d889677807667ac3fcc)

6. Default visibility usage

There is variable default visibility usage.

The explicit visibility makes it easier to catch incorrect assumptions about who can access the variable.

Path: ./contracts/oracles/UsdcOracle.sol : staleOraclePeriod

Recommendation: define the visibility explicitly.

Status: Fixed (Revised commit: 58d76819f83b4aefecb43d889677807667ac3fcc)

7. Missing zero addresses validations

The parameters *tokens* and *tokenProvider* are not checked for a non-zero value.

This can lead to unwanted external calls to 0x0.

Path: ./contracts/AbstractDynaset.sol : initialize

Recommendation: add the zero address checks.

Status: Fixed (Revised commit: 58d76819f83b4aefecb43d889677807667ac3fcc)

Disclaimers

Hacken Disclaimer

The smart contracts given for audit have been analyzed by the best industry practices at the date of this report, with cybersecurity vulnerabilities and issues in smart contract source code, the details of which are disclosed in this report (Source Code); the Source Code compilation, deployment, and functionality (performing the intended functions).

The report contains no statements or warranties on the identification of all vulnerabilities and security of the code. The report covers the code submitted to and reviewed, so it may not be relevant after any modifications. Do not consider this report as a final and sufficient assessment regarding the utility and safety of the code, bug-free status, or any other contract statements.

While we have done our best in conducting the analysis and producing this report, it is important to note that you should not rely on this report only — we recommend proceeding with several independent audits and a public bug bounty program to ensure the security of smart contracts.

English is the original language of the report. The Consultant is not responsible for the correctness of the translated versions.

Technical Disclaimer

Smart contracts are deployed and executed on a blockchain platform. The platform, its programming language, and other software related to the smart contract can have vulnerabilities that can lead to hacks. Thus, Consultant cannot guarantee the explicit security of the audited smart contracts.