Below you will find the May 2023 update on Maker's Real-World Asset exposure. Please note that for the deal-specific sections, the data is current through May month-end and June's data will be included in the next RWA report.

All MakerDAO RWA transactions are accounted for and summarized below.

Overview

[

1765×940 112 KB

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Maker's RWA balance moved up significantly in May with the deployment of additional Dai from the Monetalis Clydesdale vault. Including the stablecoins that are generating Stability Fees, RWAs now stand at 2.34bn Dai.

RWAs continue to comprise the vast majority of Maker's Stability Fees. In May, RWAs made up 79.7% of all Stability Fees generated by the protocol (up from 72.6% in April). Year to date, RWAs (including stablecoin income) have generated 78.5% of the total Stability Fees for Maker.

A summary of Maker's RWA exposure over time is shown in the chart below:

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Monetalis Clydesdale (RWA-007)

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The Monetalis Clydesdale vault drew an additional 560mm Dai in May. 33% of the vault's assets are 0-1yr treasury ETFs (IB01), 14% are 1-3yr treasury ETFs (IBTA), and the remaining 53% is in a 0-6 month Treasury ladder. As of the end of the month, there is also a cash balance of roughly 55mm that will be moved into T-Bills in June.

The data in the above dashboard is limited to on-chain activity and the information provided in Monetalis's monthly reporting, which can be found in their Documenation HQ forum thread.

Huntingdon Valley Bank (RWA-009)

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Maker's loan balance in the participation didn't change much throughout the month, remaining at roughly $30mm. The cash balance is sitting in eligible cash-like investments and generating proceeds to the trust.

To see the full Portfolio and Concentration report, click here

[Note: The Portfolio and Concentration report loan balances will differ slightly from the loan balance shown in the above dashboard. The dashboard uses actual funded cashflows as reported by Ankura, while the loan-level detail is provided by HVB and reflects both Maker's funded and unfunded loan balance]

BlockTower Credit (RWA-012 - RWA-013)

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BlockTower drew another 6mm Dai in May and continued to increase utilization of their second vault. Like the initial vault, this one has also been designated for structured products. BlockTower is satisfying all covenants and the Strategic Finance team will continue to monitor the pool as assets are added.

Additionally, in order to simplify their operations with respect to the vaults, BlockTower has requested (and was since approved) to move the available debt ceiling from RWA010 and RWA011 to RWA012. With this change in effect, BlockTower's RWA012 vault now has a debt ceiling of 80mm Dai. While this parameter shift has minimal impact to Maker, it does marginally improve Maker's loan security as there is now additional cross-collateralization and diversity supporting the loan.

Additional detail on BlockTower's vaults can be found in their monthly reporthere

New Silver (RWA-002)

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The New Silver deal continues to perform steadily and maintain a high-quality pool of collateral to support the vault's Drop token.

As of the end of May, one covenant (single state exposure) is failing by ~6%. New Silver is still not generating new loans as they are effectively restricted by the co-investor ratio, which is passing by a small margin. As a result, the vault balance is steadily declining. We do not view the breach in the single state exposure covenant to be a cause for concern with respect to the security of the Drop token.

New Silver and its lawyers are finalizing the legal documents for the proposed upsize and restructuring of the vault. The Strategic Finance team's review is progressing concurrently and we have begun drafting our assessment.

6s Capital Partners (RWA-001)

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In May, a new loan was made for $5.2mm and a previous loan of $1.35mm was repaid. The current loan balance now stands at $12.7mm. As a reminder, the collateral in this transaction is a portfolio of senior loans to single-tenant commercial leases construction projects.

The estimated total net Stability Fees for the transaction went down by slightly this month as Trustee fees were paid from the trust.

6s recently published its Q1 report, which shows the loan funds deployed into three different commercial developments, each of which is performing and meeting the relevant covenants.

As a reminder, the on-chain data for the 6s Capital transaction does not accurately reflect the realistic Dai balance or accrued Stability Fees of the vault. While the on-chain data continually accrues a 3% Stability Fee on the Dai in circulation, the actual borrower (6s Capital Partners) is only obligated to pay interest for the time that capital is drawn from the real-world trust (RWA Senior Lending Trust).

Fortunafi (RWA-005)

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Fortunafi's debt position decreased by about 260k to roughly 5.8mm Dai as of the end of May 2023. This loan remains backed by a portfolio of Revenue Based Financing assets, in which each asset is a loan to a business (typically a small business or SaaS company), itself collateralized by a percentage of that business's gross revenues.

The Drop token serving as Maker's collateral still has ample subordination from the underlying assets and is meeting the overcollateralization ratio tests. The notes initially highlighted in March's report still apply:

- While the dashboard shows that the minimum Fortunafi Tin holdings covenant is not passing, Fortunafi is effectively in compliance with this covenant as a Fortunafi related entity holds an additional 220k Tin tokens, which if considered would bring their Tin share above the minimum threshold
- Two assets in the portfolio (of 17 total assets) are not meeting the YoY Growth Rate covenant (although they are still performing and sending cash to the pool). We've spoken with Fortunafi, and they expect growth for these assets to pick back up in the coming months
- Fortunafi has informed us that the soft covenants as described in the original risk assessment and summarized in the screenshot above do not apply to assets originated by Pipe (one of two asset originators, the other being Corl). Therefore, the above screenshot's soft covenants like Monthly Revenue, Annualized Revenue, and YoY Growth do not reflect Pipe assets. Fortunafi has communicated that these Pipe assets have a generally safer risk profile than Corl assets and do not provide the same data access, which is why they were not contemplated in such covenants. As of May month-end, eight of 17 assets representing 23% of the portfolio are Pipe assets. For these assets we do not have certain data like revenue growth, but one of the eight assets would be failing the Monthly and Annual Revenue soft covenants if it were to apply (although this asset is also still performing well).

Harbor Trade (RWA-004)

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The Harbor Trade transaction has 1.5mm Dai outstanding from the vault as of the end of May.

The vault is currently on pause as its remaining three assets (totaling $2.1mm) are in default. These defaulted assets collateralize the $1.8mm in aggregate Drop token market value and were issued by a single consumer electronics company, which has in turn pledged its receivables as collateral.

The default began in April 2023 and Harbor Trade is currently engaged in a work-out process to recover as much value as possible for the transaction. Harbor Trade is optimistic that the loan will receive a meaningful or full recovery but has advised that the work-out process may take six months or longer, although a quicker resolution is certainly possible.

Unfortunately, we are unable to share publicly the specifics of the work-out process as that information is confidential, but we remain in frequent communication with Harbor Trade and will update the community again as we learn more.

ConsolFreight (RWA-003)

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ConsolFreight drew its first loan from the vault in November of 2021, and the outstanding loan balance sits at 1.4mm Dai as of the end of May, down 400k from the prior month. The loan is ultimately supported by a portfolio of receivables (factoring and reverse factoring) and trade finance assets.

The Drop token serving as Maker's collateral still has ample subordination from the underlying assets and is exceeding the overcollateralization ratio tests, but as mentioned in last month's report, there are a few items worth highlighting:

- There are a number of soft covenants that are currently not passing: the co-investor ratio, maximum single loan exposure, maximum borrower exposure, and maximum country exposure. While these specific covenant breaches do not necessarily indicate deteriorating collateral quality, the portfolio has additional concentration risks that increase the overall risk to the Drop token. In particular, we are monitoring the single borrower exposure as that entity's loan balance represents a significant portion of the total collateral. ConsolFreight is actively working to bring the previously mentioned covenants into compliance.

- The loan balances provided by ConsolFreight and reflected in these covenants represent the initial

loan balance. Some of those balances have been paid down over time, which may improve compliance with the covenants that are not passing. ConsolFreight has indicated that they will provide current

balances in time for June's report, which will give us a better overall picture of portfolio diversification.

Legal disclaimer