Tags: @Aligned_Delegates

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

All MakerDAO RWA transactions are accounted for and summarized below. A few items of note:

- Reporting and full portfolio/ledger for the Andromeda vault is now included
- Fortunafi is now failing the co-investor ratio for the Drop token
- The DAO has approved the reduction of the Harbor Trade debt ceiling to zero as the defaulted asset is in workout

Overview

[

2502×1462 414 KB

](//makerdao-forum-backup.s3.dualstack.us-east-1.amazonaws.com/original/3X/5/7/57769c8b22da9d453e07ea08f4fcc41d260cd3f1.png)

Maker's RWA balance increased about 28mm in June, with gains from Clydedsale, additional vault usage from BlockTower Credit, and the launch of Andromeda. Including the stablecoins that are generating Stability Fees, RWAs now stand at 2.37bn Dai.

RWAs continue to comprise the vast majority of Maker's Stability Fees. In June, RWAs made up 86.2% of all Stability Fees generated by the protocol. Year to date, RWAs (including stablecoin income) have generated 78.8% of the total Stability Fees for Maker.

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

[

794×380 15.5 KB

](//makerdao-forum-backup.s3.dualstack.us-east-1.amazonaws.com/original/3X/4/5/450d070b6609a7fe393061a10e59315aa41ecd36.png)

Monetalis Clydesdale (RWA-007)

For all available information on the current state of Monetalis Clydesdale, please see the reports provided by Monetalis, which can be found in their Clydesdale Vault HQ forum thread.

BlockTower Andromeda (RWA-015)

June saw the launch of the Andromeda vault, with a 2.5mm Dai test deployment drawn in the middle of the month. Andromeda's mandate is to purchase United States Treasury Bills with a maturity of 6 months and in.

Steakhouse has full transparency into the custodial account and is keeping a public portfolio and complete ledger of every transaction

More analytics will be included in the next report once a meaningful pool of assets is purchased.

Huntingdon Valley Bank (RWA-009)

[

2623×1489 262 KB

](//makerdao-forum-backup.s3.dualstack.us-east-1.amazonaws.com/original/3X/9/f/9f890151496523d4a21cfac4376e1679d4937a52.png)

Maker's loan balance in the participation grew by about $3mm in June, reaching a total of nearly $33mm. The cash balance is sitting in eligible cash-like investments and generating proceeds to the trust.

As of the end of June, there is $318,875 in an escrow account waiting to be returned the protocol. This will be sent as soon as the exchange agent for the deal is back online or replaced, which is in process.

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)

[

2567×1469 255 KB

](//makerdao-forum-backup.s3.dualstack.us-east-1.amazonaws.com/original/3X/4/e/4e753138dd3ed4724eec7669233b9eb81fc16ec1.png)

BlockTower drew another 7mm Dai in June 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.

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

6s Capital Partners (RWA-001)

[

747×69 6.83 KB

](//makerdao-forum-backup.s3.dualstack.us-east-1.amazonaws.com/original/3X/2/9/29afc47f2f800c6bc551c9b94c14f9a41b7518c0.png)

No new loan activity in June, and the current loan balance still stands at $12.7mm. The collateral in this transaction is a portfolio of senior loans to single-tenant commercial leases construction projects. Our data for this deal is limited to cash movements in the trust account until the Q2 report is published by 6s next month.

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).

New Silver (RWA-002)

[

1242×722 75.5 KB

](//makerdao-forum-backup.s3.dualstack.us-east-1.amazonaws.com/original/3X/1/3/137ace4517ec6f480dec7ff91ce5c48c7e2a9b6a.png)

[

1316×600 71.1 KB

](//makerdao-forum-backup.s3.dualstack.us-east-1.amazonaws.com/original/3X/7/f/7f27c1009e2e79c7f7b94c30468a0af68fcece88.png)

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 June, one covenant (single state exposure) is failing slightly by ~0.1%. 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.

Steakhouse has completed its risk and legal assessment for the restructuring of the vault. Please see the full post for additional details.

Fortunafi (RWA-005)

[

1536×544 59.7 KB

](//makerdao-forum-backup.s3.dualstack.us-east-1.amazonaws.com/original/3X/6/b/6b8bbd010a4c6b15dfe6f7ebcc2f3a82960d8948.png)

[

765×533 44.8 KB

](//makerdao-forum-backup.s3.dualstack.us-east-1.amazonaws.com/original/3X/d/9/d99faeb15398ac0d6899fe7ed1fd58a6797fd7b3.png)

Fortunafi's debt position remained at 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.

As of this month, Fortunafi is now failing the co-investor ratio covenant for the Drop token. Fortunafi is working to bring this covenant back into compliance.

The Drop token serving as Maker's collateral still has adequate 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)

The Harbor Trade transaction still has 1.5mm Dai outstanding from the vault as of the end of June, and the workout process for the portfolio is ongoing.

Since the last report, the DAO has voted to reduce the debt ceiling in this vault to zero, which should be implemented in the August 2nd executive spell. In the interim, Harbor Trade has confirmed they will not mint any new Drop tokens or make distributions to the Tin.

As a reminder, the vault's 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 workout 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 workout process may take six months or longer, although a quicker resolution is certainly possible.

Unfortunately, Harbor Trade is unable to share publicly the specifics of the workout 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)

[

1543×555 60.6 KB

](//makerdao-forum-backup.s3.dualstack.us-east-1.amazonaws.com/original/3X/0/e/0eea52fa02f3c70f7a288cf9c4aaaafe6aad6524.png)

[

879×603 60 KB

](//makerdao-forum-backup.s3.dualstack.us-east-1.amazonaws.com/original/3X/3/e/3e5fd6bc7571c99afde638386f9f33e772d23105.png)

The outstanding loan balance in the ConsolFreight sits at 1.8mm Dai as of the end of June, up 400k from the prior month. The loan is ultimately supported by a portfolio of receivables (factoring and reverse factoring) and trade finance assets.

As mentioned in prior reports, the soft covenants for co-investor ratio, maximum single loan exposure, maximum borrower exposure, and maximum country exposure are still failing. However, since receiving the accurate current balance on the portfolio (previously we only had the initial

balance), the margins for each have improved and ConsolFreight is continuing to work on bringing them into compliance.

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.

Legal disclaimer