Below you will find the April 2023 update on Maker's Real-World Asset exposure. This report is being published later than our typical cadence after some delays in receiving deal data. We plan to publish future reports closer to month-end. Please note that for the deal-specific sections, the data is current through April month-end and May's data will be included in the next RWA report.

A dashboard and write-up are now included for ConsolFreight, which was the last remaining RWA deal to be included in this report. All MakerDAO RWA transactions are now accounted for and summarized below.

Overview

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Maker's RWA balance moved 77mm higher in April, rising to 776mm Dai at the end of the month. The largest increase was in MIP65 Monetalis Clydesdale, which drew another 62.5mm Dai. BlockTower also borrowed another 15mm Dai as they continue to ramp-up their vaults.

RWAs again comprised the vast majority of Maker's Stability Fees in April. Excluding the income generated from stablecoins in the PSM, RWAs made up 68.9% of this month's fees (down from 79.9% last month). If stablecoin income is included, that share rises slightly to 72.6%. In 2023, RWAs (excluding stablecoin income) have generated 71.2% 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 62.5mm at the end of April, which will be deployed into US Treasury Bills in May. Additionally, 1.27mm Dai were returned to the vault this month, marking Clydesdale's first distribution of Stability Fees back to the protocol since the vault was initially deployed in September of 2022.

Over the course of the month, the 1mo treasury tightened almost 40 basis points, while the 3m widened over 30bps as the market prepared for US debt ceiling negotiations. The 3-year treasury saw less volatility, only coming in 5bps this month. As shown in the dashboard above, about 70% of MIP65 is allocated to 0-1yr treasury ETFs (IB01) with the rest in 1-3yr treasury ETFs (IBTA).

For more information on Monetalis Clydesdale, please refer to Monetalis's reporting in the MIP65 channel of the MakerDAO Discord or their Documenation HQ forum thread

Huntingdon Valley Bank (RWA-009)

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Maker's loan balance in the participation increased by $2mm to $30mm, a small increase over last month's $28mm balance. The remaining 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 (RWA-010 - RWA-013)

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BlockTower drew another 15mm Dai in April and started using the second of their four vaults. 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 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 April, one covenant (single state exposure) is failing by ~4%. 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. 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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No additional loans were drawn from the 6s trust in March, leaving the loan balance at $8.8mm.

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 400k to roughly 6.1mm Dai as of the end of April 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 OC cushion increased 5.5% from last month). The notes highlighted in last months 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 April 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 April. The loan is backed by a portfolio of Supply Chain Finance assets, specifically loans backed by a company's payables or receivables (although only a single borrower currently remains in the portfolio).

The vault usage is currently well below its Debt Ceiling as Harbor Trade struggled to maintain the co-investor ratio for the Drop token (this covenant is currently not passing). The $1.8mm in Drop token market value is currently backed by $2.1mm in loans to a single consumer electronics company, which is in turn collateralized by receivables.

As of April 2023, this consumer electronics company has defaulted on its loans 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 1.8mm Dai as of the end of April. The loan is ultimated 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 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 next month's report, which will give us a better overall picture of portfolio diversification.

Legal disclaimer