



Investment Thesis

Maker MKR

Basic Information

Token type	Governance Token
Price	\$1,176.23
GCCS Classification	Lending, Decentralized Finance, Governance Token
Sector	Decentralized Finance

Source: CoinGecko, Data as of November 4, 2024

Key Metrics

Price Range (1Y)	\$1,049- \$3,964
All-Time High	\$6,292.31
All-Time High Date	3 May 2021
Down From All-Time High	81.31%
Market Capitalization	\$1.31B
Volume (24h)	\$236.04M
Circulating Supply	877.81K MKR
Max Supply	1.01M MKR
Total Value Locked (TVL)	\$6.54B
Annualized Protocol Revenue	\$179.14M

Source: CoinGecko, DeFiLlama, Artemis
Data as of 4 November 2024

Overview

MakerDAO is the decentralized finance (DeFi) protocol behind Dai (DAI), the largest decentralized stablecoin. MakerDAO is built on Ethereum, offering transparency and real-time auditability to its users. The platform features two key assets:

- **Maker (MKR):** A governance token granting voting rights on platform upgrades and capturing value from the protocol.
- **Dai (DAI):** An overcollateralized stablecoin pegged to the U.S. dollar, backed by cryptoassets and real-world assets (RWAs) such as short-term U.S. Treasuries.

MakerDAO allows users to mint DAI by depositing collateral into smart contract "vaults." These vaults manage collateralization ratios and automate risk management, eliminating intermediaries and providing a decentralized alternative to traditional banking. MakerDAO operates with efficiency and profitability similar to traditional banks but benefits from reduced operating expenses via smart contract automation.

In August 2024, MakerDAO announced its forthcoming migration and rebranding to Sky, part of Rune Christensen's "Endgame Plan." This multi-year initiative aims to reimagine MakerDAO as a standalone blockchain, enhancing scalability, governance, and economic design. Sky will maintain the decentralized principles of MakerDAO while introducing updates tailored for a streamlined, next-generation DeFi ecosystem.

- **March 2015:** MakerDAO's co-founder Rune Christensen introduced the original concept for Dai (then called the "eDollar").
- **December 2017:** Single-Collateral Dai went live, allowing users to mint Dai against an overcollateralized Ether debt position.
- **November 2019:** Multi-Collateral Dai launched, enabling anyone to generate Dai against cryptoassets approved by Maker Governance.
- **October 2022:** Maker Governance ratified Christensen's "Endgame Plan," a proposal to overhaul and improve the governance and token economics of Maker. The multi-year plan will re-architect MakerDAO as a standalone blockchain in its final phase.
- **August 2024:** Announced migration and rebranding to Sky, signaling the next phase of MakerDAO's transformation.

Key takeaways

- MakerDAO is the largest decentralized lending platform, managing **over \$6.5 billion in TVL** and powering DAI, the leading decentralized stablecoin.
- Maker (MKR) governs the platform and captures value, while DAI serves as a decentralized, overcollateralized stablecoin, enabling global financial inclusion without reliance on traditional banks.
- **Announced in August 2024, MakerDAO's migration to Sky** will establish it as a standalone blockchain, enhancing scalability, governance, and efficiency while maintaining its decentralized ethos.

Risk factors

- **Credit Risk:** MakerDAO faces potential credit losses from bad debt on both crypto-collateral and RWA investments. While over-collateralization and diversification help mitigate these risks, the surplus buffer in DAI may not fully protect against extreme tail-risk events.
- **Adoption Risk:** Despite its decentralized nature, Dai comprises less than 5% of the circulating supply of centralized stablecoins like USDT and USDC, reflecting slower growth in demand compared to centralized alternatives.
- **Liquidity Risk:** Stablecoins like DAI may face liquidity crises, similar to "bank runs," if redemptions surge simultaneously. Although ~70% of DAI supply is fixed for a year or longer, most of MakerDAO's collateral can be liquidated within a day to meet redemption demands.

Price Performance



Source: CoinGecko. Data from November 5, 2018 - November 4, 2024

Total Value Locked



Source: Artemis. Data from November 5, 2020 - November 4, 2024

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