

AUGUST 2021 PERFORMANCE

The Fort Stable Fund generated a positive return of 0.60% for August with the YTD total at 7.75%. Digital assets staged a strong rally in August helping to drive demand for USD borrowing. Transaction volumes also increased with DEX volumes up 39% m-o-m.

The Ethereum London fork was successfully launched on mainnet in early August. Network gas fees have remained elevated as NFT mania creates huge demand for block resources. Approximately 200 ETH are burned every hour as transaction fees are destroyed as part of the network upgrade. The burning of ETH creates a deflationary impact on the stock of ETH tokens circulating, resulting in a higher token price to date. Market attention now turns to the upgrade of the networks consensus mechanism to Proof of Stake (POS) as part of Ethereum 2.0 and migration to Beacon Chain.

Currently there are two Ethereum blockchains operating, Ethereum 1.0, the current execution network, operating under a Proof of Work (POW) consensus mechanism on mainnet. Secondly, the Beacon Chain aka Ethereum 2.0 operating a POS consensus mechanism. A merger of these two chains will bring execution onto the POS Beacon Chain and is forecast for roll out in 1H 2022. These changes reflect evolution in the roadmap to upgrade Ethereum into a scalable and economically efficient network.

TOTAL NET RETURN

Post management, performance and entry fees

PERIOD	FUND RETURN
1 Month	+0.60%
YTD 2021	+7.75%

After Mainnet merges with the Beacon Chain, the next upgrade will introduce shard chains to the proof-of-stake network. These “shards” will increase the capacity of the network and improve transaction speed by extending the network to 64 blockchains. The Beacon Chain is an important first step in introducing shard chains, because they require staking to work securely. It is forecast that the upgrade to POS will improve the environmental efficiency of the network by ~99%.

The evolution of digital money continues to grow with Centre (the consortium behind Circle’s USDC stablecoin) announcing plans to expand its membership and network globally. This will likely see digital currencies issued in jurisdictions outside of the US, with a Centre sponsored Australian digital dollar potentially available within the next 6 months.

The Fort Stable Fund is adding an additional strategy to the portfolio by taking direct exposure to the Ethereum network. The portfolio will now have up to 30% allocated to ETH. The ETH position will be managed using traditional finance techniques in an effort to enhance the returns of the Fund. We believe this additional strategy has the potential to add significantly higher returns to the Fund over the longer term. The change will be made effective 1st October 2021.

WE THANK YOU FOR THE OPPORTUNITY TO STEWARD YOUR CAPITAL INTO THE FUTURE OF FINANCE