

FEBRUARY 2021

The momentum into DeFi continues with new records being set in DEX transactional volumes in February (+12% m-o-m). With continued volatility in the returns of underlying digital assets during the month, there was however less demand for stablecoin borrowing putting some downward pressure on aggregate yields. With reduced gas fees available, we used the opportunity to further diversify the portfolio across different borrowing, lending and exchanging protocols. The Fort Stable Fund generated a return of +1.2% for the month of February.

Stablecoin issuance is on the rise again in 2021. Total stablecoin supply has increased to over USD\$50 billion, growing from USD\$30 billion to start the year. Stablecoin active addresses have also surged along with supply, signaling high activity. During February, stablecoin total active addresses topped 400K, a new all-time high. Stablecoins are now used extensively in DeFi as collateral as well as a unit of account. They are increasingly being used outside the world of digital asset trading and are being used to move money around the world via a digitally native payment network. USD denominated stablecoins did

more transaction volume on public blockchains in January than the total payment volume PayPal processed in all of the final quarter of 2020. It is easy to understand why Mastercard, PayPal, and Visa all want a piece of that transactional volume and are eagerly inventing new ways to accommodate digital assets on their payment networks.

There were a number of notable signs of the commercial and professional development of the digital asset ecosystem during the month. The financial cost of economic exploits of vaults and glitches in centralized exchange market making technology were internally absorbed by the protocols and exchanges that suffered from the technological exploits. As the commercial valuation of these protocols and companies is rising, as reflected by the recent Coinbase IPO announcement, having faulty code and IT outages is feeling less buyer beware and more a cost of doing business that developers are willing to pay for directly to maintain customer satisfaction. We are encouraged by these actions as the sector further develops.

SUMMARY NET RETURN

(post performance fees)

PERIOD	FUND RETURN
1 Month	+1.2%
YTD 2021	+4.5%

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