FCAM
Decentralised Digital Investing

Monthly Commentary

JULY 2021 PERFORMANCE

TOTAL NET RETURN
Post management, performance and entry fees

PERIOD	FUND RETURN
1 Month	+0.31%
YTD 2021	+7.15%

The Fort Stable Fund generated a return of +0.31% for July with the YTD total at +7.15%. Digital asset markets remain in a corrective pattern with transactional volumes continuing to fall. DEX volume was down 35% m-o-m and stablecoin issuance remains flat indicating limited new funds are entering the digital asset ecosystem.

Ethereum's London hard fork has successfully been launched, including the anticipated update EIP 1559. This improvement will make transaction costs more predictable, rather than lowering them, with a base fee concept being introduced. The base fee gets burned creating a narrative of limited ETH supply.

The focus for the month has been on regulation, both locally and abroad. Locally, ASIC released a Consultation Paper 343 "Crypto-assets as underlying assets for ETPs and other investment products" (CP 343), seeking feedback on proposals about exchange-traded products (ETPs) and other investment products that provide retail investors with exposure to digital assets.

The paper is designed to establish good practice in respect of pricing, custody, risk management, and disclosure. A feedback report is scheduled to be released in Q4 and is likely to coincide with findings from the Senate Select Committee on Australia as a Technology and Financial Centre being chaired by Senator Andrew Bragg.

In the US, the regulatory scrutiny noticeably increased with both regulators and legislators publicly addressing digital asset concerns. On the regulatory front the Securities and Exchange Commission (SEC) Chair Gary Gensler addressed long running concerns around how digital assets market themselves to investors. The basic premise is whether a digital coin or token be considered a security and subject to the same level of oversight as a listed equity. Certain network tokens like ETH have already been classified as a commodity and are not subject to this ongoing regulatory debate.

Several exchanges quickly adapted to the increased regulatory scrutiny by delisting synthetic equity tokens and reducing the amount of leverage available to platform users.

The US Senate is currently negotiating an infrastructure bill that includes specific legislation applicable to digital assets. The Bill in its current format incorrectly classifies validators, developers, software, and hardware as providing a "brokerage" service. It is believed this language will be removed prior to being passed. The digital asset provisions have been included in the bill as they will help generate revenue through increased tax compliance on digital asset companies and protocols.

The underlying message from the regulators is simple - they are supportive of the technological innovation but want to ensure that investors rights are protected. FCAM supports this message and welcome a more robust regulatory and legislative framework to help the digital asset ecosystem grow.

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

Contact Information info@fcam.io +61 2 9258 1085 www.fcam.io