

JUNE 2021

Digital asset markets remained in a corrective phase for the month of June. Transactional volume for decentralised exchanges and stablecoins were down by 47% and 42% month-on-month respectively. The Fort Stable Fund generated a positive return of 0.27% for June with the YTD total at 6.84%.

For those seeking passive income from digital assets, yield levels have been hit on two fronts:

1. The dramatic drop in trading volumes is reflected in the yields (3-5%) that are now available to those earning income via liquidity provision to exchanges and through lending coins and tokens.
2. As the market corrects, investors seek the stability of stablecoins as a safe place to store capital. The increased amount of stablecoins looking for income decreases the yields that are paid as supply outweighs demand.

With the market likely to remain subdued for the immediate future we are looking through to catalysts on the technology development front that will drive the digital ecosystem forward. The most pressing of these, is Ethereum's EIP 1559 upgrade scheduled for release on main net on 4th August. The upgrade dubbed "London" includes five changes to the code, also called "Ethereum Improvement Proposals" (EIP).

Out of the five EIPs in London, EIP 1559 is

TOTAL NET RETURN

Post management, performance and entry fees

PERIOD	FUND RETURN
1 Month	+0.27%
YTD 2021	+6.84%

arguably the most anticipated and controversial code change of them all. EIP 1559 introduces a minimum payment, also called a "base fee," for sending transactions on Ethereum that dynamically adjusts based on network activity and demand for block space.

Rather than determining transaction fees through a blind auction-like process, the network will automatically calculate a price based on demand for block space. All users must pay this base price, in order for their transactions to be processed. Instead of going directly to miners, the base transaction fee will be "burned."

EIP 1559 is designed to have a number of positive impacts on the network and the value of ether, including:

- Tie ether explicitly to the use of decentralized applications (dapps).
- Reduce transaction wait times and remove fee-market uncertainty that dampen developer and user adoption of dapps.
- Add a bitcoin-like narrative of limited supply.

EIP 1559 is not expected to resolve the issue of high fees on Ethereum, which is primarily caused by the network's current lack of scalability. The improvements represent a fundamental change to the Ethereum fee market but not Ethereum's blockchain structure or capacity

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