NOVEMBER 2021 PERFORMANCE

TOTAL NET RETURN

Post management, performance and entry fees

PERIOD	FUND RETURN
1 Month	+1.18%
YTD 2021	+11.9%

The Fort Stable Fund returned +1.18% for November, with YTD returns of +11.9%. Digital assets experienced a turbulent month with macro factors increasing price volatility as the market digested news of the Omicron COVID variant.

The march towards ETH 2.0 continues to inch closer as the development community work on testing the Proof of Stake (POS) framework. ETH gas prices remained elevated for the month resulting in user activity migrating transactions to other Layer 1 chains seeking respite from Ethereum's elevated transaction costs. We continue to believe that the merge will occur in the second quarter of 2022. From recent developer chatter we expect Shard chains to be incorporated into the network's framework by late 2022, allowing for even more transactional efficiency, reducing gas costs and increasing network scale.

During November the US President's Working Group (PWG) on Financial Markets released a comprehensive report on stablecoins. The PWG recommended US Congress pass legislation to strengthen oversight of stablecoins, likely requiring non-bank issuers to follow rules similar to banks, and to clarify responsibility for different regulators. Anticipating Congress may not act right away, the report also lays the groundwork for direct federal regulation, a course that faces stringent opposition from the stablecoin industry.

Regulators continue to focus on stablecoins having the potential to pose systemic risk to the global financial system. With an aggregate market issuance of US$130bn, it is not the size of today's market that worries regulators but how quickly the market has grown and may continue to grow. Total issuance has risen 600%+ in less than 15months and regulators are looking to stamp their authority on the nascent technology.

The PWG report follows on from the Stable Act, a bill introduced to the House of Representatives in late 2020 that has struggled to gain traction with policy makers. SEC Chairman Gary Gensler and Fed Chair Powell have also called for tighter regulations for stablecoins earlier this year.

Whilst we agree the current level of stablecoin regulation is too low, several of the recommendations to date are too draconian. They have the potential to stifle technological innovation as policymakers attempt to regulate new technology using traditional, antiquated regulatory rules and regulations. The USD and international payment networks are in desperate need of modernization. Private enterprise is commercially incentivized to bring solutions to market quicker and more cost effectively than governments.

We are in the early rounds of a long, drawn-out fight to modernize sovereign issued money. China's launch of the digital Yuan (speculated to be February 2022) will likely see the modernization process accelerate next year.

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

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