



ASSET REPORT

FEBRUARY 2023

Featured Currencies



BTC

Bitcoin is the world's first decentralised cryptocurrency, having been released in 2009 by the pseudonymous developer(s) Satoshi Nakamoto. It utilises Proof of Work (PoW) mining to validate transactions between decentralised parties and to ensure the security of the blockchain network. It is the largest cryptocurrency by market capitalization, having reached a \$1T valuation for the first time in February 2021.



ETH

Ether is the native currency of Ethereum, an open-source blockchain created by Vitalik Buterin in 2014. It has a large range of decentralised applications facilitated via smart contracts, including peer-to-peer lending, insurance, and yield farming. Ethereum historically used a PoW consensus protocol, however, it successfully transitioned to a Proof of Stake (PoS) consensus after 'The Merge' on September 15th 2022.



SOL

SOL is the native token of the Solana blockchain, which was released in April 2019. It is a smart contract platform that saw incredible growth in 2021. It uses a combination of PoS and Proof of History to validate transactions and has grown to become one of Ethereum's biggest competitors in the Decentralised Finance space.



ADA

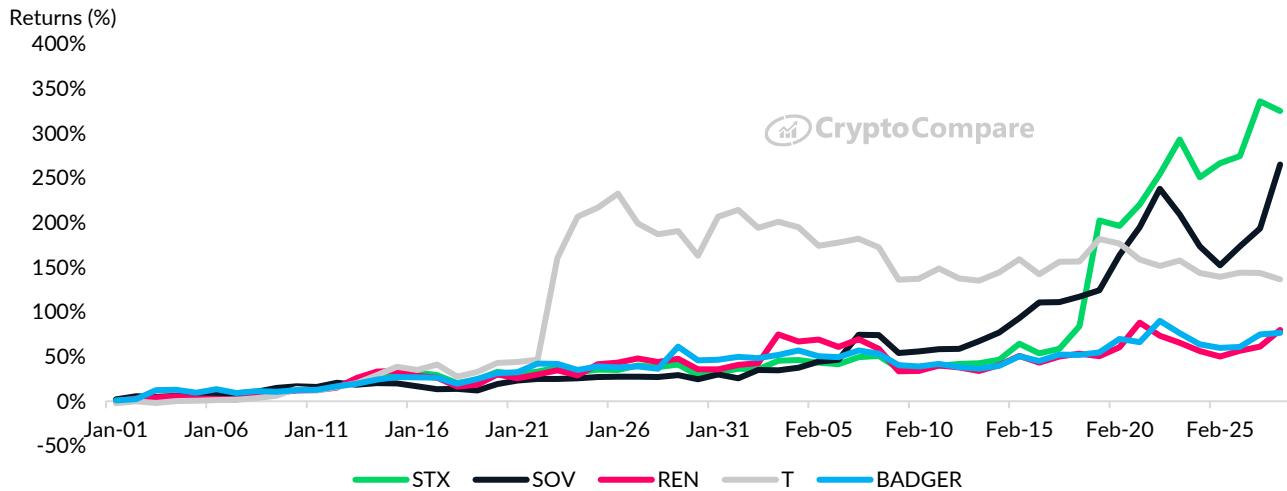
ADA is the cryptocurrency of the Cardano blockchain network, which was launched in 2017 by Charles Hoskinson, a co-founder of Ethereum. It is one of the largest PoS blockchains, which validates transactions by selecting validators on the blockchain proportionally to the amount of ADA they own and stake. It is an academically rigorous project, which launched smart contract functionalities in September 2021.

Latest News

Feb 02	Bitcoin MicroStrategy Books Impairment Charge of \$197.6M on Q4 Bitcoin Holdings
Feb 11	Bitcoin IMF says El Salvador's bitcoin risks have not materialized but 'should be addressed'
Feb 15	Ethereum Polygon sets late March launch date for its zkEVM mainnet beta
Feb 19	Solana Helium Network Sets Migration to Solana for March
Feb 22	Solana Solana Spaces Shuttles Crypto-Themed Stores in New York, Miami
Feb 22	Ethereum Ethereum Shapella upgrade gets new date, making way for un-staking ETH
Feb 28	Bitcoin Bitcoin Miner Marathon Digital to Restate Some Results on Accounting Issues
Mar 02	Solana Solana To Focus on Stability In 2023 After Repeated Outages
Mar 07	Cardano Cardano's new stablecoin DJED is defying sceptics – for now

Key Market Insights – Bitcoin

Bitcoin Associated Tokens Rally Amid Ordinals Hype



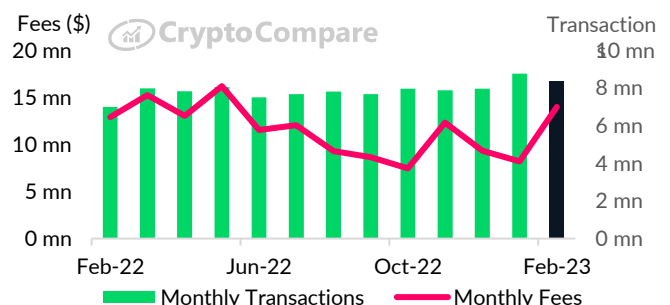
With the advent of Bitcoin NFT protocol– Ordinals in January, there has been an increased spotlight on the Bitcoin ecosystem and associated tokens. This has led to a rally in many such tokens including Stacks – a Bitcoin layer-2 that leverages the security and capital of Bitcoin for dApps and smart contracts, which rose 325% since the start of the year.

Other notable performers include Sovryn, a Bitcoin-based trading and borrowing/lending platform, and protocols such as Threshold Network and REN (which mints ERC-20 Bitcoin tokens to facilitate participation in DeFi), recording a year-to-date return of 265%, 136% and 79.8%, respectively, as of February.

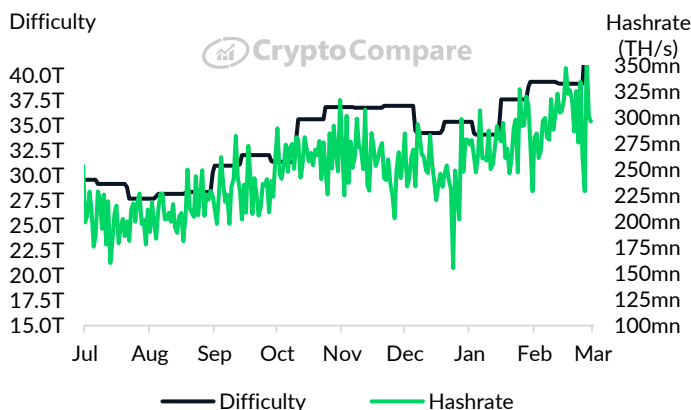
Bitcoin Network Fees Rise to a Nine-Month High

In February, the monthly network fees on the Bitcoin blockchain rose 70.5% to \$14.0mn, courtesy of the recent hype around Bitcoin inscriptions – Ordinals. This was the highest monthly fee recorded since May.

Although the number of BTC transactions fell 4.22% to 8.39mn in February, the average transaction fees rose 78.0% to \$1.67, the highest since May, when it recorded an average transaction fee of \$2.01. The network activity remains at an elevated level after making a two-year high last month following the inception of Bitcoin Ordinals which has created 447k inscriptions at the time of writing.



Bitcoin Hashrate and Difficulty Continues To Make New Highs

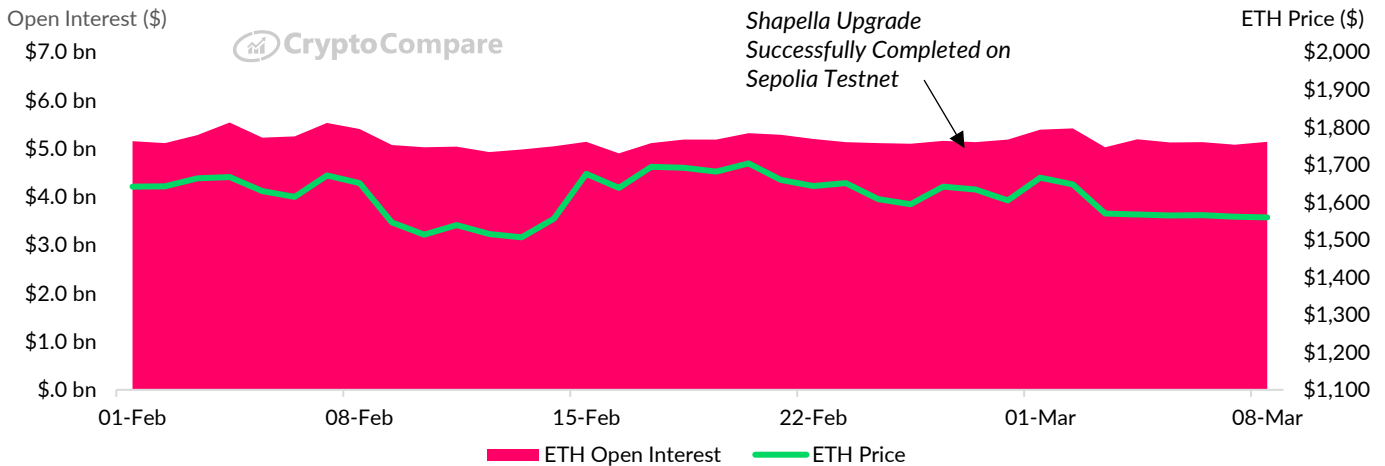


Bitcoin hash rate continued to reach new all-time highs, recording 365mn TH/s on the 1st of March. This is the third consecutive month the blockchain has hit a new high for the metric. The average monthly hashrate rose 8.76% to an all-time high of 300mn TH/s. Meanwhile, the network difficulty crossed 40tn for the first time, reaching an all-time high of 43.1tn in February.

Despite the rise in required energy consumption and network difficulty, the recent rally in the price of crypto assets has given miners a much-needed respite after the painful year in 2022 that saw the collapse of multiple mining companies. In February, BTC netflows from mining pools recorded an inflow of 7,293 BTC.

Key Market Insights – Ethereum

Ethereum Latest Developments

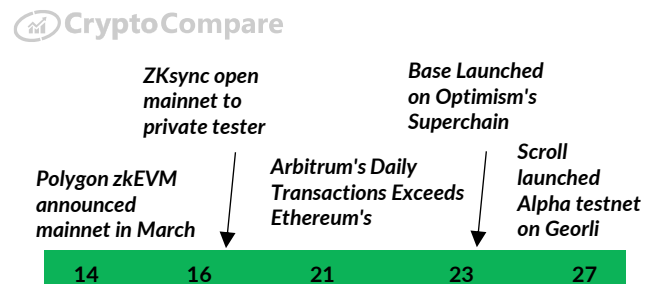


In February, Ethereum experienced limited variation in both open interest and price, with both staying relatively stable. Ethereum recorded a 1.21% return, while open interest witnessed a minor growth of 4.53% in February. The prevailing macroeconomic uncertainty and higher-than-anticipated inflation rates impacted the volatility of the second-largest digital asset, which reported an average volatility of 56.3% in February, compared to 43.6% in January.

On the development side, Ethereum made significant progress with the Shapella Upgrade and EIP 4337. The Shapella upgrade was successfully launched on the Sepolia testnet and is expected to launch on Goerli on March 14th. The Ethereum ecosystem has been highly anticipating EIP 4337, also known as Account Abstraction. The upgrade intends to turn users' accounts into smart contracts, providing multiple functionalities and improving user experience. This change will also end users' single reliance on private keys which is critical for increasing adoption.

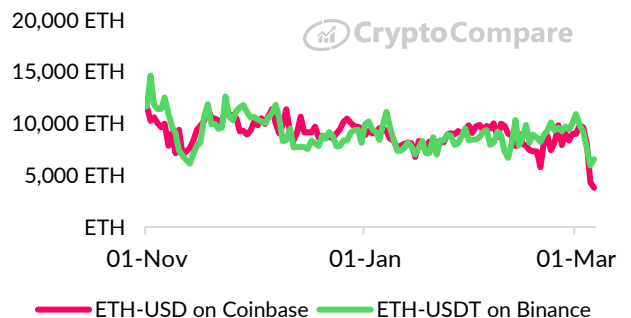
Layer-2 Scaling Narrative Continues to Flourish

Ethereum layer-2 scaling narratives continue to thrive, with numerous project announcements. Arbitrum's daily transactions count exceeded Ethereum's for the first time on the 21st of February, recording 1.1mn transactions. Optimism launched its Superchain; a shared network of chains built to scale Ethereum, announcing Coinbase's Base as its second chain next to Optimism's mainnet. Meanwhile, Scroll, which is a Zero Knowledge ZK Rollup on Ethereum, has launched the alpha testnet on Ethereum's Goerli testnet. In addition, Polygon zkEVM announced its beta launch, which is scheduled for March 27th.



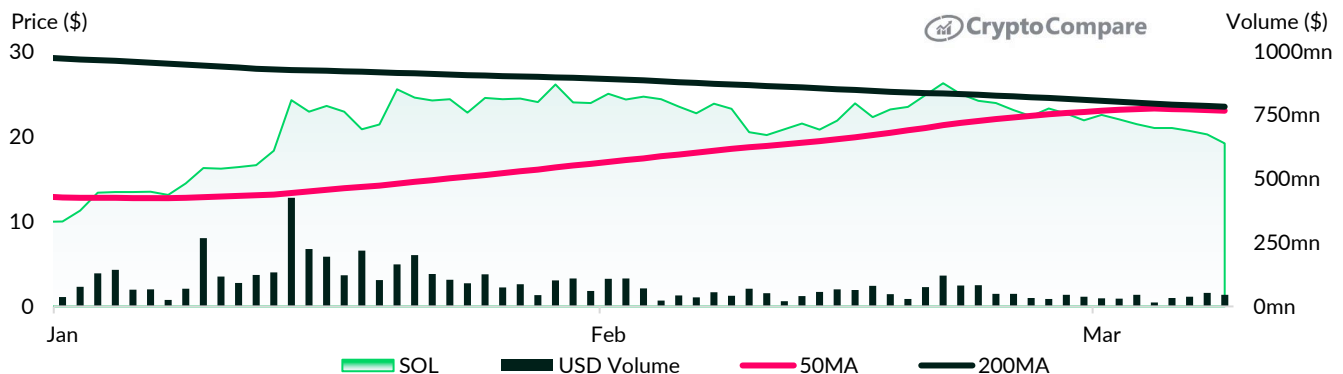
Growing Fear of ETH Withdrawals

Currently, there are 17.5mn ETH staked with validators, representing roughly 14.5% of ETH's current supply (as of the 14th of March). ETH withdrawals, which will be unlocked after the Shapella upgrade, have left many market participants concerned about the potential selling pressure on the price of ETH, amplified by the drop in the liquidity of ETH on centralized exchanges since the FTX collapse. Even though only a small number of validators (4 to 16) will be able to withdraw their funds every epoch (which amounts to approximately 900 validators per day), the uneasiness regarding its impact on the price of ETH persists.



Key Market Insights – Solana

SOL Fails to Break Above Moving Average Levels

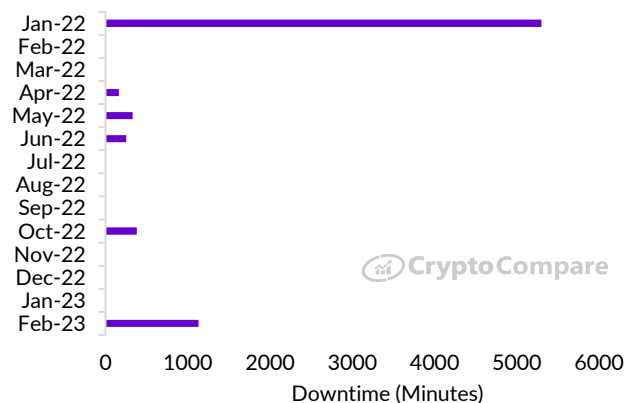


During the month of February, SOL was able to momentarily surpass the 200-day moving average for the first time since the 18th of January 2022, back when SOL's price was \$141. However, it was only able to do this between the 20th and 21st of February, after which SOL's price fell an additional 12.4% to close the month at \$21.88. Similarly, SOL ended the month below its 50-day moving average, after a strong start to the year – SOL remains one of the best performers of 2023, recording a 120% increase year-to-date (as of the end of February).

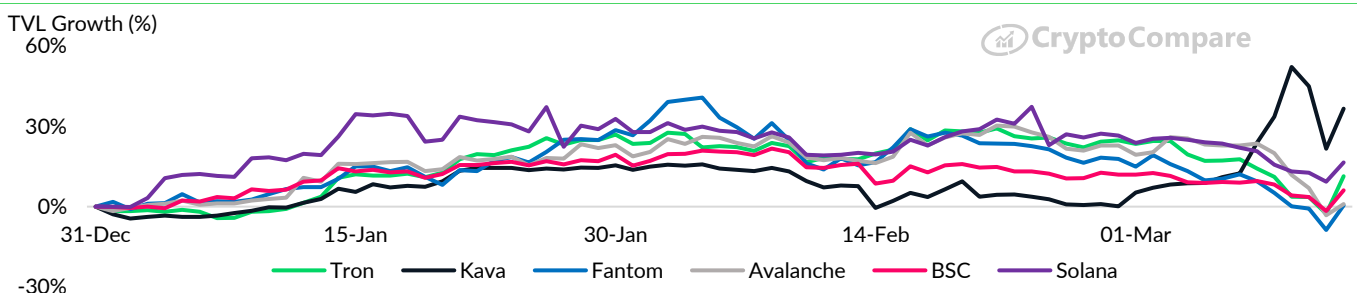
Solana Experiences Longest Outage Since January 2022

On the 25th of February, the Solana network experienced a major outage that listed a total of 18 hours and 50 minutes – the longest outage the network has experienced since January 2022, when the network saw several days of continued degraded performance.

While an investigation is ongoing, the February outage was a result of a core network update. Anatoly Yakovenko, the founder of Solana, announced that one-third of core engineers will be focused on network stability throughout 2023, with a [six-point plan](#) to improve the process of network updates to avoid similar future outages.



Solana TVL Grows at Faster Pace than Avalanche and Binance Smart Chain, But Slower than Ethereum Ecosystem

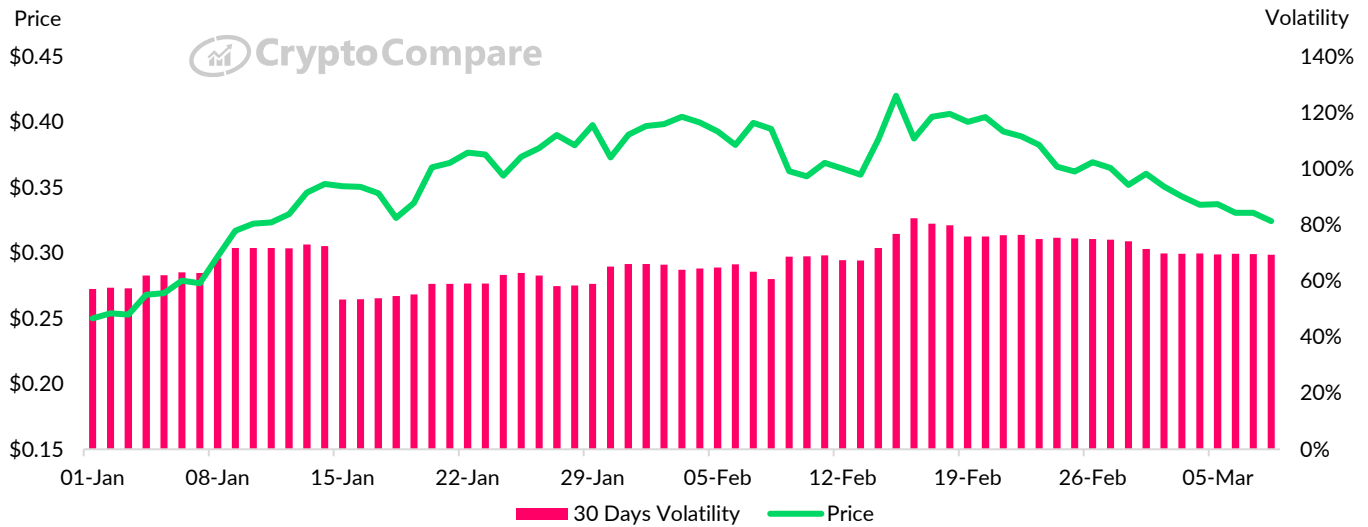


The Solana ecosystem ended February with \$259mn in Total Value Locked (TVL) – a 26.5% increase from the start of the year. This remains significantly below an all-time high of \$10.0bn during the peak of the bull market in 2021, however, the growth is a positive sign for the ecosystem when considering the multiple challenges it has faced, including the collapse of FTX, as well as lingering outages.

This is further reinforced when comparing Solana's growth to other chains. Excluding the Ethereum ecosystem and chains with under \$100mn in TVL, Kava is the only chain whose TVL has grown at a faster pace than Solana's, recording a 36.5% growth as of the 13th of March – while Solana's has grown 16.5% during this time. This compares to 11.4% for Tron and 6.15% for Binance Smart Chain. Fantom and Avalanche have seen virtually no TVL increase – with a marginal 0.53% and 0.91% increase in TVL respectively.

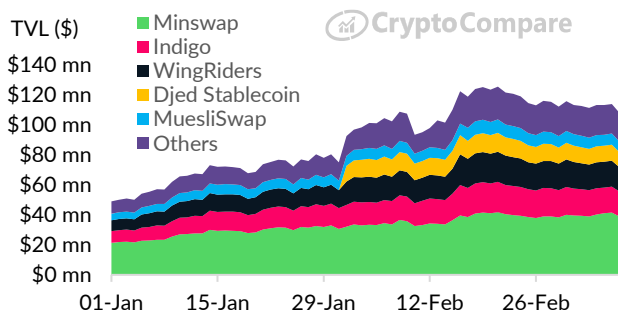
Key Market Insights – Cardano

Cardano's ADA Loses Momentum



In February, Cardano (ADA) recorded a negative return of 9.84%, fuelled by the recent development in the macro-environment that led to a 12.1% increase in volatility during the month. Average daily volumes also witnessed a sharp decline of 24.2% compared to January. The decline in price (trading at \$0.34 at the time of writing) also led to a drop in Cardano's market capitalization, falling 9.64% to \$12.2bn at the end of February.

Cardano TVL Continues to Rise



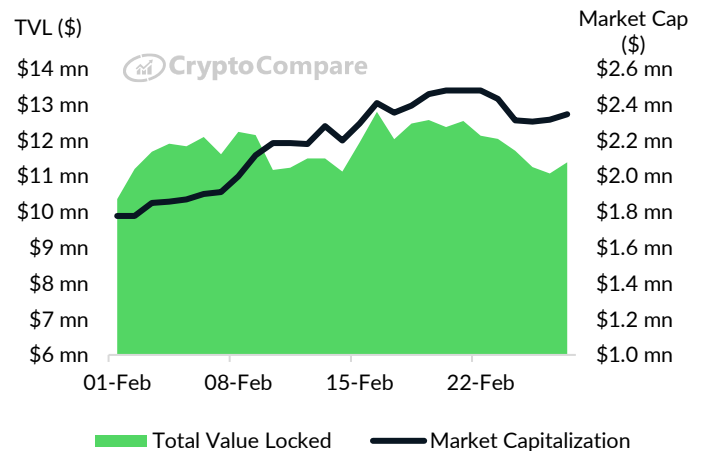
In February, the Total Value Locked (TVL) in the Cardano blockchain continues to rise for the second consecutive month, reaching \$108mn on the 9th of March; a 44.2% increase from a \$74.9mn recorded at the end of January.

Decentralised exchange, Minswap, synthetic assets protocol, Indigo and decentralized exchange, WingRiders continue to dominate TVL on Cardano chain – rising 26.9%, 20.6%, and 36.0% from January to record \$38.9mn, \$16.6mn and 16.2mn in TVL respectively.

Cardano Algorithmic Stablecoin Proves Strong

Cardano's stablecoin Djed, which was launched in February, has experienced a significant increase in Total Value Locked (TVL), leading it to become the fourth largest TVL holder among all of Cardano's DeFi applications.

Created by COTI on behalf of Cardano, Djed's TVL has increased by 4.05% since its launch, totalling \$11.3mn till the end of February. Additionally, the market capitalisation of the stablecoin on Cardano has risen from \$1.78mn to 2.34mn during the same period, marking a 32.0% increase.



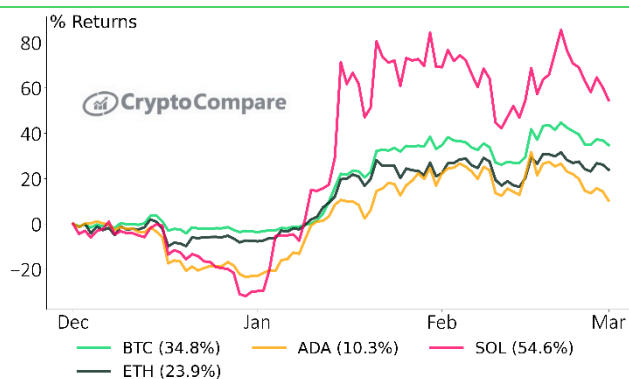
Asset Performance & Market Metrics

Summary

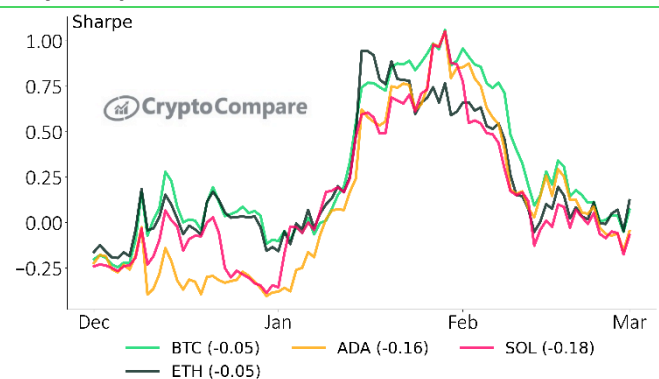
In February, traditional and crypto markets reverted from the positive performance seen during the first month of the year, with equity indices falling between 3-4%. While BTC and ETH saw marginal positive returns, assets further down the risk curve (such as ADA and SOL) saw negative performance throughout the month. However, the collapse of Silicon Valley Bank as of the time of writing (13th March) indicates a potential reversion in central bank policy. While crypto has also been affected – with the second largest stablecoin, USDC, seeing a significant (temporary) depeg – it has performed well in the first half of March as expectations on further central bank rate hikes dwine.

	BTC	ETH	ADA	SOL	GOLD	S&P500	NASDAQ
EoM Price	\$23,134	\$1,605	\$0.35	\$21.9	\$1,828	\$3,970	\$11,455
Market Cap	\$447bn	\$1946n	\$12.2bn	\$8.23bn	\$12.5tn	–	–
Monthly Return	+0.02%	+1.21%	-9.84%	-8.57%	-5.13%	-3.62%	-3.05%
YTD Return	+39.9%	+34.3%	+43.2%	+120%	0.59%	2.34%	7.32%
30-day Volatility	51.1%	52.9%	74.0%	91.9%	12.2%	15.2%	24.1%

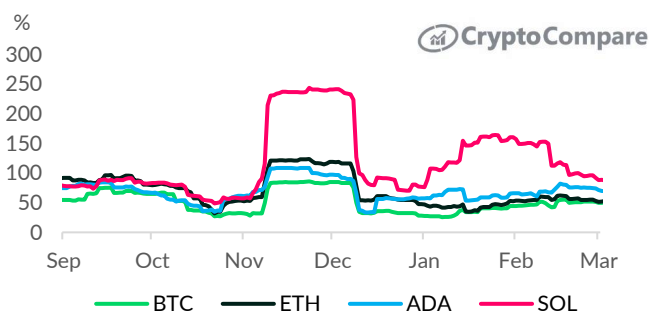
3 Month Return



Monthly Sharpe Ratio



Volatility



Market Capitalisation Dominance

