



## Market Commentary: February 2019

The ongoing narrative preached by cryptocurrency detractors that the digital asset industry will never blossom into something more than a retail market can now officially be put to rest as a cascade of prominent institutional players entered into the digital asset markets in February.

Latin America's largest investment bank, Banco BTG Pactual SA has recently announced that it plans to release its own security token collateralized by distressed real estate assets in Brazil, while one of Japan's largest banks, Mizuho, is planning to launch its own Yen-Pegged stablecoin next month. Meanwhile, the Swiss banking giant, Julius Baer, will soon be offering its clients access to an array of digital asset services. Additionally, the largest investment bank in the world, JP Morgan Chase, stole the spotlight when they announced that they had released their own stable-coin, JPM Coin, which will compete directly with Ripple's tokenization model.

Investment banks are not the only institutional players making headlines within the digital asset space. Fairfax County's Retirement Systems ([Fairfax County](#)) is now the first Pension Fund in the United States to allocate capital to digital asset markets. We strongly believe this move will ignite confidence in other pensions funds to further allocate capital to digital asset managers. Cryptocurrencies also made ground-breaking moves in the fintech industry during the month. Kraken's nine-figure purchase of the regulated futures trading start-up, Crypto Facilities ([Crypto Facilities](#)), marks its entrance into the \$1.2 quadrillion derivatives market. Conversely, Samsung's flagship smartphone, the Galaxy S10, will now include a highly secure cold storage cryptocurrency wallet that will allow users to store Ethereum and Bitcoin on their smartphone.

As professional money managers, it is our job is to identify the narrative underpinning financial markets, look for inflection points that could alter that narrative and then capitalize on the opportunity. Many people said that cryptocurrencies will never gain institutional adoption, now JP Morgan Chase, the world's largest investment bank, has released their own cryptocurrency. Many people said that cryptocurrencies will never reach mainstream adoption, now Samsung, the world's largest manufacturer of consumer electronics, is including a built-in cold storage wallet in their flagship smartphone. It is now more obvious than ever that the narrative has changed, but are investors willing to capitalize on the opportunity?