SIFT Monthly Report

SMART INVESTMENT FUND
Smart Blockchain Trading and Managed Investment Portfolio

Website: SmartIFT.com
Email: ico@smartift.com

February 2018

Monthly Summary

Trading in the **February 2018** period saw a **profit of $27,891.38 after tax**. As no fees are currently due this gives a distributable profit of $13,945.69 and a **dividend-per-SIFT of 1.929 cents**. Those that hold SIFT in their own wallet (and not in EtherDelta or ForkDelta) as of March 5th at 10:00 GMT will be eligible for dividend payments. The conversion rate will be based upon the value of ETHUSD at this time. Dividends will be paid over a 24-hour period and should all be paid by 10:00 GMT the following day.

This is a monthly **profit of 1.82%**.

A YouTube **live stream** will take place at **20:00 GMT** on **Monday 12th March** to discuss this report. Questions can be submitted to ico@smartift.com before the stream. The link to the live stream will be made available shortly before it starts via the SIFT website and Telegram chat room.

Key points for this month's news:

- A profit of $16,896.38 was from digital currency trading
- A profit of $10,995.00 was from forex trading
- Automated trade entries have been postponed pending some changes that will be completed in March
- The Zapple exchange is due to be launched in March
- The RAIF has had banking facilities approved and forms signed – these should be completed shortly at which point trading accounts can be opened and trading activities can be moved to the RAIF

Trading Report

We originally hoped to start using automated entries for trades in February but James has not been happy to commit to this due to certain trade setups needing further intelligent filtering that prevents opening more risky trades requiring more manual intervention and supervision. Guy will be working alongside James in person to finish these changes in the first two weeks of March with the aim being that our systems are better able to determine "bars of indecision". To support this change there will also be a major algorithmic update in March or April that changes how we analyse aspects of volume. This change is a major change we've been working on for some time and the recent changing trends in digital currency markets have pushed this up our priority list. The overall time-context of bars will have more weighting to overall decision making after these changes. The majority of changes are proprietary. These changes will benefit SIFT as well as our core algorithms and further help to provide certainty around the bars we want to be taken with automated entries.

Digital currency trading was poor this month primarily based upon James' location and trade entry times. We have previously reported that many signals that have occurred since market changes in Q3 2017 occur when James is not awake and this is one area that automated entries is meant to help. Most moves are already well underway the time charts are analysed and are therefore too risky to enter after a rise or fall has already started in the market. In the short to medium term automation is the key to ensuring these moves are obtained. We've seen other months revert to previous trading patterns with signals throughout the 24-hour trading period so will continuously monitor and report on this.

Position building has given most of the small crypto gains this month. Its inherent design is to get smaller lower-risk moves and is primarily based around longs. We are looking at the viability of supporting shorts with position building and the fund's risk profile.

Arbitrage and market making are both ways that we are going to capture more small moves to utilise the funds but as previously reported we do not expect to go live with these until the RAIF is fully established in Q2.

We increased forex funding this month and gained 12% based on the forex account balance. We are looking at increasing the funding for forex although have been keen on waiting for the RAIF before committing large sums of money that can take some time to move around. Despite these moves we felt they were disappointing based on our previous expectations for February. We saw far fewer daily setups than we normally would. The main moves we take are very specific setups with advisory confirmation. We normally go longer in timeframe to get larger, lower-risk moves at the expense of there being fewer moves overall. This is not normally a problem (other than December where trading is very thin) but we've seen a very slow start to the year. The market behaviour appears to have been impacted by confused messaging coming out of the US government. The lack of certainty for traders appears to have reduced trading levels and consequentially our ability to capture them. Our current forex strategy has given us good moves in percentage terms for forex and we will now be ramping up position sizes.

The nature of these trades means that it is not simply a matter of larger account balances and lot sizes as that does not fit the risk profile of the fund. We will, nonetheless, be hoping to see a larger dollar-wise return next month and are hoping to use our automated entry capabilities to capture some additional forex moves.