

M31 Capital fuels their pioneering investment funds with USDC & Circle

THE OPPORTUNITY

Pairing traditional financial markets expertise with crypto-native perspective

The explosive growth of crypto assets in the past decade is creating a generational opportunity for institutional investors. Blockchains and cryptocurrencies offer the potential to reshape the nature of money and rewire capital markets infrastructure to make it faster, more transparent and easier to use. More capital and brain power are steadily entering the ecosystem from traditional finance¹ and frequently joining forces with crypto natives, creating new ways to help navigate volatility, maximize returns and help raise global economic prosperity.

Michael Swensson and Nathan Montone are emblematic of the convergence of traditional finance and crypto. They co-founded M31 Capital in January 2020, bringing with them decades of experience at blue-chip traditional firms and early-bitcoin-adopter credibility. Swensson has over two decades of experience managing operations at senior levels — most recently Goldman Sachs and Bridgewater Associates, the world's largest hedge fund firm — before committing full time to crypto. Montone was one of the first people in the world to realize the full potential of bitcoin and has built a decade-long track record of investing in and advising some of the top projects in the industry.

This unique pairing of elite investment-ops expertise and crypto-native acumen has fueled M31's success to date and propelled them on their journey. M31 Capital is a global investment firm focused entirely on crypto assets. Their reputation as pioneers has helped Swensson and Montone cultivate strategic partnerships that give them early access to deal flow and transformative projects from every segment of the industry. Their strategy involves actively participating in the best networks by providing resources (on- and offchain), which provides powerful asymmetric informational advantages over the market.

Let's take a look at how Swensson and Montone launched a successful

THE JOURNEY

Seeking to build the future of finance

From M31's earliest days, Swensson and Montone recognized one of the key challenges was to bridge traditional dollars from investors into the digital asset ecosystem in a way that is secure and cost-effective. Montone, who became M31's CEO, was early to recognize crypto's immense potential and eager to rapidly and easily deploy capital to investment opportunities.

M₃₁ | CAPITAL

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HOW CIRCLE HELPED

 USDC

 CIRCLE ACCOUNT

As M31's COO, Swensson was highly focused on achieving these goals in a compliant manner, and with ample liquidity.

In 2021, Swensson and Montone were introduced to Circle and grew impressed with the company's USD Coin (USDC), a dollar digital currency with more than \$53 billion in circulation as of May 26, 2022. Unlike other stablecoins, USDC is fully backed by cash and short-dated U.S. government obligations, consisting of U.S. Treasuries with maturities of 3 months or less, so that it's always redeemable 1:1 for U.S. dollars. USDC reserves are kept in the custody of leading financial institutions, including U.S. Bank and BNY Mellon, and managed by U.S. Bancorp Asset Management and BlackRock. Each month, Grant Thornton LLP provides attestation reports on Circle's USDC reserves.

"USDC is built differently," Swensson states. "It's truly designed for stability and it held strong through the recent market turmoil that affected some other stablecoins, so it's given us the confidence to keep pursuing our core strategies. It settles globally in seconds, and since it's native to eight blockchains and available on multiple Layer 2s, we can quickly move it anywhere we see an opportunity."

THE SOLUTION

Putting USDC and Circle's account infrastructure to the test

Circle is the sole issuer of USDC. M31 uses separate Circle Accounts for each of its funds so they can get USDC straight from the source. They connect multiple bank accounts to their Circle Accounts and can accept third-party wires, enabling near-instant conversions of fiat dollars into USDC, so they can immediately deploy investor capital into wallets where they manage their crypto portfolio.

"Converting fiat dollars into deployable cryptocurrency felt like it used to take 15 steps," notes Swensson. "With our Circle Accounts, we can deposit funds on a rolling basis and quickly convert them to USDC. Our Circle Accounts have reduced the process to invest fiat dollars into cryptocurrencies from 15 steps down to a single step."

M31 uses the Circle Account's USDC Express feature that enables traders to automatically transform dollars in a bank account into USDC in a crypto wallet. A Circle Account also offers full integration with many leading custodians, including Anchorage and Fireblocks, making it the strong connection point M31 needs for audit and compliance purposes.

"Circle's solutions don't just stand alone and serve a single purpose," Swensson concludes. "They show deep integration across both traditional and crypto payment rails. They are the ideal bridge between our customers on one end and our custodians on the other end— enabling funds to flow smoothly and transparently." What's next for the partnership? "Circle will play a crucial role in the upcoming launch of our Web3 Opportunity Fund," Swensson says. "We plan to raise up to \$200 million in new capital via USDC, which we'll deploy into a liquid venture-capital strategy investing in the tokens of early-stage technology projects."

"While stablecoins are not core to our alpha strategies, they are crucial payments infrastructure that helps power all of the promise that blockchain holds for a more inclusive financial future. USDC is proven and tested through substantial market volatility, and we trust it as a critical operations layer for our global investment funds."

Michael Swensson

Co-founder and COO,
M31 Capital

¹ Kate Rooney. "As Wall Street banks embrace crypto, high-flying start-ups look to lure top finance talent." CNBC. April 1, 2022. Retrieved from: <https://www.cnbc.com/2022/04/01/as-wall-street-banks-embrace-crypto-start-ups-look-to-lure-top-finance-talent-.html>

² As of May 26, 2022