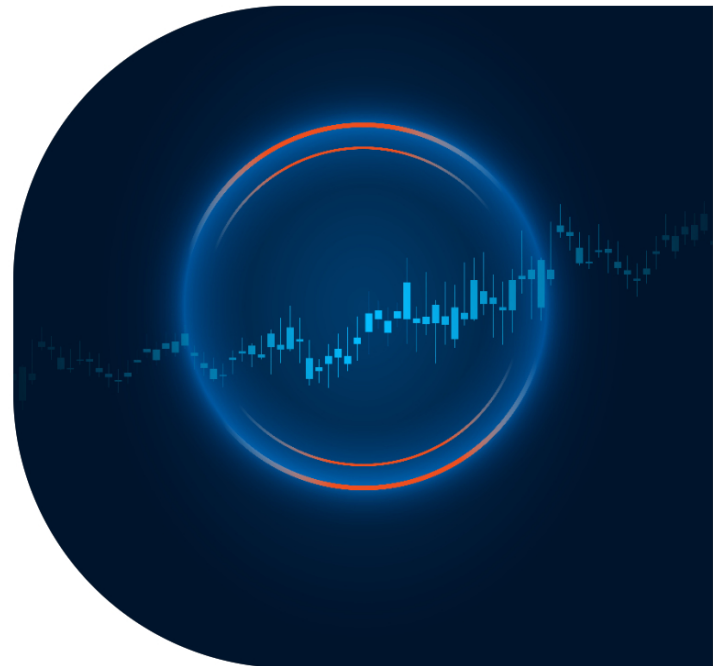


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Fund tokenisation – Part I: On the brink of mass adoption

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Fund tokenisation is now in a prime position to bring blockchain technology to the asset management industry.

Fund tokenisation within the global asset management industry continues to gather pace as underlying blockchain technology ushers in a new era of fund investing. This is especially true within alternative assets, where the minimum investment is prohibitively high, barring access to smaller investors.

Going digital to improve efficiency and transparency

Tokenisation involves converting economic ownership rights into a digital format. In a fund context, shares are digitally represented and held on a blockchain, which provides the underlying distributed ledger technology to store, manage and trade each digital share or unit. The blockchain uses code to mimic the functionality of a traditional fund, whereby each token provides fractional ownership of the underlying assets.

Last year, the global tokenised market was \$2.3 billion and is [predicted to grow to \\$5.6 billion](#) by 2026. According to a recent report by HSBC – [The 10x potential of tokenisation](#) – “Tokenisation could open up investment opportunities to large, under-banked populations, supporting the United Nations Sustainable Development Goal of reducing inequality.”

Furthermore in its [recent report](#), the Investment Association laid out their vision for Investment Fund 3.0, suggesting that increased adoption of tokenisation “*will ultimately reduce costs for consumers and improve efficiency in the delivery of funds, through quicker settlement and improved transparency of transactions*”.

A new market, a trillion-dollar opportunity

“This is going to be a trillion-dollar market, no doubt about it,” comments Kevin Yunai, Founder of Backed. “Companies are realising the benefits of easy settlement of securities. The blockchain is famous for making it easy to settle a transaction in a transparent way, it is the perfect technology to use in the asset management industry.”

Richard Johnson, the CEO of Texture Capital, a FINRA and SEC-registered broker/dealer, notes that Apollo Global recently hired Christine Moy from JP Morgan’s Onyx division to head up its digital asset strategy. In his view, “we will soon see these big blue-chip names coming to market with tokenised funds.”

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Kevin Yunai

Founder of Backed

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"The real sense of FOMO will happen when large global institutions declare their interest," adds Yael Oaknin, Founder and CEO of Token City. "When one or two large global managers enter this market, others will follow. Like NFTs, there will be a moment when everyone is talking about tokenised funds."

This is the first in a series of articles on fund tokenisation.

- [Read part II: A new dawn for alternatives >](#)
- [Read part III: Solving liquidity and access challenges in private equity >](#)
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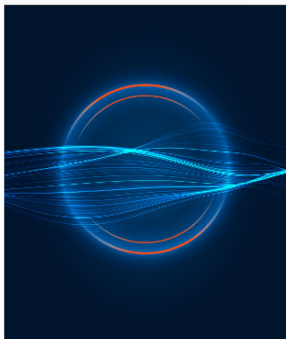
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