

TOKENISATION: TRANSFORMING THE ECONOMICS OF ASSET MANAGEMENT

Andrew Tomlinson, Chief Marketing Officer, Calastone

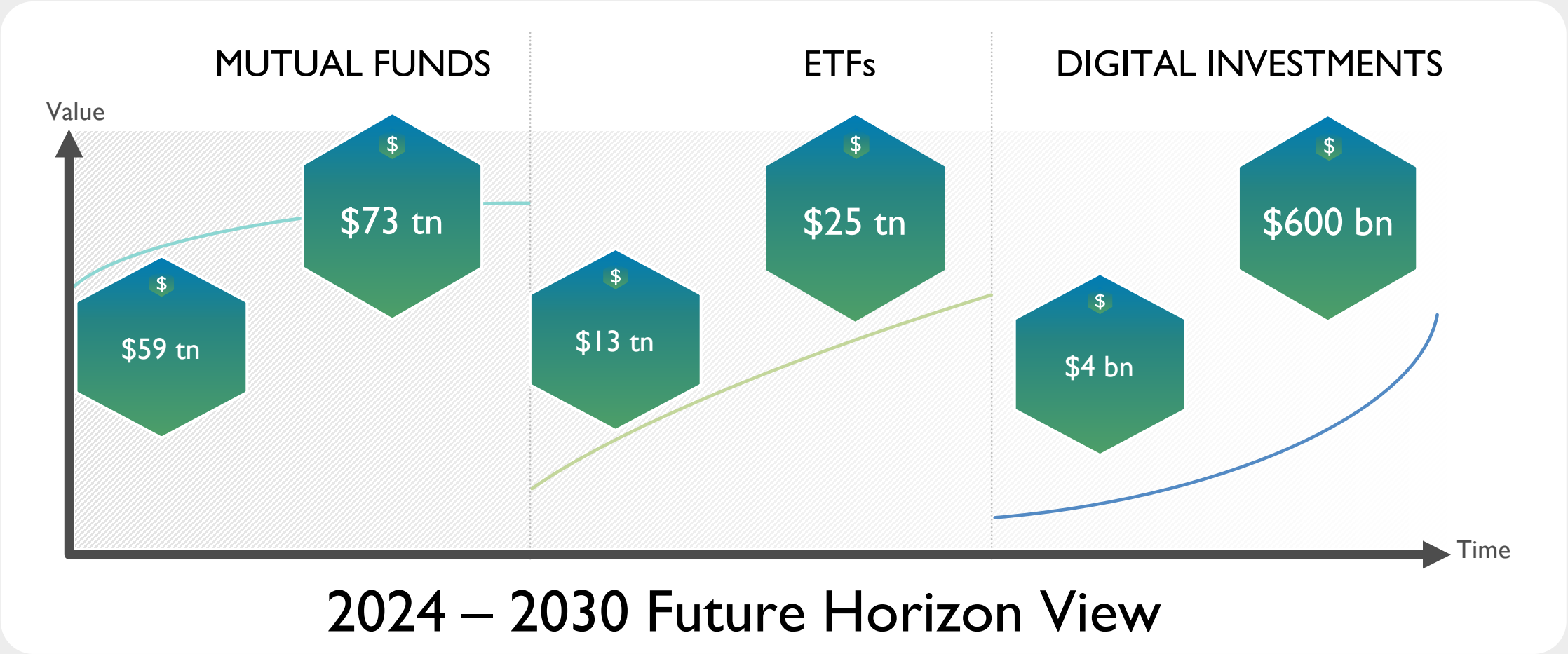
AGENDA

INVESTMENT LANDSCAPE

TOKENISATION ECONOMICS INSIGHTS

EVOLVING ASSET MANAGEMENT LANDSCAPE

There is an unprecedented shift to digital underway



Sources:
IIFA, EY *how-etf-trends-are-shaping-market-growth-and-innovation-for-2025*, BCG *tokenized-funds-the-third-revolution-in-asset-management-decoded*

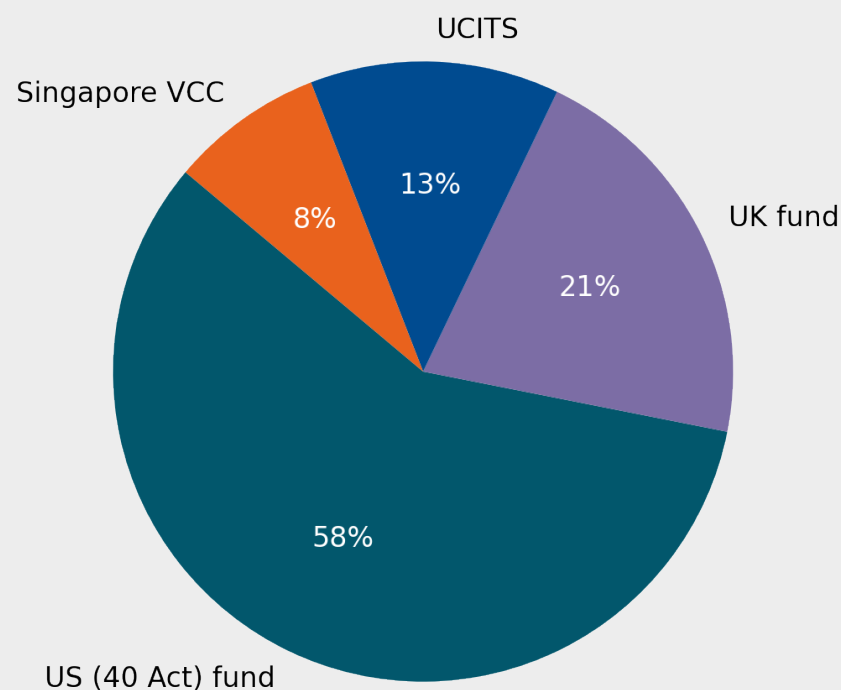
TOKENISATION ECONOMICS

Study conducted by:
The Value Exchange



Survey May – Sept 2024.
23 Asset Managers covering
UK Funds, Singapore VCC,
US (40 act), UCITS.

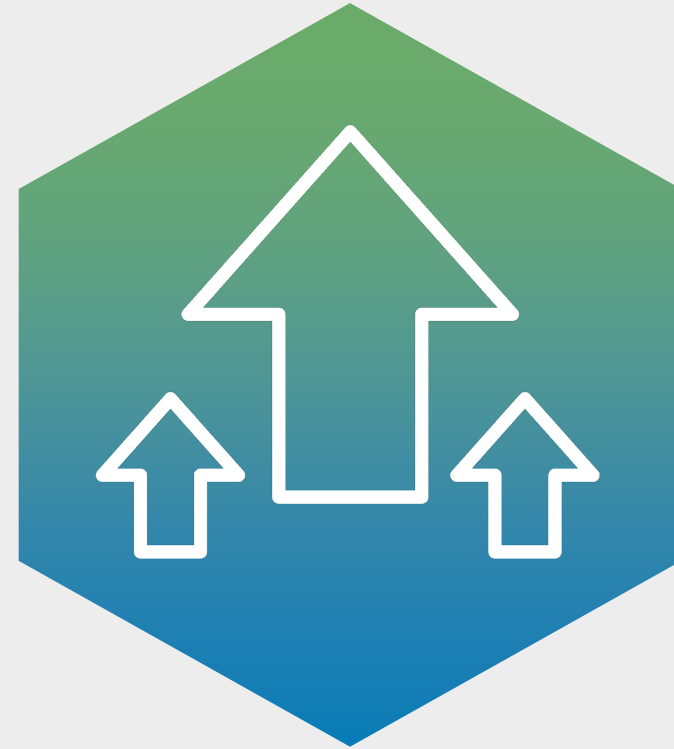
Who participated?



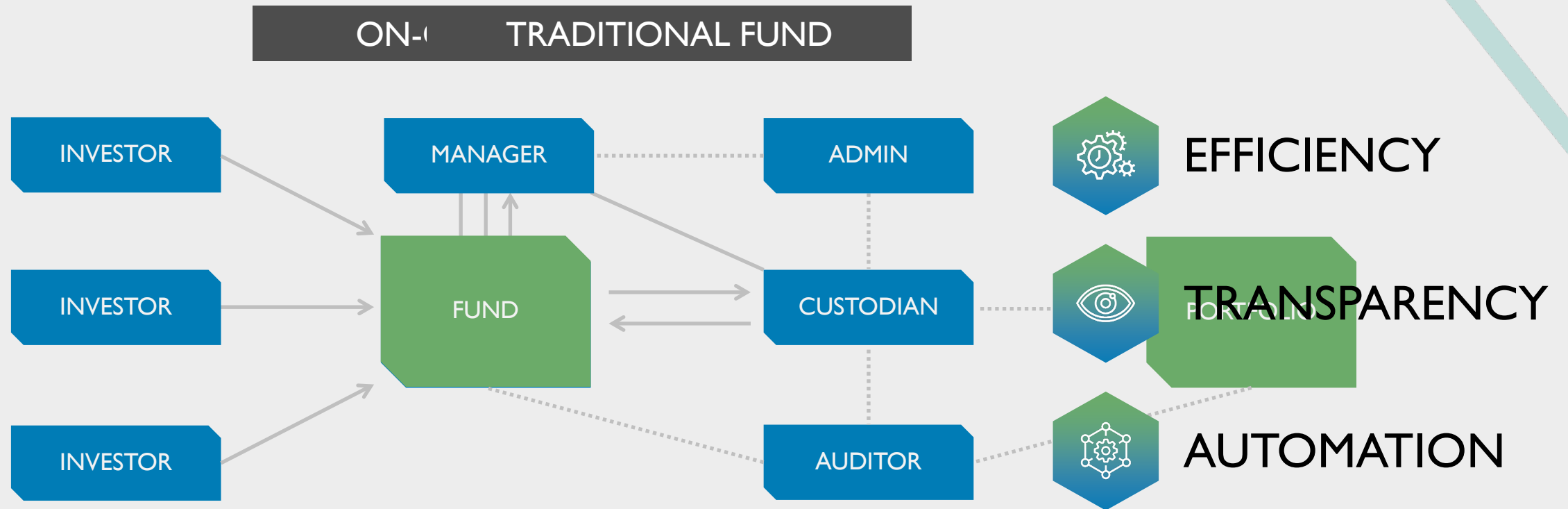
THE COST CHALLENGE IN ASSET MANAGEMENT

**Fund processing expenses
0.74% of AUM**

**Will rise by 32%
over the next three years**



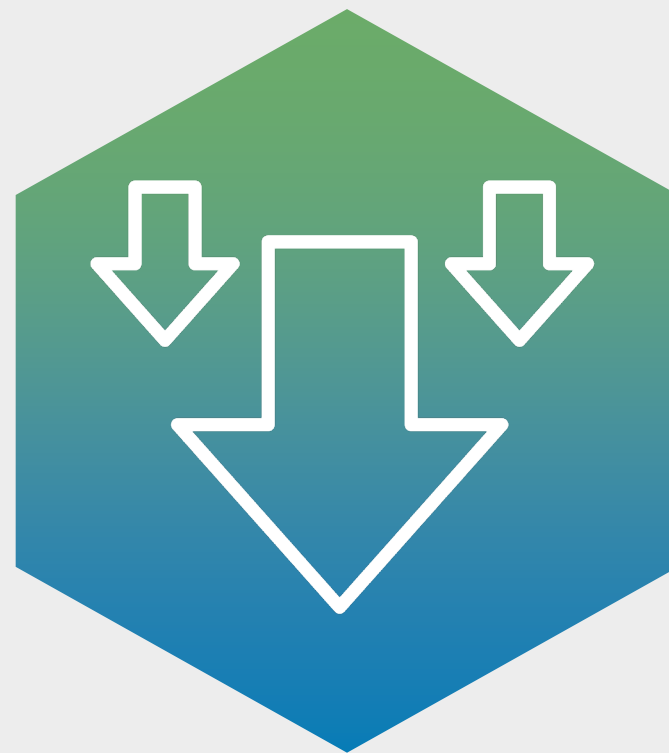
TOKENISATION - THE GAME CHANGER?



QUANTIFYING THE BENEFITS

***\$135.3bn potential industry saving**

Opportunity: 23% reduction in operating costs



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*UK, US, UCITS funds

SUMMARY FINDINGS

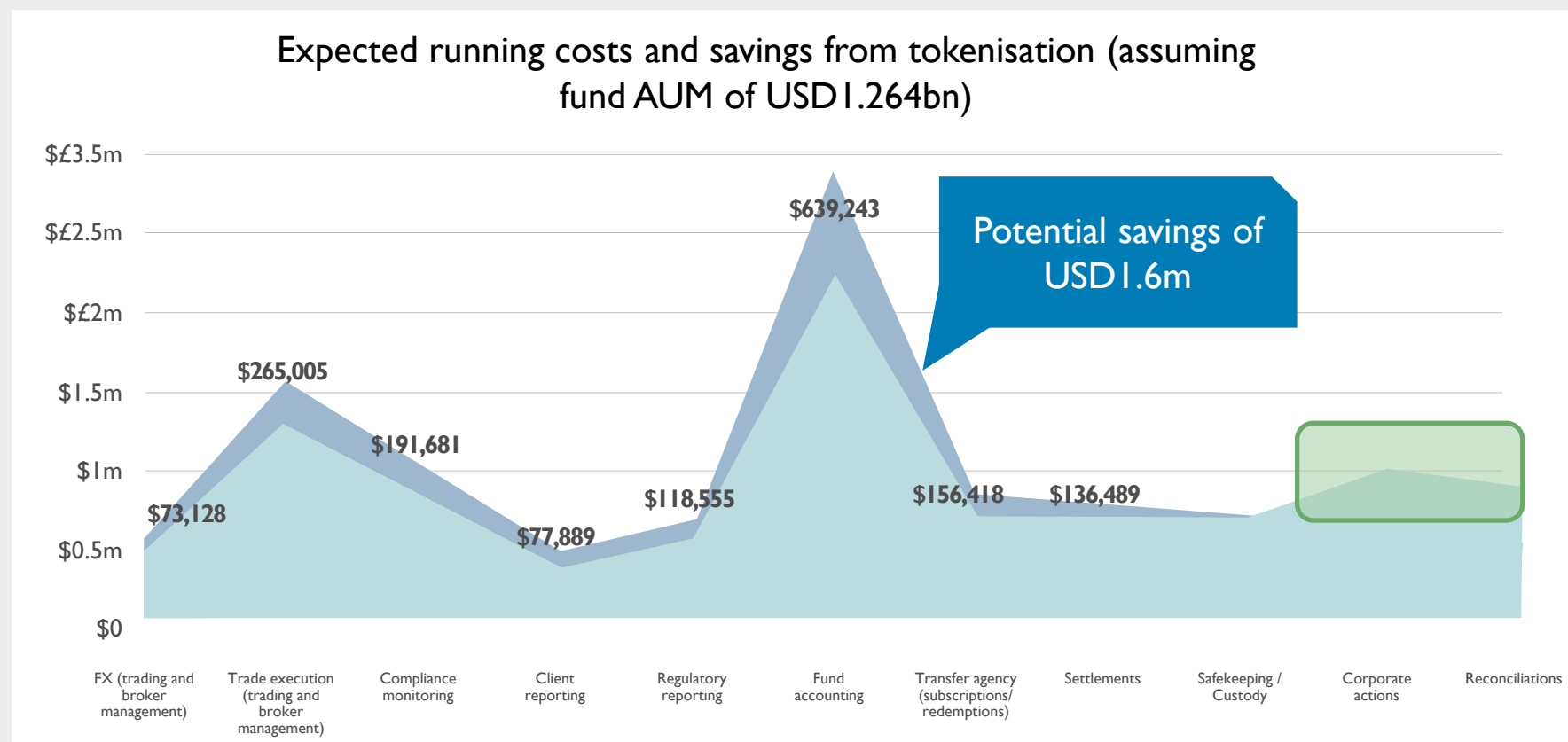
Total impact of tokenisation: a jaw effect worth over 0.31% of AUM

Key business issues	Today*	With Tokenisation	Tokenisation Impact on P&L	Most bullish view
1. Time to launch a new fund	12 weeks	9 weeks	3-week acceleration	>6-week acceleration (4% of respondents expect to decrease launch time by over 50%)
2. Minimum seeding for a new fund	USD 50.3 million	USD 38.1 million	USD 12.2 million saving	USD 12.6 – 25.2 million saving (38% of firms expect seed funding to reduce by 26-50%)
3. Fund operating costs	USD 7.4 million (USD 9.8 million in 3 years)	USD 5.7 million	USD 1.7 million cost saving	<USD 3.7 million (5% of respondents expect a saving of over 50%)
4. New revenue available from improved TER	N/A	USD 1.4 million	USD 1.4 million new distribution	USD 4.2 million (8% of respondents expect P&L improvement over 25%)
Total P&L impact			USD 3.1 million in P&L improvement (excluding cost of funding)	USD 7.9 million in P&L improvement (excluding cost of funding)

*Assuming a fund AUM of USD1bn

TOKENISATION DRIVES COST EFFICIENCIES

Tokenisation can enable transformational cost savings of 23%



Tokenisation can help to realise savings of

23%

of current costs

0.13%

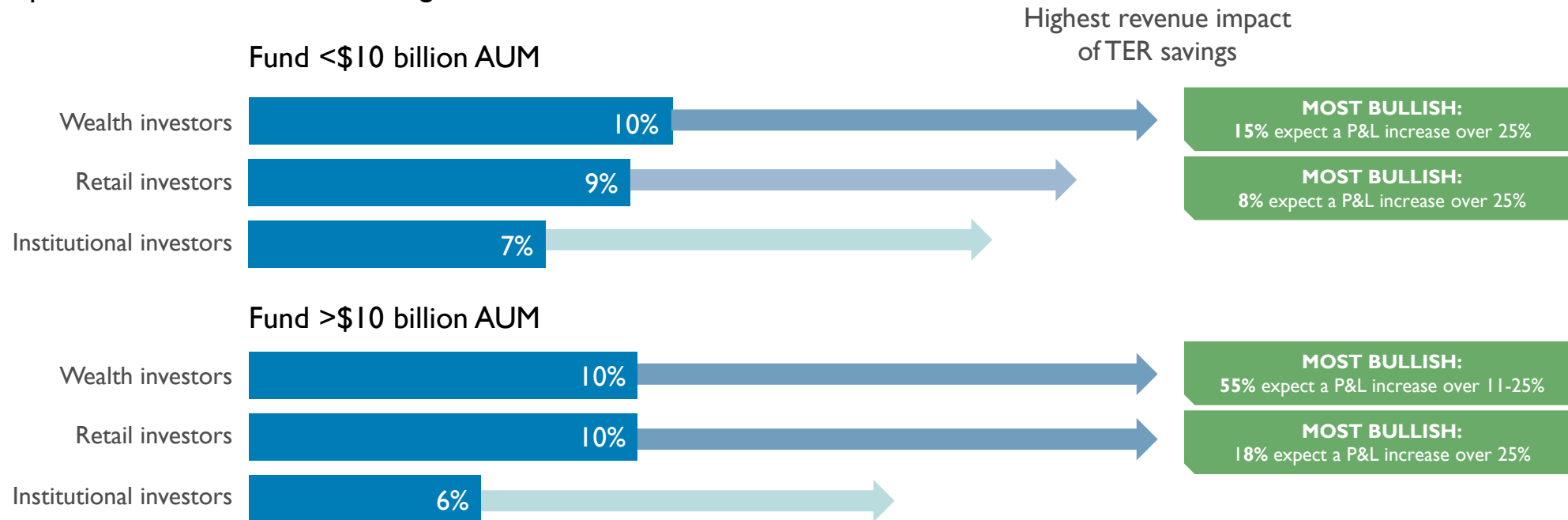
of AUM

(against a base of 0.74% in total fund operating costs)

REVENUE GROWTH POTENTIAL – A COMPETITIVE EDGE

Costs and new market opportunities: TER savings would unlock significant new AUM in the wealth space

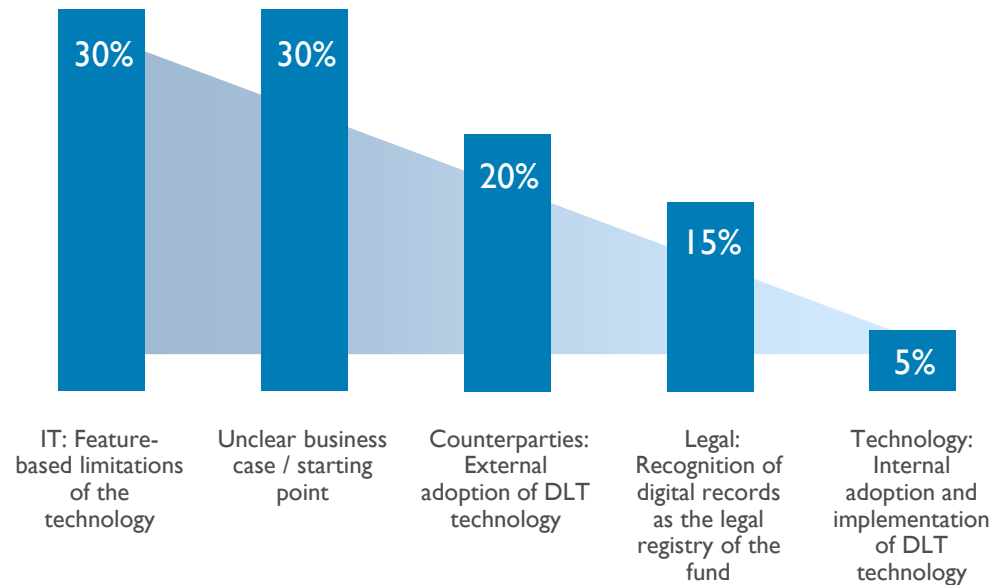
Expected incremental AUM to be gained from a 10% reduction in TER



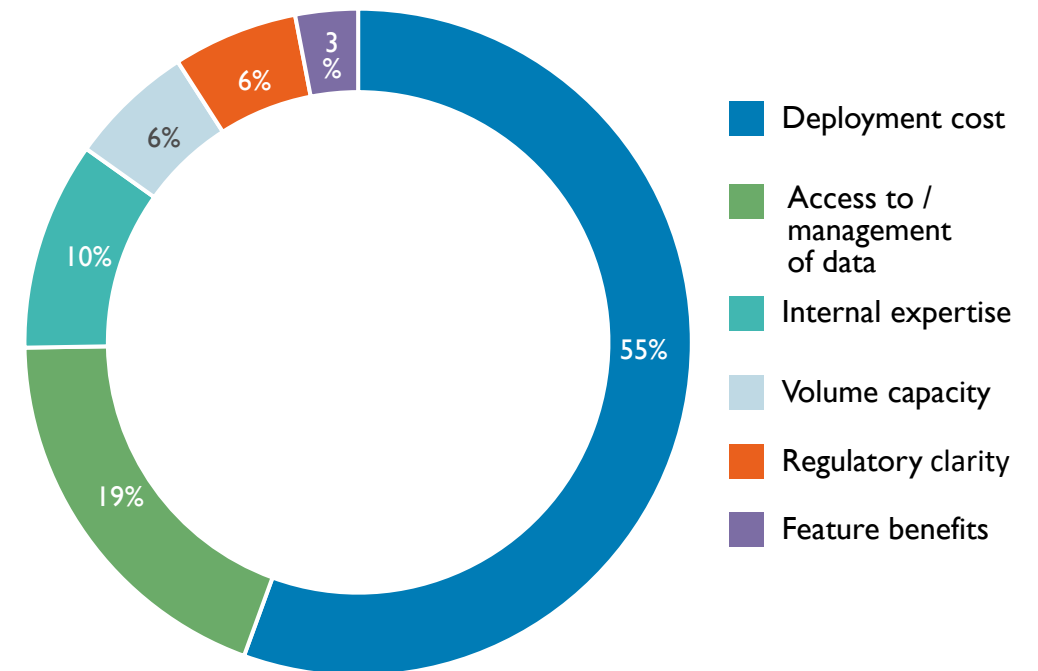
ADOPTION CHALLENGES AND INDUSTRY READINESS

Technology limitations, unclear business cases and high DLT deployment costs are key barriers to fund tokenisation

What is the biggest obstacle to realising the benefits of tokenisation
(% of firms choosing each option as their top-ranked challenge)



Key reasons for not using DLT today
(% of respondents citing each reason)



PHASED APPROACH TO TOKENISATION

