

Webinar Summary

Unlock New Investor Channels with Tokenised Funds



Presented by Jonah Erlich | Co-founder, Den

Overview

This webinar explored the rapid emergence of tokenised funds—traditional investment funds represented on blockchain infrastructure—and examined why they are moving from experimentation to real commercial deployment. Jonah provided a practical walkthrough of how tokenised funds work, the efficiency gains they unlock, who the current buyers are, and why on-chain distribution and lending are reshaping fund economics.

Key Topics Covered

1. What Are Tokenised Funds?

Tokenised funds are traditional investment funds represented on a blockchain, rather than on fragmented ledgers maintained by multiple intermediaries. While familiar roles—fund administrators, custodians, transfer agents, and depositories—still exist, they operate over a single, real-time ledger.

Why this matters:

- Fewer reconciliation breaks
- Real-time visibility of ownership
- Improved interoperability with other financial services

Jonah also introduced Den, the company he co-founded, which provides secure, enterprise-grade wallet infrastructure used by institutions issuing and managing tokenised funds.

2. How Tokenised Funds Work in Practice

The webinar walked through the end-to-end operational workflow, including:

- Investor onboarding (KYC/KYB and AML checks)
- Wallet creation and whitelisting
- Capital transfer and token minting
- Redemption via token burning
- Peer-to-peer transfers between authorised wallets

These processes are automated using smart contracts, which enforce rules around issuance, transfers, and compliance directly on the blockchain.

3. Structural Changes and Efficiency Gains

Tokenisation introduces several fundamental shifts compared to traditional fund structures:

- 24/7 atomic settlement: transactions complete instantly, without settlement risk
- Lower administrative costs: a shared ledger reduces duplication across intermediaries
- Reduced idle capital: assets can be deployed immediately rather than waiting for settlement cycles
- Programmable compliance: regulatory rules are embedded into smart contracts

A real-world example discussed was BlackRock's BUIDL fund, which uses atomic settlement to efficiently deploy capital into short-dated US Treasuries.

4. Distribution and Market Expansion

Tokenised funds enable wider investor access by lowering minimum investment sizes. This opens participation beyond large institutions to high-net-worth and accredited individual investors.

Jonah drew parallels with the early days of ETFs—highlighting how early liquidity can create durable market leadership—and noted that first movers in tokenised funds are beginning to build similar liquidity advantages.

5. Who Is Buying Tokenised Funds Today?

Current demand is coming from several clear buyer groups:

- Stablecoin issuers, using tokenised treasuries as reserve assets
- Crypto trading firms, seeking stable on-chain yield
- Institutional investors, using tokenised funds as collateral
- Accredited individuals, benefiting from lower minimums and faster access

Tokenised assets allow capital to be deployed or reallocated instantly, which is particularly valuable during periods of market volatility.

6. On-Chain Lending and Leverage

A major theme of the webinar was the integration of tokenised funds with on-chain lending platforms.

Key differences from traditional fund lending:

- Fully automated, 24/7 availability
- No minimum loan sizes
- Instant borrowing and liquidation mechanisms

Jonah explained “looping”, where investors borrow against tokenised fund holdings to purchase additional fund tokens, increasing exposure and yield. This approach is especially relevant for lower-volatility assets such as tokenised treasuries.

7. Benefits for Fund Managers

From a fund manager perspective, tokenisation and on-chain lending:

- Allow investors to access liquidity without redeeming holdings
- Help preserve assets under management (AUM)
- Introduce new demand channels via stablecoin lenders
- Reduce operational risk through automated risk engines

This creates a more resilient and scalable fund structure.

8. Launching a Tokenised Fund: The Infrastructure Stack

Jonah outlined four core components required to launch:

1. Blockchain selection (Ethereum remains the most widely used)
2. Identity and compliance tooling (KYC/KYB, AML, sanctions screening)
3. Wallet infrastructure (for issuance, redemption, and governance)
4. Tokenisation platforms (handling operational workflows and onboarding)

The key takeaway: the technology is now largely plug-and-play. The primary challenge is strategic positioning, not technical capability.

9. Commercial Viability and Near-Term Outlook

The most commercially viable use cases today include:

- Stablecoin backing assets
- On-chain yield products
- Institutional collateral use cases

Looking ahead, Jonah expects broader retail access through platforms such as Robinhood and Coinbase, alongside clearer regulatory guidance in multiple jurisdictions.

10. Regulation, Portability and Global Adoption

The tokenised fund model is highly portable across financial centres. While current demand is predominantly USD-based, tokenised products in other currencies (e.g. GBP and CAD) are beginning to emerge.

Tokenised funds sit within the broader category of Real World Assets (RWAs), sharing infrastructure with other tokenised instruments such as real estate and stablecoins.

11. Adoption Challenges and Bottlenecks

The main constraint today is investor adoption, particularly among investors unfamiliar with crypto-native workflows. While fiat-based investors face similar onboarding friction as in traditional funds, growing stablecoin adoption is steadily reducing these barriers.

12. Practical Next Steps for Fund Managers

For organisations exploring tokenisation, Jonah recommended:

- Building baseline understanding through online research
- Engaging with infrastructure providers early
- Leveraging existing compliance teams while adding blockchain monitoring tools
- Seeking guidance from experienced vendors across the ecosystem

Key Takeaway

Tokenised funds are no longer theoretical. With mature infrastructure, real capital deployment, and growing regulatory clarity, they represent a meaningful evolution in how investment funds are issued, distributed, and used—particularly when combined with on-chain lending and programmable compliance.