Staying the course: institutional investor sentiment toward blockchain and digital assets

Summary report

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EY Parthenon

Building a better working world

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Executive summary

In an industry known for its volatility, 2022 was a banner year for digital assets[1] — with numerous headlines, TV talk segments and podcasts devoted to the developments. On one hand, we witnessed a complete shift in the landscape of players, including the collapse of some of the most well-known firms, as well as a historic erosion of value and an increase in regulatory enforcement actions. On the other hand, we saw, and are continuing to see, the first meaningful institutional-grade implementations of blockchain technology by major traditional finance (TradFi) organizations, including the launch of digital asset custody; launch and usage of tokenized deposits and settlement coins; numerous central bank digital currency (CBDC) pilots; settlement of digital bonds on public ledgers; tokenization of private funds; intraday repo transactions occurring on the blockchain; and expansion of numerous use cases supporting payments and money movement. In addition, many TradFi organizations continued forward in their build-out of digital asset offerings for their retail and institutional clients.

Given this shifting backdrop, EY-Parthenon team conducted a survey of 250-plus institutions on their sentiment, use and plans regarding blockchain and digital assets. Our findings suggest they are staying the course and are not moving away from crypto/digital assets, but are approaching their investments carefully with educated, tempered optimism. Institutions overwhelmingly believe in the long-term benefits of crypto/digital assets, and their abundance of caution stems primarily from concerns regarding regulatory uncertainty, identification of trusted institutions to partner with, and the need to ensure security and safe custody of this novel asset class.

Institutions see value in the ability to diversify assets, as well as the potential for asymmetric returns when investing in crypto/digital assets. 35% of respondents noted allocating 1–5% to digital assets and/or related-products, with 60% of respondents indicating they allocate more than 1% of their portfolio to digital assets and/or related-products. While respondents with smaller assets under management (AUM)/assets under administration (AUA) tended to allocate a greater portion of their portfolio to these products, it was noteworthy that 45% of institutions with more than $500b in AUM responded that they allocate more than 1% of their portfolio, suggesting a large amount of capital invested in the space by traditional institutional investors.

To enable appropriate safeguards and plans that can be built, investment time horizons have been extended, with most organizations planning to scale investments over the next two to three years. However, institutions see tokenization as highly promising, and are looking to move more quickly toward investing in tokenized assets, as well as tokenizing their own assets over the next two years. Hedge funds, in particular, are the most bullish on their timeline to begin investing.

[1]Digital assets include cryptocurrencies, stablecoins, tokenized assets, non-fungible tokens (NFTs), and other digital representations of value.

Allocation to digital assets and interest in tokenization expected to increase

Investors overwhelmingly believe in the long-term value of blockchain and/or digital assets despite recent market events.

Digital asset institutional investors are:

SENTIMENT
Long-term believers in the market.

59% of institutions noted that recent market events have impacted their short-term digital assets and/or related product investment plans[1], but that they have plans to re-evaluate quickly.

93% of respondents believe in the long-term value of blockchain technology and/or digital assets.

ALLOCATION
Increasing their allocations.

25% of respondents increased digital assets and/or related product investment plans holdings in 2022.

69% of respondents expect to increase their allocations to digital assets and/or related products in the next two to three years.

CONFIDENCE
More trusting of TradFi institutions.

90% of respondents would engage with a TradFi firm for custody of their crypto investments.

50% of respondents would be likely to switch from a crypto native firm to a traditional finance firm if the same capabilities were offered.

TOKENIZATION
Interested in tokenization.

57% of institutional investors are interested in investing in tokenized assets, with 40% interested in starting this year or next.

47% of hedge funds and institutional asset managers are interested in tokenizing their own assets, with 45% planning to start this year or next.

[1]Digital asset-related products include funds, trusts, derivatives, etc.

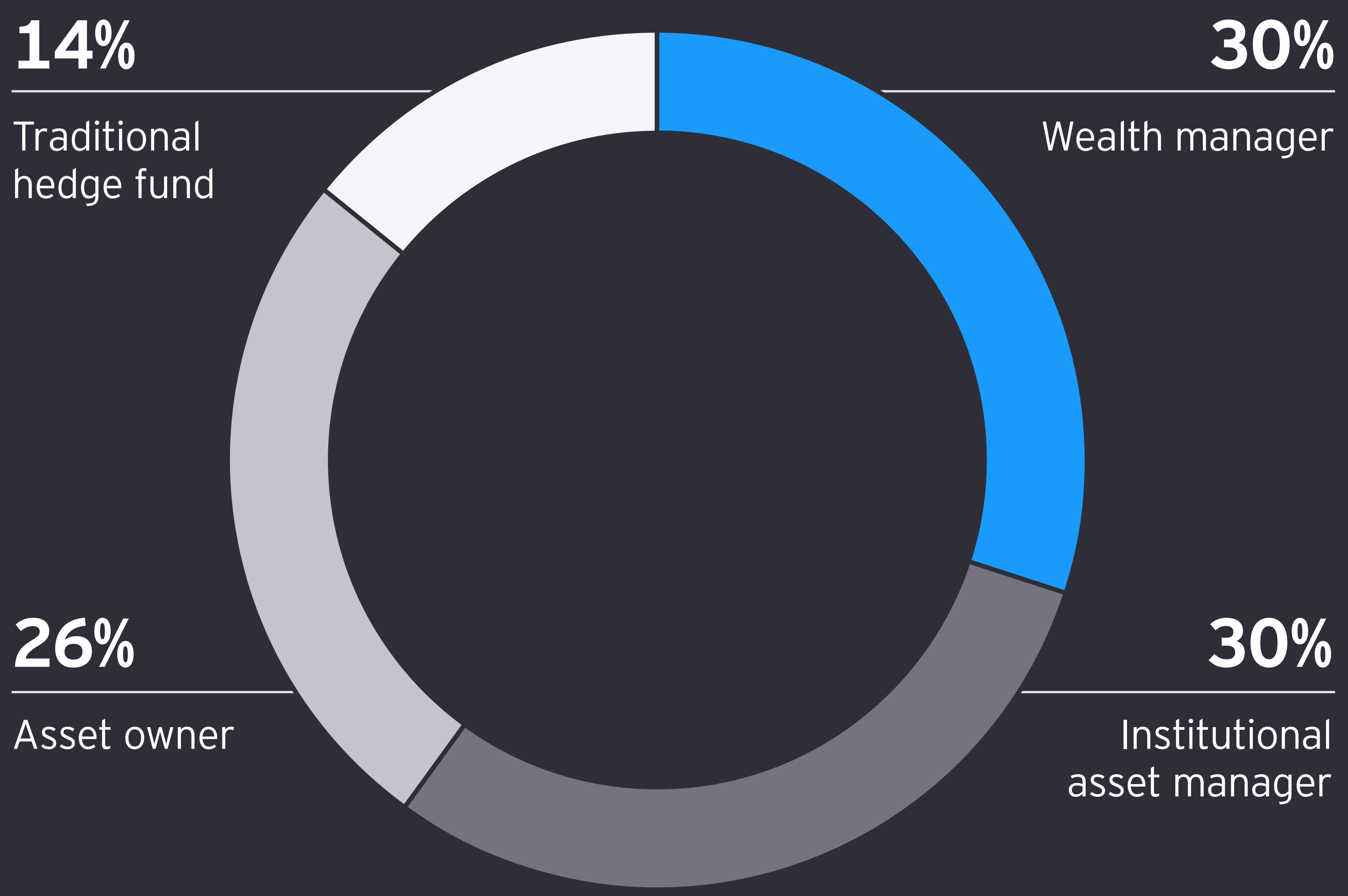
Research objectives and methodologies

EY-Parthenon team conducted a survey of 256 institutional investor decision-makers — e.g., chief operating officers (COOs), CEOs, portfolio managers and heads of transformation — globally to better understand how they view digital assets, including their sentiment, digital asset allocations, future expectations, and perspectives on tokenization.

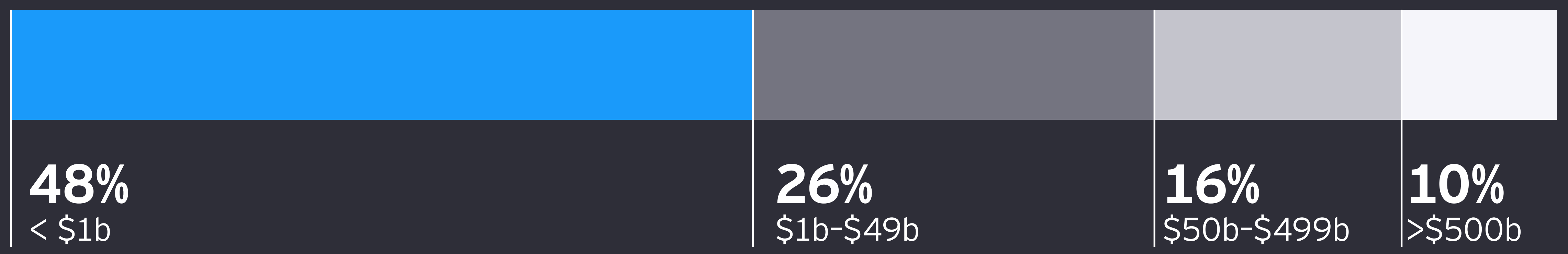
The respondents represented family offices, registered investment advisors (RIAs) and wealth managers (77); traditional asset managers (76); traditional hedge funds (36); and asset owners (e.g., pension funds, endowments, foundations, investment-grade advisors (IGAs) (67)) and came from the US (140), Europe (53), Asia-Pacific (43), Canada (17) and Latin America (3).

EY-Parthenon team commissioned a third party to deploy the survey to confirm a fair and balanced response pool. The survey was conducted in early February, during a time of significant disruption in the digital asset industry due to business failures, increased regulatory enforcement and heightened inflation. Sampled firms included both those invested and not yet invested in digital assets and/or related products (e.g., funds, trusts, derivatives).

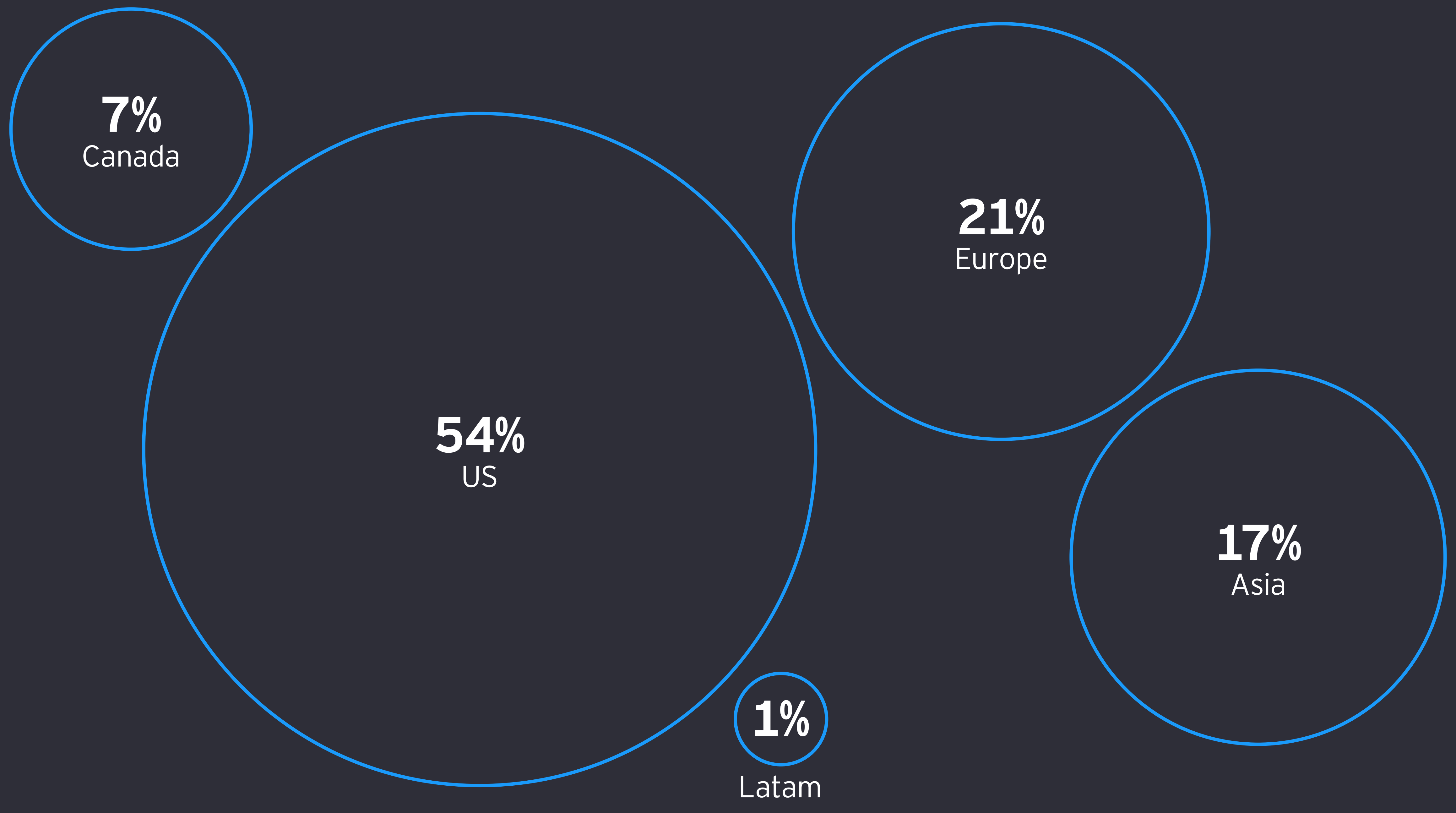
Firm type



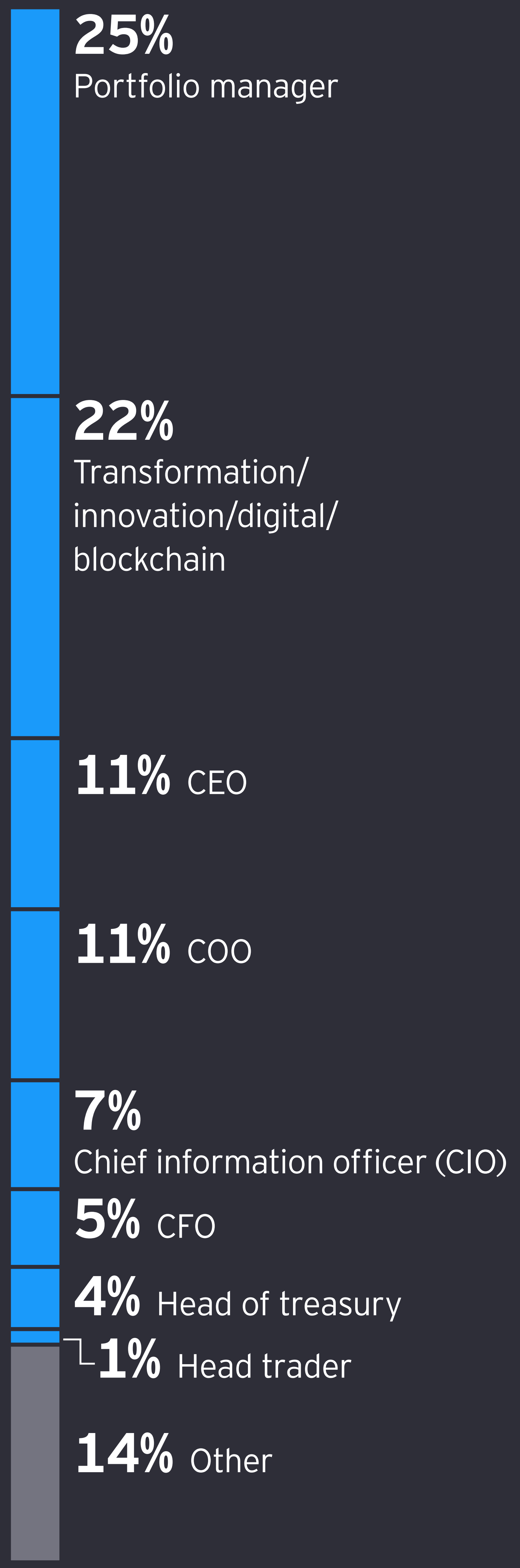
AUM/AUA



Region

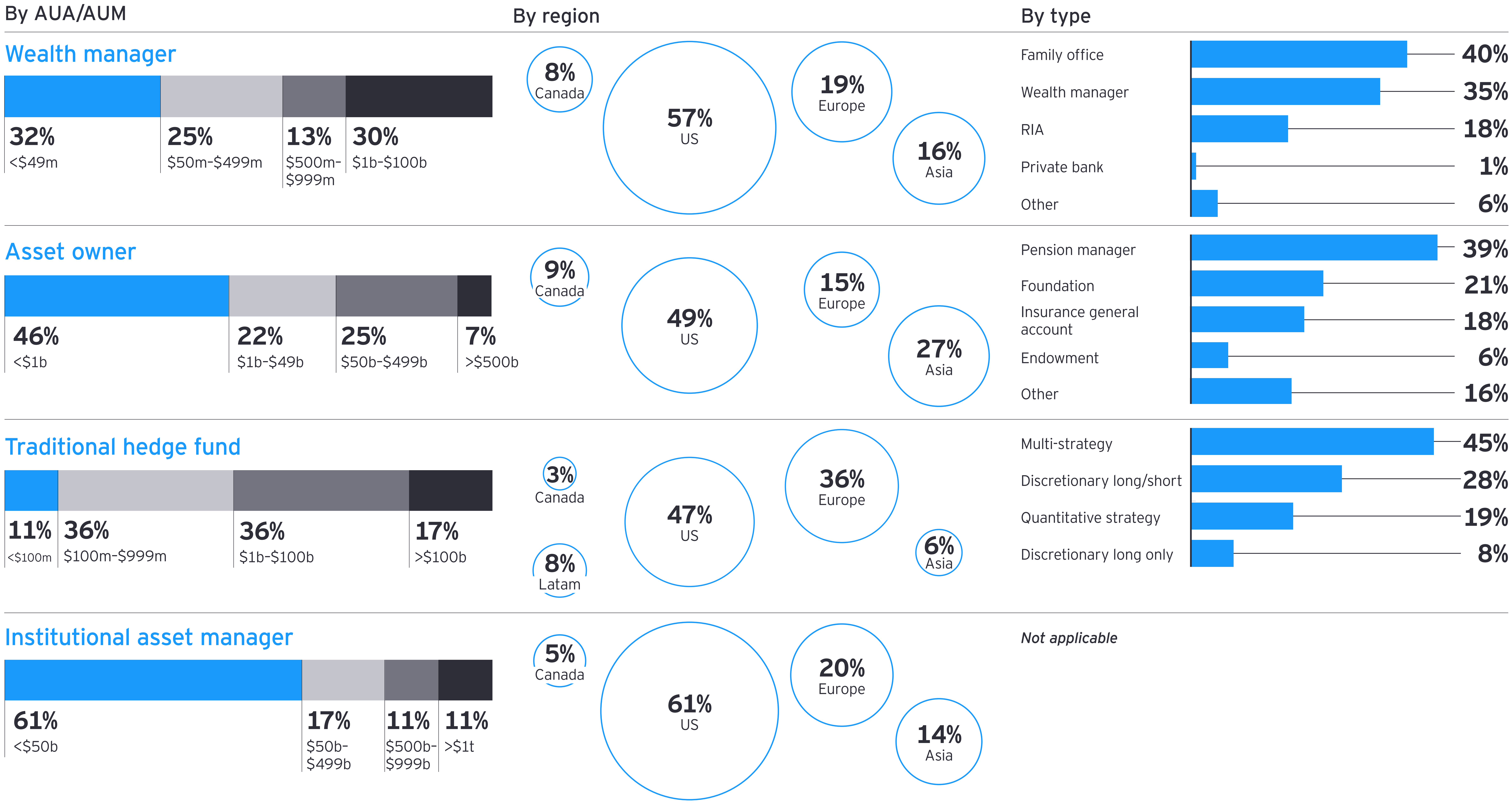


Title



Demographics

A total of 256 decision-makers from buy-side firms operating around the world were surveyed. Investors surveyed came from different segments within the buy side and varied in asset size.



By AUA/AUM
By region
By type
Wealth manager
32%
<$49m
25%
$50m-$499m
13%
$500m-$999m
30%
$1b-$100b
8% Canada
57% US
19% Europe
16% Asia
Family office 40%
Wealth manager 35%
RIA 18%
Private bank 1%
Other 6%
Asset owner
46%
<$1b
22%
$1b-$49b
25%
$50b-$499b
7%
>$500b
9% Canada
49% US
15% Europe
27% Asia
Pension manager 39%
Foundation 21%
Insurance general account 18%
Endowment 6%
Other 16%
Traditional hedge fund
11%
<$100m
36%
$100m-$999m
36%
$1b-$100b
17%
>$100b
3% Canada
8% Latam
47% US
36% Europe
6% Asia
Multi-strategy 45%
Discretionary long/short 28%
Quantitative strategy 19%
Discretionary long only 8%
Institutional asset manager
61%
<$50b
17%
$50b-$499b
11%
$500b-$999b
11%
>$1t
5% Canada
61% US
20% Europe
14% Asia
Not applicable

Institutional investor sentiment

Despite market turmoil, institutional investors appear to be taking a more long-term view of blockchain and crypto/digital assets. The survey findings indicate that recent market events have resulted in 59% of institutional investors in digital assets planning to pause their investments in the short term – with plans to re-evaluate in short order – but 93% still believe in the long-term value of blockchain technology and/or crypto/digital assets. Institutions are understandably proceeding with caution, taking time to plan for some of the major risks they see in making a meaningful entry into the space.

Due to the constantly evolving regulatory environment, it is no surprise that 89% of institutions rank regulatory uncertainty and 87% rank lack of trusted players as primary concerns when considering a significant investment.

Institutions largely see tremendous value in the ability to diversify assets, as well as the potential for asymmetric returns when investing in crypto/digital assets. As the market sorts through the current uncertainty, it is clear from our survey that institutional market participants have far from given up on digital assets.

A majority of institutional investors believe that digital assets and/or blockchain technology brings long-term value, blockchain technology will be broadly adopted and programmability of smart contracts will enable financial services use cases.

When asked to describe their level of optimism about the future of blockchain technology and digital assets:

79%
are optimistic/somewhat optimistic that blockchain technology will be adopted broadly across a variety of industries.

74%
are optimistic/somewhat optimistic that the programmability of smart contracts enables new and important use cases for financial services.

57%
are optimistic/somewhat optimistic that the tokenization of real-world assets or financial securities offers a significant benefit and will gain adoption.

54%
are optimistic/somewhat optimistic that stablecoins improve the speed and fees of transfers and settlement.

52%
are optimistic/somewhat optimistic that tokenization of assets and blockchain technology will transform capital markets.

Q:

Do you still believe in the long-term value of blockchain technology, digital assets and cryptocurrency based on the market activity this past year?

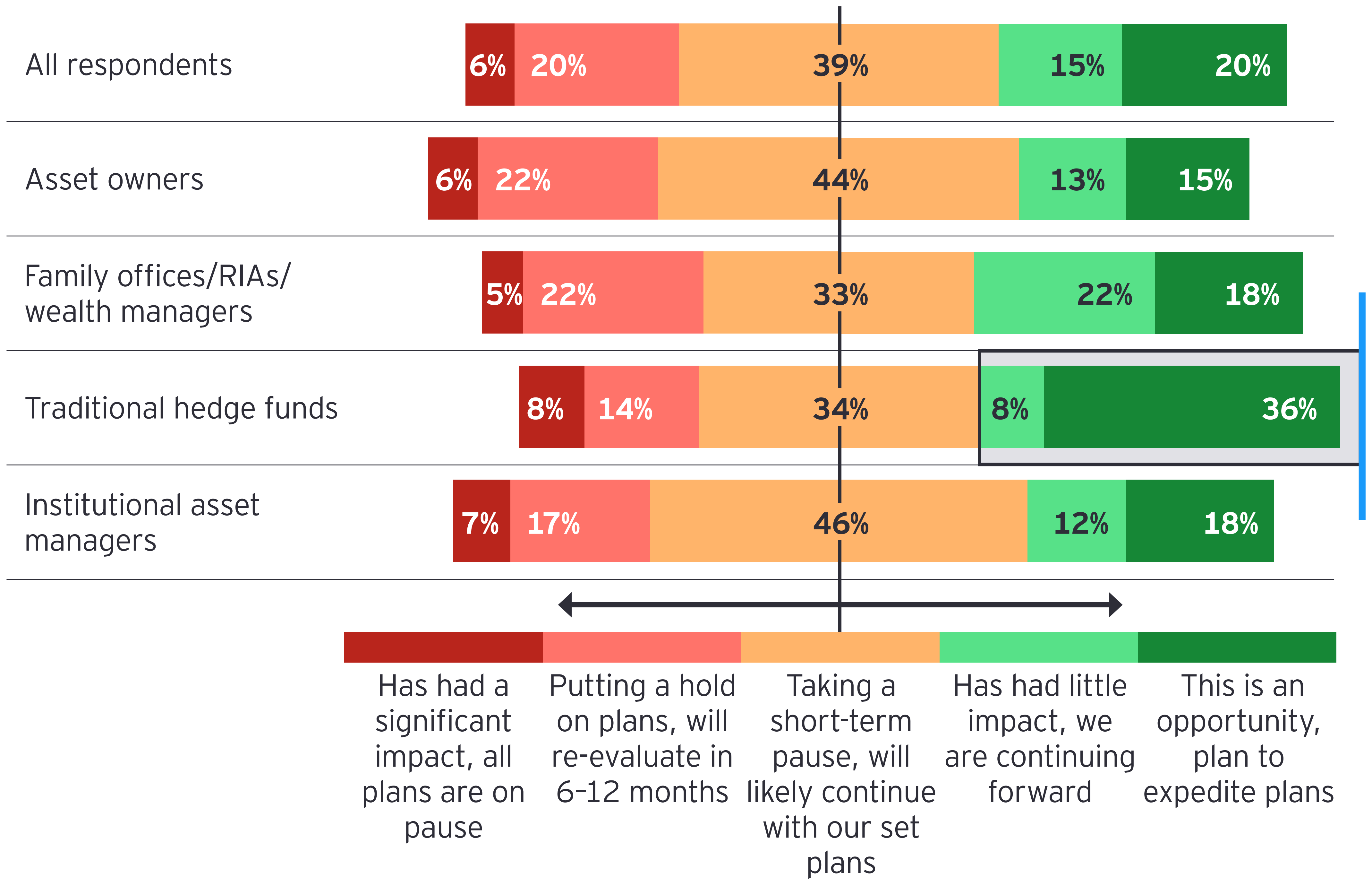
Scale	I do not	Yes, blockchain technology only	Yes, blockchain and crypto/digital assets
All respondents	7%	32%	61%
Asset owners	4%	44%	52%
Family offices/RIAs/wealth managers	8%	26%	66%
Traditional hedge funds	8%	25%	67%
Institutional asset managers	9%	32%	59%

Although some institutional investors have paused their digital asset investment plans in the short term due to recent market events, the majority plan to proceed in short order, and some see it as an opportunity to expedite their efforts.

Eighty-eight percent of current or future institutional investors rank regulatory clarity and oversight as an important factor when determining whether to make significant investments in digital assets, followed by preferring proven and trusted financial entities to interact with (87%) and considering asset security/custody concerns (86%) an important factor. Institutional investors with larger AUM/AUA were less impacted by recent events, with 44% of investors with greater than $500b in AUM/AUA noting that recent events impacted their short-term investment plans compared with 61% of investors with an AUM/AUA below $1b.

Q:

Have recent market events impacted your demand for and belief in the digital asset ecosystem?



44% of hedge funds' crypto investment plans are unaffected by the current "crypto winter."

Q:

Rank how important the following factors are when making a significant investment in digital assets.

1	Regulatory clarity and oversight	88%
2	Proven and trusted financial entities to interact with	87%
3	Asset security/custody concerns	86%
4	Capital efficiency	66%
5	Reduced cost of transactions in cryptocurrency markets	66%
6	Reduced volatility in cryptocurrency markets	51%
7	Decentralization	49%

Top investment factors for current or future crypto institutional investors

Note: Rank order determined by % of respondents who ranked each choice 1 or 2.

Institutional investor allocation

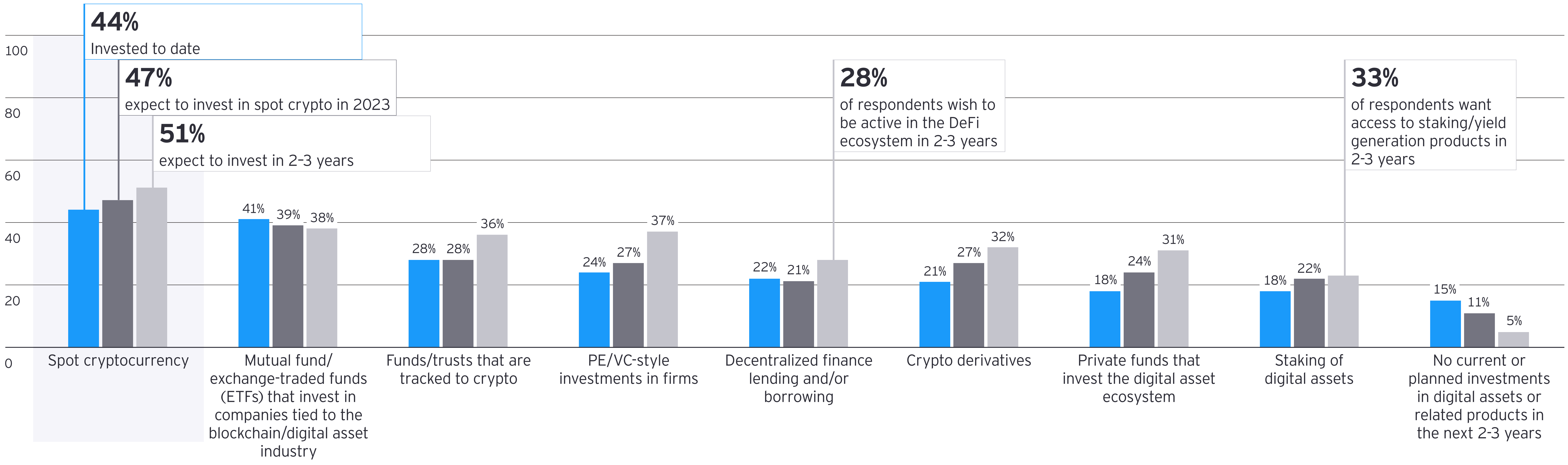
Institutions are moving forward with their plans to invest optimistically and cautiously, with the majority of those that are currently invested allocating 1% to 5% of their portfolios to digital assets and/or related products. Seventy-six percent of respondents who have invested in digital assets suggest portfolio allocations below 5%, with only 3% of respondents allocating above 20% of their portfolios. Given their risk-on nature, hedge funds are a notable exception, with 36% of respondents allocating above 5% of their portfolios to the asset class. In addition, 71% of respondents with AUM/AUA less than $1b indicated they allocate more than 1% of their portfolio to digital assets vs. 60% of all respondents, while 45% of institutions with more than $500b in AUM/AUA indicated they allocate more than 1% of their portfolio.

Looking to the future, institutions overwhelmingly expect to increase their allocations, with consistent growth expected in 2024 or 2025, aligning with the generally cautious but optimistic approach.

Spot cryptocurrency represents the most common investment, with bitcoin (BTC) and Ethereum (ETH) being the most prevalent. It is important to note, however, that 60% of institutions invested in spot crypto currently are also invested in cryptocurrencies beyond BTC and ETH. Going forward, in addition to spot cryptocurrency, institutions expect to allocate more to other vehicles, notably funds that are tracked to crypto, and private equity/venture capital (PE/VC)-style investments in digital asset firms.

All institutional investor segments anticipate ramping up investments in digital assets and/or related products over the next two to three years.

With 69% of respondents expecting their allocations to cryptocurrencies/digital assets/crypto products to increase in the next two to three years, it is evident that institutional investors view this asset class as a durable part of their investment portfolios.



Roughly a third of investors have allocated 1% to 5% of their funds to digital assets and/or related products, with approximately 36% of hedge funds allocating more than 5%.

Roughly one-third of institutional investors allocated 1% to 5% of their portfolio funds to cryptocurrencies, digital assets, or related crypto funds and products. Hedge funds are the most allocated, with 36% investing over 5% of their portfolios. Sixty-eight percent of wealth managers/family offices report that they have allocated more than 1% of their funds to digital assets.

Q:

What percentage of your funds have you allocated to cryptocurrencies, digital assets, or related crypto funds/products?[1]

	<0.1%	0.1%-0.5%	0.5%-1%	1%-5%	5%-10%	10%-20%	20%-50%	>50%
All respondents	9%	15%	16%	35%	15%	7%	2%	1%
Asset owners	13%	18%	21%	30%	9%	7%	2%	0%
Family offices/RIAs/ wealth managers	5%	10%	17%	43%	16%	5%	2%	2%
Traditional hedge funds	11%	14%	14%	25%	14%	18%	4%	0%
Institutional asset managers	11%	18%	10%	35%	20%	4%	2%	0%

[1] Excludes "not sure/cannot disclose" responses.

Of firms with greater than $500b AUM, roughly a third have allocated 1–5% of their funds to digital assets and /or related products.

Seventy-one percent of respondents with AUMs less than $1b indicated they allocate more than 1% of their portfolio to digital assets and/or related products vs. 60% of all respondents. Meanwhile, 45% of institutions with more than $500b in AUM allocate more than 1% of their portfolio. For all respondent types, allocation percentages over 1% decrease as AUM/AUA ranges increase (e.g., 40% of asset managers with AUM/AUA more than $500b allocate more than 1% to digital assets and/or related products vs. 61% of all asset managers).

Q:

What percentage of your funds have you allocated to cryptocurrencies, digital assets, or related crypto funds/products?[1]

	<0.1%	0.1%-0.5%	0.5%-1%	1%-5%	5%-10%	10%-20%	20%-50%	>50%
All respondents	9%	15%	16%	35%	15%	7%	2%	1%
<$1b	6%	9%	14%	43%	15%	9%	3%	1%
$1b-$49b	10%	19%	17%	27%	19%	8%	0%	0%
$50b-$499b	16%	27%	18%	21%	12%	3%	3%	0%
>$500b	16%	17%	22%	33%	6%	6%	0%	0%

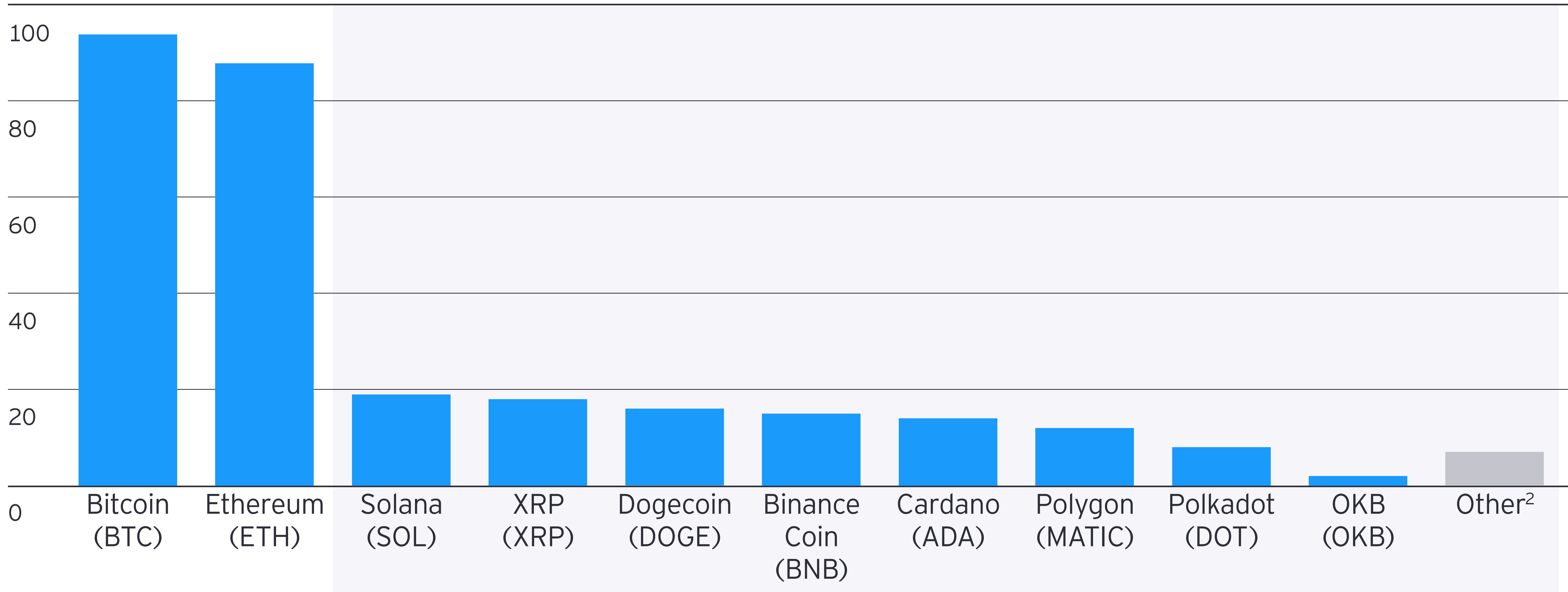
[1]Excludes "Not sure/cannot disclose" responses.

Institutional investors that invest in spot cryptocurrency typically own BTC or ETH and use US dollar coin (USDC) stablecoins.

Sixty percent of respondents who allocate to crypto currently have allocated to coins other than BTC or ETH, with a greater percentage of traditional hedge funds (65%) and family offices (64%) doing so. Almost all allocations by institutional investors are focused on Layer 1[1] protocols, with less than 10% of respondents confirming investments in any Layer 2 or other protocol tokens.

Q:

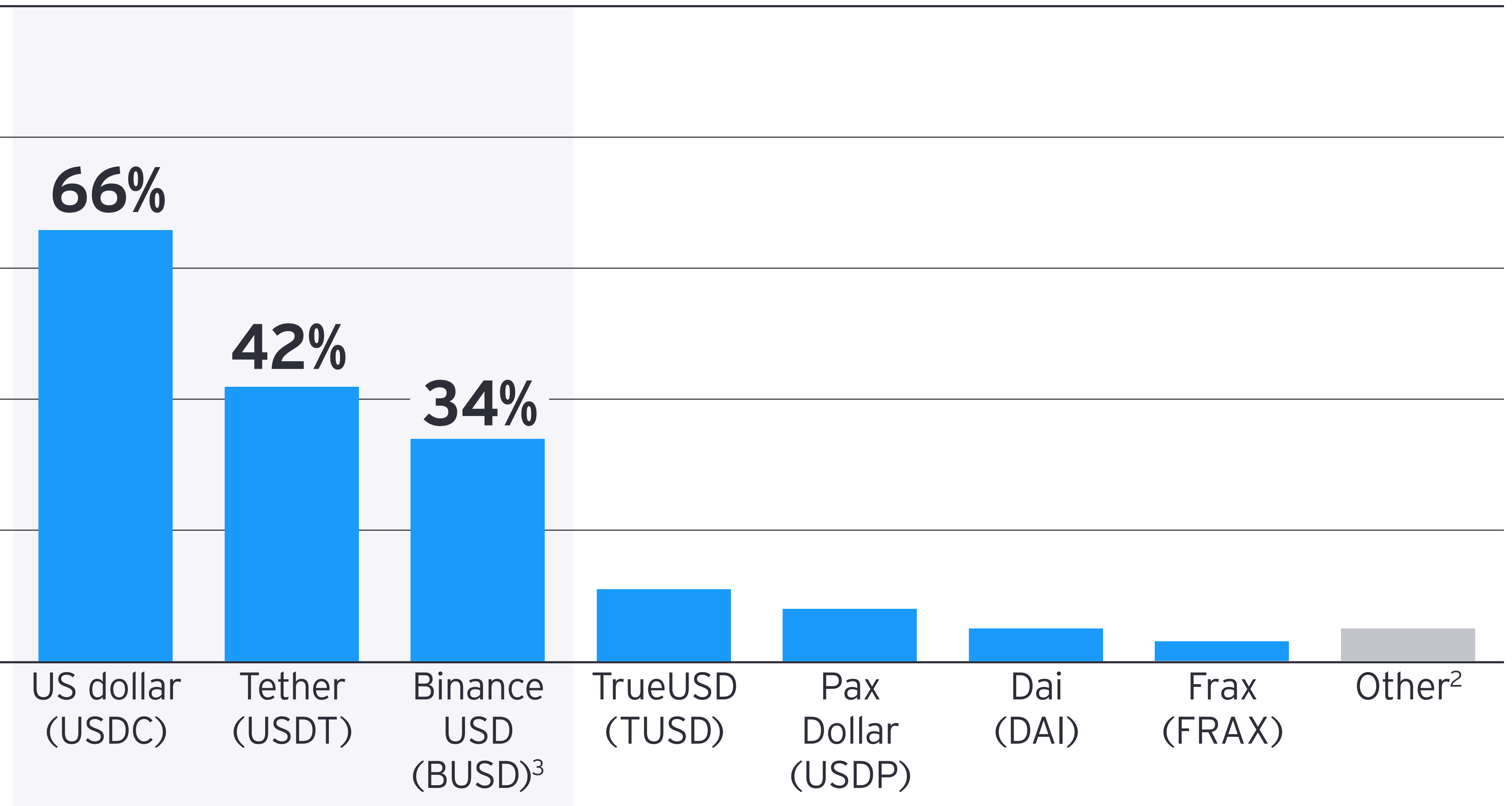
Which types of cryptocurrencies does your firm allocate to currently? Choose all that your firm owns.



Of the 119 firms with current crypto allocations,
71 (60%) have allocated to coins other than BTC and ETH.

Q:

Which stablecoins do you use? Choose all that your firm uses.



The distribution of cryptocurrencies and stablecoins is broadly similar across institution types, with BTC, ETH and USDC the most popular.

[1]Layer 1 blockchains refer to the underlying protocols or networks that serve as the foundation for decentralized systems, while layer 2 blockchains are built on top of these protocols to provide scalability, interoperability, or other additional functionalities.
[2]Some examples are: HBAR, Concordium, Decentraland, SHIB, Tezos, Aave, Compound, APT, Cake, Optimism and Ato.
[3]Survey was completed few weeks before SEC action against BUSD.

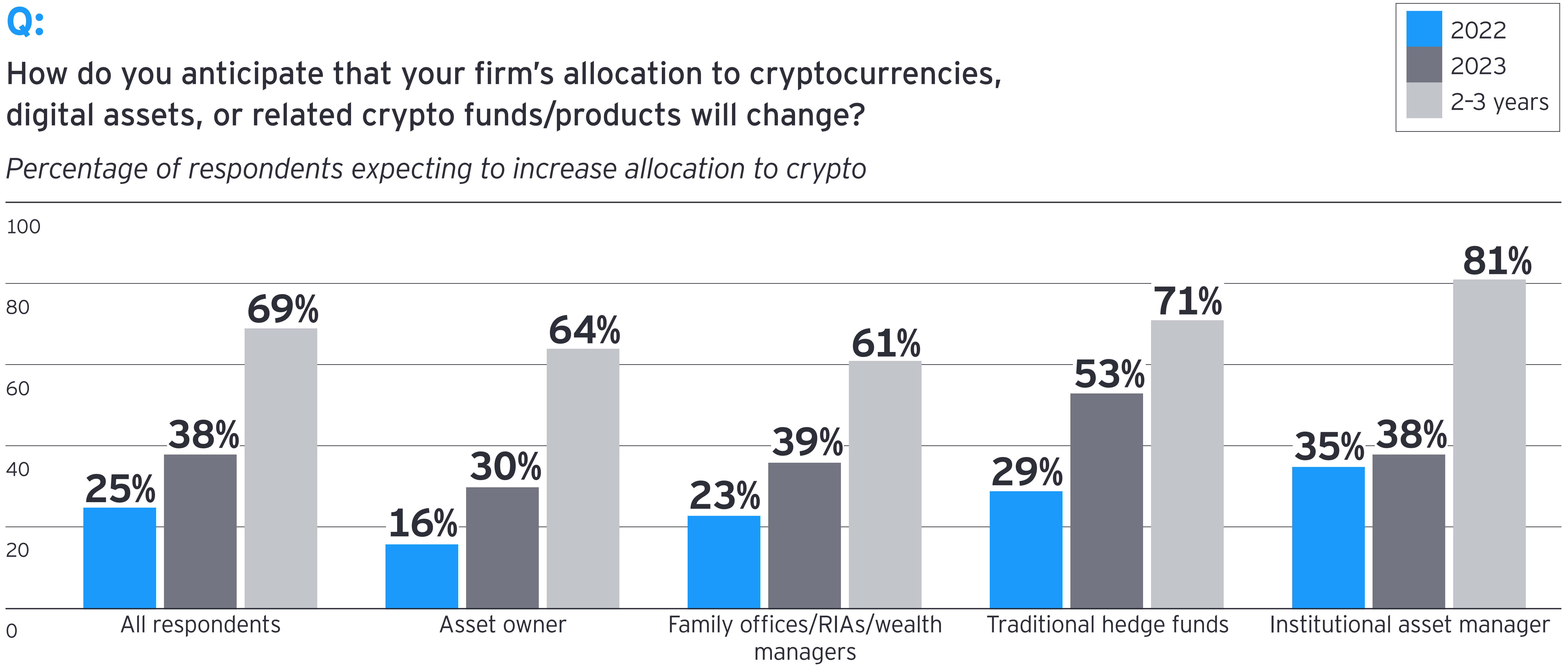
Allocation to digital assets is expected to ramp up over the next three years, particularly among institutional asset managers and hedge funds.

Although some institutional investors are taking a more cautionary stance with their digital asset investments, investors are optimistic about the outlook on blockchain and digital assets and view them both as a means of diversification and as a growth potential. In 2022, 25% of investors increased their holdings, while 49% had holdings remain unchanged. In 2023, 38% of respondents expect to increase holdings, while 52% expect to have holdings remain unchanged. In two to three years (2024–25), 69% of investors expect to increase holdings in digital assets and/or related products, while 24% expect to have holdings remain unchanged. Institutional asset managers and hedge funds expect to increase holdings the most (81% and 71%, respectively) in two to three years.

Q:

How do you anticipate that your firm's allocation to cryptocurrencies, digital assets, or related crypto funds/products will change?

Percentage of respondents expecting to increase allocation to crypto



Digital assets infrastructure and tech sentiment

In choosing a custodian for digital assets, institutional investors are most concerned with security, regulatory compliance, and the reputation/trust of their provider. With these factors top of mind, it is no surprise that 61% of institutional investors use or plan to use a qualified custodian to hold their digital assets. To increase resilience further, institutions are shifting toward a multi-custodial model, with 56% using or planning to use this type of custody model.

Institutions have expressed greater trust for TradFi institutions. Forty-four percent of respondents suggest they would prefer engaging with a TradFi firm over a crypto native firm for custody, while only 10% would prefer engaging with a digital native over a TradFi. To support institutional investors' needs, TradFi firms will need to expand capabilities beyond custody of top coins to meet demands for services such as lending and borrowing against crypto and offering prime brokerage services.

Institutions broadly recognize the importance of preparing for the rapidly changing market landscape. Sixty percent of respondents believe retraining, upskilling and hiring crypto/blockchain professionals is important to remain competitive, indicating a potential future investment in digital asset talent and resources.

Ninety percent of institutional investors would engage with a TradFi firm for custody, with 44% indicating a preference to do so.

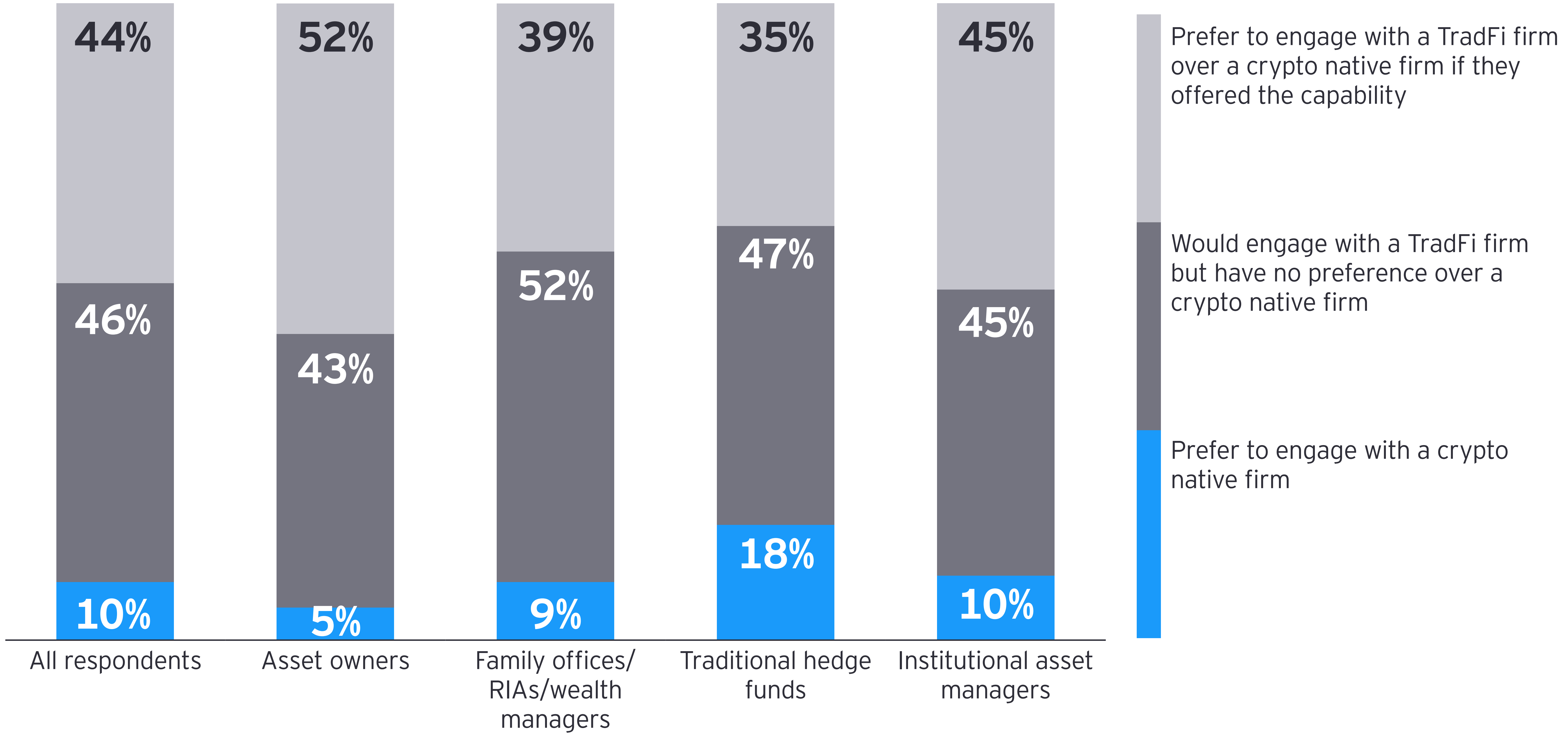
Institutional investors displayed a low preference (10%) for engaging with crypto native firms over TradFi firms for digital asset custody, with 44% indicating a preference for using TradFi firms and 46% noting they would engage with a TradFi firm but had no preference over a crypto native firm.

Top investments for the 44% of investors who would prefer to engage with a TradFi firm for custody include: 53% mutual funds/ETFs that invest in companies tied to the blockchain/digital assets; 47% spot currency; and 39% PE/VC-style investments in firms.

Top investments for the 10% of investors who prefer engaging with a crypto native firm for custody include 57% spot currency; 33% staking of digital assets; 29% decentralized financing (DeFI)/borrowing; and 29% crypto derivatives. More actively involved and sophisticated investors typically prefer engaging with crypto native firms as their needs are more advanced and can't be serviced by TradFi firms today.

Q:

Would you engage with a TradFi firm for digital asset custody (i.e., storage and holding of cryptocurrency assets)?



Investors would engage with TradFi firms because of their reputation, ability to comply with regulatory obligations and ability to service traditional and digital asset needs alike.

The reasons given for preferring to engage with a TradFi firm for digital asset custody include trust – with 79% of respondents ranking it their No. 1 or No. 2 investment factor; concern with crypto native firms' ability to fulfill regulatory compliance obligations – with 32% of respondents ranking it as a top-two factor; and ease of working with one provider for all custody needs, covering both traditional and digital assets – cited by 29% of investors.

Q:

You said you would engage with TradFi firms for digital asset custody. Rank the reason(s) why.

Top reasons why institutional investors would engage with a TradFi firm for digital asset custody

1	I trust TradFi banks more than crypto natives	79%
2	Regulatory/compliance concerns associated with the crypto natives	32%
3	I already have an existing relationship with TradFi firms and it's easier to continue working with them	29%
4	I want to be able to view performance and get my services from one firm	24%
5	Risk of crypto native firms ceasing operations/going bankrupt	21%
6	Lack of reputation or track record of crypto natives (e.g., Coinbase, Binance)	14%
7	Difficulties with account onboarding process with crypto natives	1%

Note: Rank order determined by percentage of respondents who ranked each choice 1 or 2.

To increase engagement with investors, TradFi firms should consider offering services such as lending and borrowing against crypto, and prime brokerage services.

Forty-nine percent of respondents want lending and borrowing against crypto, prime brokerage services (49%), and custody of more coins beyond top coins (42%). There were some segment-specific features that respondents wanted as well, such as wealth managers wanting staking/yield-generation opportunities (47%), and asset managers wanting support for custody of non-fungible tokens (NFTs) (52%) and asset tokenization (50%).

As additional confirmation, 50% of current and future institutional investors indicated they would likely move their assets from a crypto native firm to a TradFi if offered the same services they are receiving today. There is more interest in switching to engaging with TradFi firms for custody and other services from investors with a larger AUM/AUA, as 62% of institutional investors with an AUM/AUA greater than $500b would switch to a TradFi firm if offered the same services, compared with 44% of investors with an AUM/AUA below $1b.

Q:

What features would you want from a TradFi firm beyond custody of top coins to begin engaging with them? Select all that apply.

Top features institutional investors want from TradFi firms beyond custody of top coins

	All respondents	Asset owners	Family offices/RIAs/ wealth managers	Traditional hedge funds	Institutional asset managers
1. Lending and borrowing against crypto	49%	41%	61%	53%	43%
2. Prime brokerage services	49%	46%	52%	44%	52%
3. Custody of more coins beyond top coins	42%	36%	41%	44%	48%
4. Staking/yield-generation opportunities	41%	39%	47%	38%	38%
5. Custody of NFTs	38%	39%	32%	24%	52%
6. Support for asset tokenization	36%	36%	24%	32%	50%
7. Support for stablecoins for payments	33%	28%	29%	32%	42%
8. Connection to DeFi	31%	36%	29%	29%	30%

Note: Excludes "other" responses.

Tokenization plans and sentiment

Tokenization is the process of converting an asset or the ownership rights of an asset to a digital form using blockchain. Tokenization of assets offers many benefits, including enabling access to new customers and sources of capital; increasing liquidity; supporting fractionalization; enabling the removal of intermediaries from the settlement process; reducing market friction; driving operational efficiencies; lowering costs; automating processes through smart contracts; and much more.

When it comes to tokenization, there are two sides: investing in tokenized assets and tokenizing one's own assets. Fifty-seven percent indicated an interest in investing in tokenized assets, particularly tokenized private funds, securities (e.g., bonds and stocks), and public funds. Hedge funds are the most bullish on their timeline to begin investing.

Forty-seven percent of hedge funds and institutional asset managers are interested in tokenizing their own assets. Primary rationales for tokenizing assets include access to new investors and capital, and increased liquidity (53% and 47% of respondents, respectively).

Top asset classes or security types of interest include public funds, private funds and real estate funds, and 60% of institutions surveyed would tokenize on a public-permissioned blockchain.

Fifty-seven percent of institutional investors are interested in investing in tokenized assets; traditional hedge funds are the most bullish on their timeline to begin.

Fifty-seven percent of institutional investors are interested in investing in tokenized assets (e.g., private funds and securities), with 40% looking to start investing this year or next. Hedge funds are the most enthusiastic to step up their timeline to begin investing, with 46% planning to do so in the next two years.

There is more interest in investing in tokenized assets for firms with a larger AUM/AUA, as 80% of institutional investors with an AUM/AUA greater than $500b are interested in investing in tokenized assets, compared with 54% of those with an AUM/AUA below $1b.

Q:

How interested is your firm in investing in tokenized assets?

Q:

How soon would your firm want to begin investing in tokenized assets?

	Interested in investing in tokenized assets	2023	2024	2025	2026+
All respondents	57%	17%	23%	27%	7%
Asset owners	60%	13%	26%	23%	13%
Family offices/RIAs/wealth managers	51%	14%	23%	34%	5%
Traditional hedge funds	58%	23%	23%	19%	8%
Institutional asset managers	62%	20%	22%	28%	4%

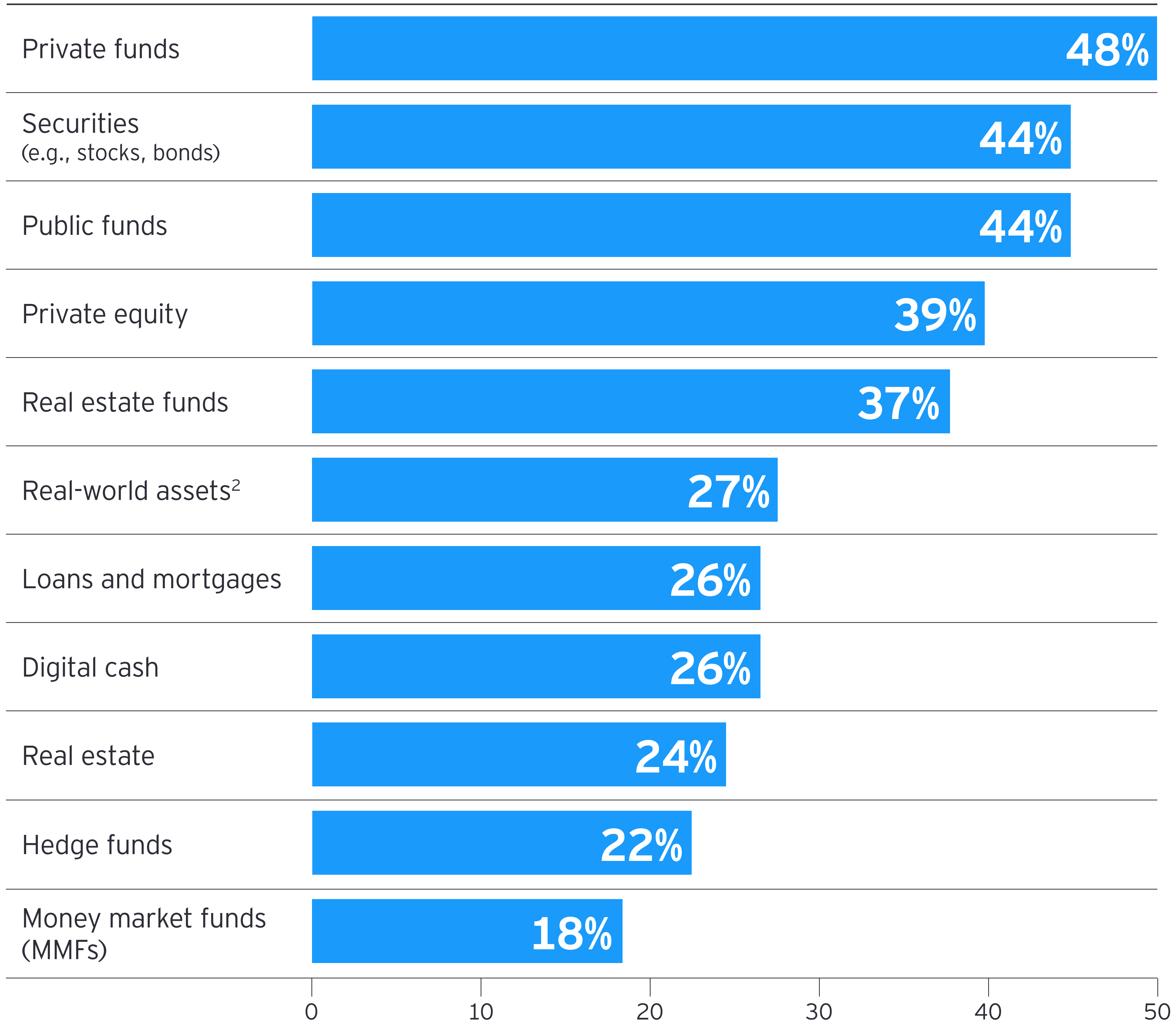
There is broad interest in investing in tokenized assets this year and next among institutional investors.

Note: does not include respondents who indicated "unsure – waiting for regulatory clarity."

Institutional investors are interested in investing in tokenized private funds and securities (e.g., bonds, stocks) the most, citing access to new asset types, increased liquidity and increased transparency as primary drivers for their interest.

Q:

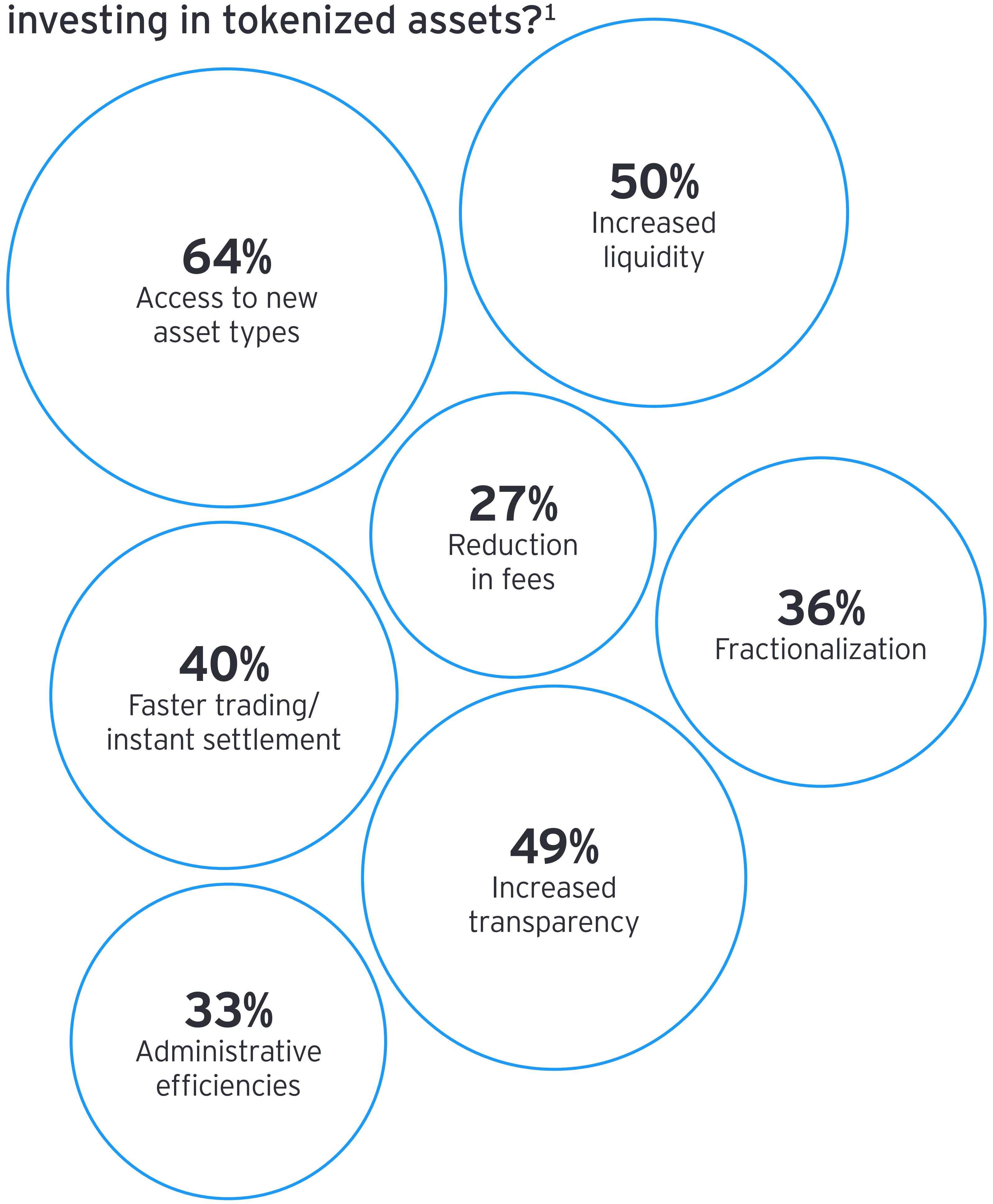
Which tokenized asset classes or security types would your firm be interested in investing in?[1]



[1]Excludes de minimis "other" responses.
[2]Real-world assets include assets such as carbon credits, gold, timber, water.

Q:

Why is your firm interested in investing in tokenized assets?[1]



Institutional investors are moderately interested in using digital cash as a form of payment.

When asked if they were interested in using digital cash (e.g., tokenized deposits, stablecoins) as a form of payment, 41% of all institutional investors indicated interest in digital cash, while 25% were neutral, representing potential interest.

Q:

On a scale of 1 to 5, how interested are you in using digital cash (e.g., tokenized deposits, stablecoins) as a form of payment?

Scale	Not interested	Neutral	Interested
All respondents	34%	25%	41%
Asset owners	31%	28%	41%
Family offices/RIAs/ wealth managers	34%	27%	39%
Traditional hedge funds	28%	33%	39%
Institutional asset managers	39%	17%	44%

Investors across institution types are interested in using digital cash as a form of payment; many are neutral, representing potential interest.

Forty-seven percent of asset managers and hedge funds are interested in tokenizing their assets, with 45% interested in tokenizing their assets this year or next.

There is more interest in tokenizing one's own assets for firms with a larger AUM/AUA, as 72% of institutional investors with an AUM/AUA greater than $500b are interested in tokenizing their own assets, compared with 40% of firms with an AUM/AUA below $1b.

Q:

How interested is your firm in tokenizing its own assets?

Q:

How soon would your firm want to begin tokenizing its own assets?

	Interested in investing in tokenized assets	2023	2024	2025	2026+
All respondents	47%	12%	33%	32%	3%
Traditional hedge funds	39%	6%	39%	22%	6%
Institutional asset managers	51%	14%	31%	36%	2%

Note: does not include respondents who indicated "unsure – waiting for regulatory clarity.

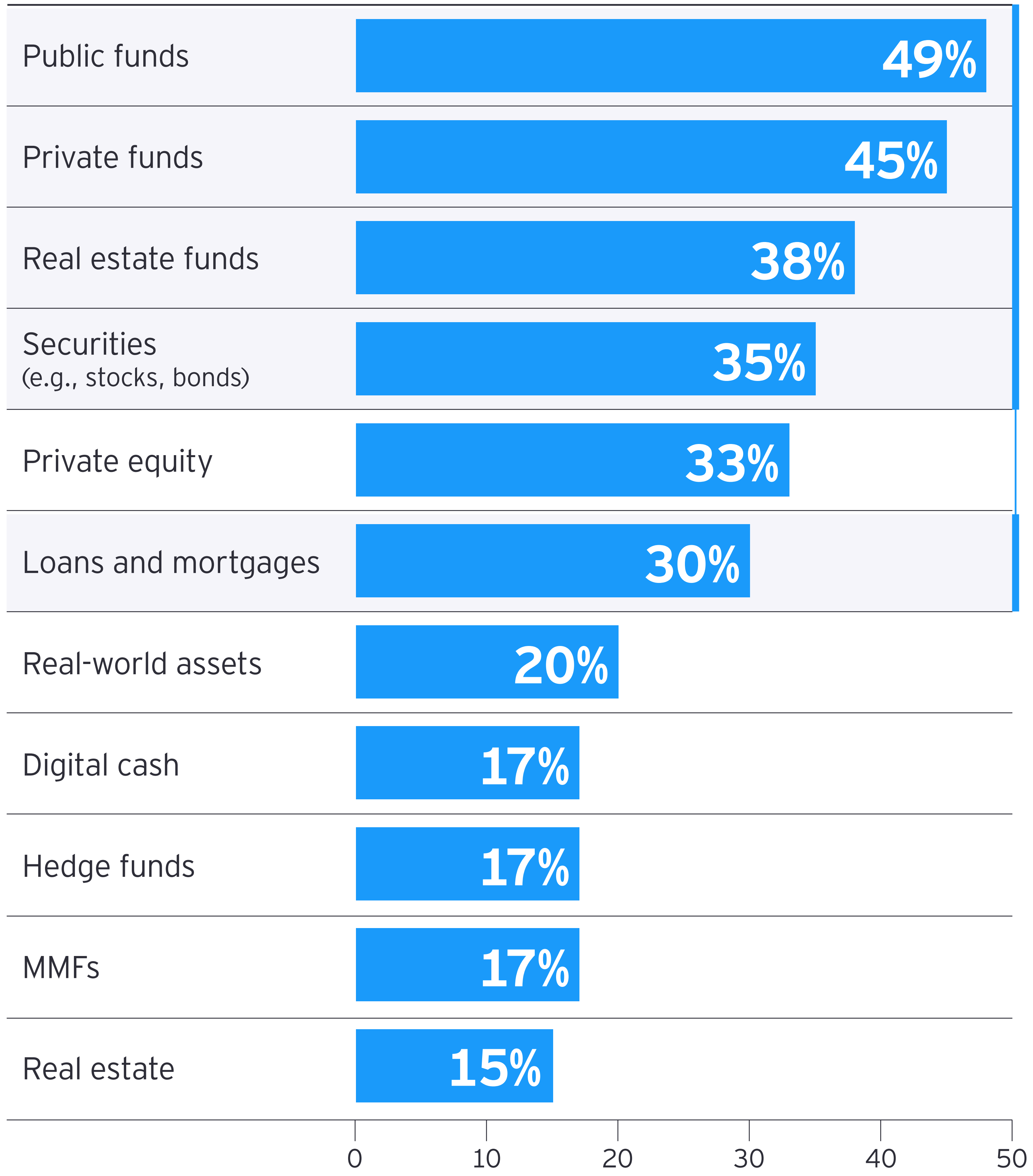
There is broad interest in tokenizing assets this year and next among asset managers and hedge funds.

Institutions interested in tokenizing assets are most interested in tokenizing public funds, private funds and real estate funds.

Besides access to new investors and new capital as the primary reason to tokenize assets (53%), increased liquidity (47%) and operational efficiencies (40%) were other top reasons for institutions interested in tokenizing their assets.

Q:

Which asset classes or security types would your firm be interested in tokenizing?[1]



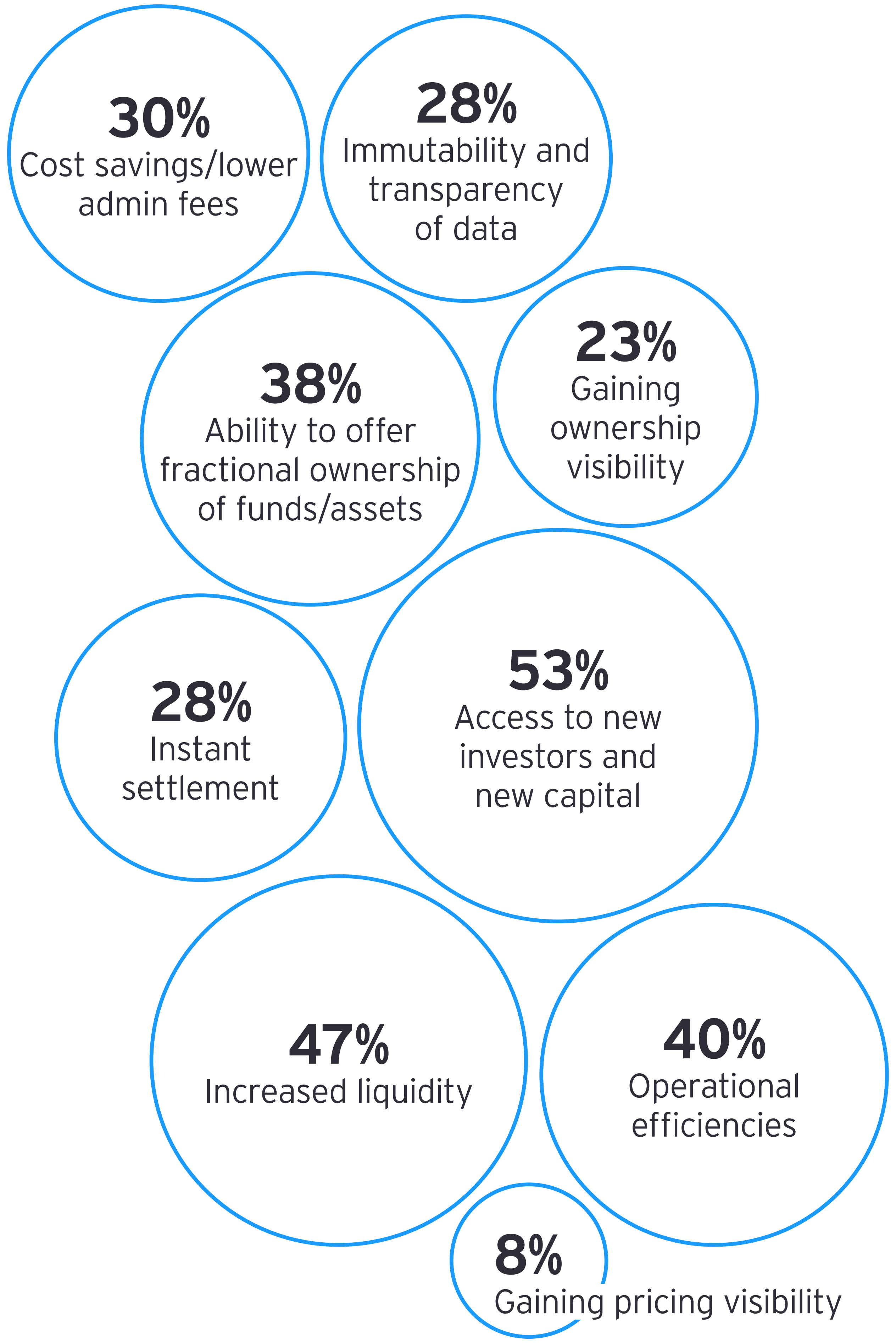
Among hedge funds and asset managers who are interested in tokenizing their assets, asset classes or security types being prioritized first on roadmaps include:

- Real estate funds
- Securities
- Private funds
- Public funds
- Loans and mortgages

[1]Excludes de minimis "other" response.

Q:

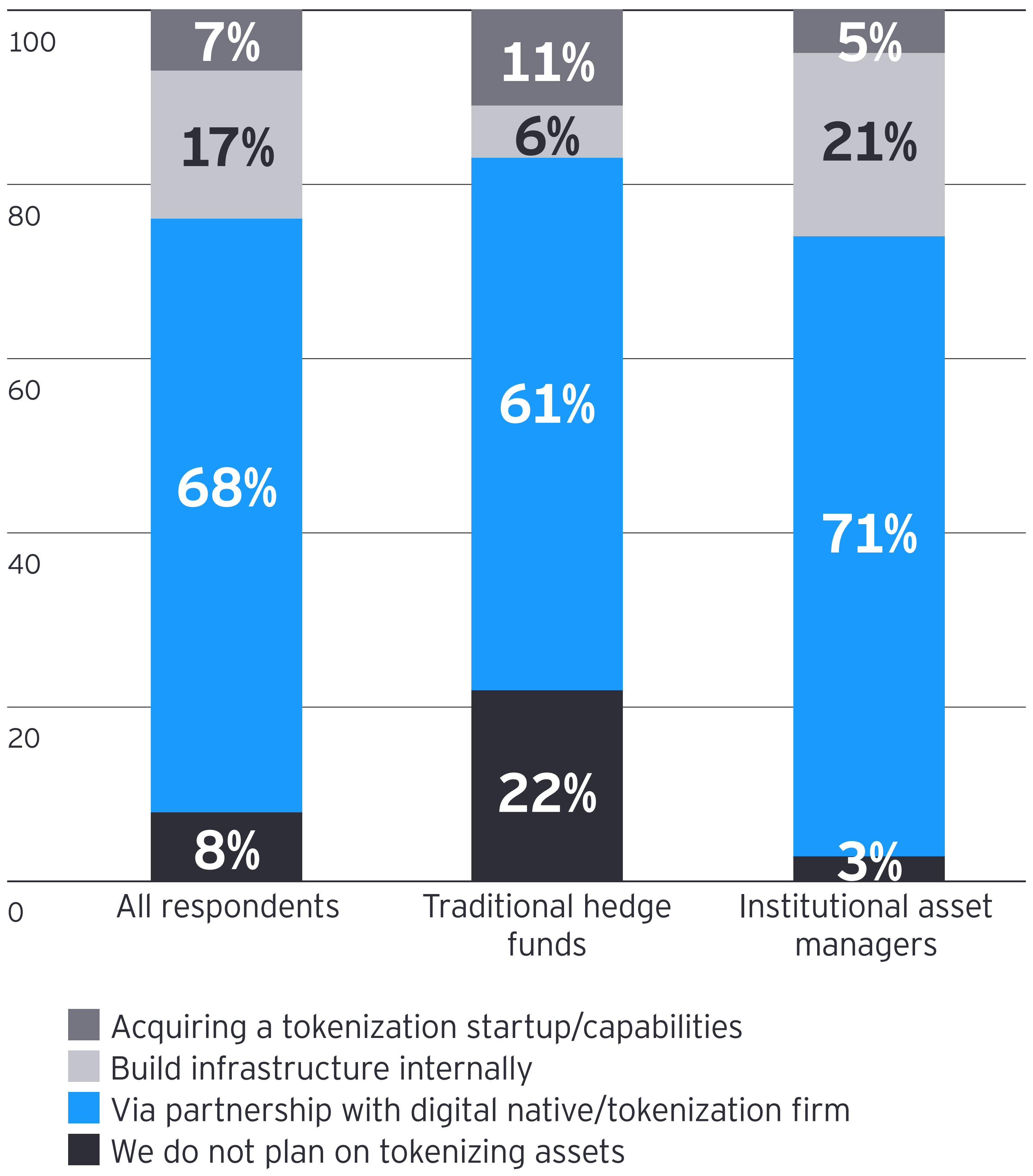
What excites you/your firm most about tokenizing your assets? Please select the top three most important considerations.



Among institutions interested in tokenizing assets, tokenization would likely occur via a partnership with a digital native/tokenization firm and on a public-permissioned blockchain.

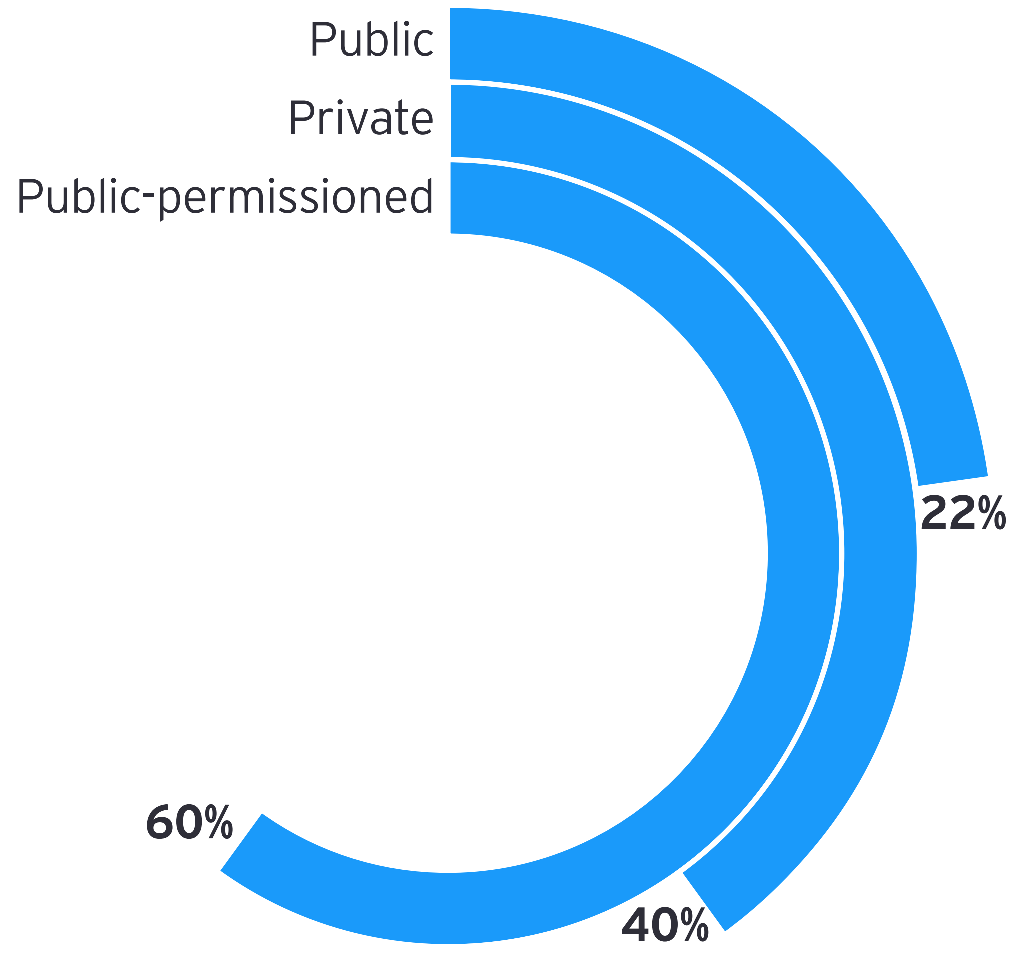
Q:

How do you plan on tokenizing assets?



Q:

Do you plan on tokenizing assets on a public or private blockchain? Select all that apply.



Contact us

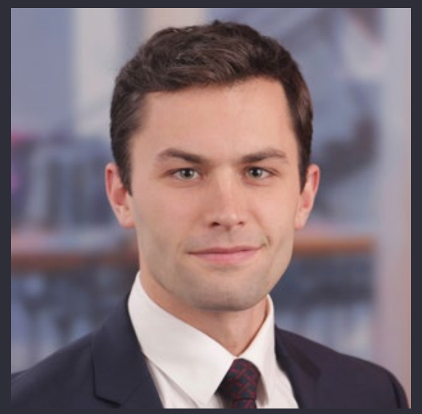
Authors

Sara Elinson
EY Americas Payment & FinTech Strategy Leader
EY-Parthenon
Ernst & Young LLP
sara.elinson@parthenon.ey.com

Prashant Kher
Digital Assets Strategy Lead, EY-Parthenon
Ernst & Young LLP
prashant.k.kher@parthenon.ey.com

Contributors

Ankit Rao
Consultant, EY-Parthenon
Ernst & Young LLP
ankit.rao1@parthenon.ey.com



Fred Tamarkin
Consultant, EY-Parthenon
Ernst & Young LLP
fred.c.tamarkin@parthenon.ey.com

Scott Mickey
Consultant, EY-Parthenon
Ernst & Young LLP
scott.mickey@parthenon.ey.com

Charlotte Clark
Associate, EY-Parthenon
Ernst & Young LLP
charlotte.clark@parthenon.ey.com

Pranav Saravanan
Associate, EY-Parthenon
Ernst & Young LLP
pranav.saravanan@parthenon.ey.com

Rita Wang
Associate, EY-Parthenon
Ernst & Young LLP
rita.j.wang@parthenon.ey.com

Key EY Blockchain & Digital Asset contacts

Steven Beattie
Financial Services
Digital Assets Risk Leader
Ernst & Young LLP
steven.beattie@ey.com

Paul R. Brody
Global Blockchain Leader
Ernst & Young LLP
paul.brody@ey.com

Daniel Scrafford
Financial Services
Digital Assets Risk Leader
Ernst & Young LLP
daniel.scrafford@ey.com

Chen Zur
US Blockchain Leader
Ernst & Young LLP
chen.zur@ey.com

Paul MacIntosh
Financial Services
Digital Assets Risk Leader
Ernst & Young LLP
paul.macintosh@ey.com

Rebecca Carvatt
Financial Services
Digital Assets Finance Leader
Ernst & Young LLP
rebecca.carvatt@ey.com

Mark Nichols
Financial Services
Capital Markets Strategy and Business Transformation Leader
Ernst & Young LLP
mark.nichols@ey.com

Brendan Winkler
Financial Services
Digital Assets Wealth & Asset Management Leader
Ernst & Young LLP
brendan.winkler@ey.com

David Byrd
Blockchain Strategy Leader for Assurance
Ernst & Young LLP
david.byrd@ey.com

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