

# Future fund management

*Anders Kvamme Jensen, of AK Jensen Group, reflects on his firm's entry into the crypto space and its token offering*

**Q** Why has AK Jensen chosen to enter the crypto space?

**A** The more appropriate question may be 'why wouldn't you?' Getting into the crypto space is plainly a matter of where one believes the market will be in 5-10 years from now. Within this time span, all assets are going to be digital, tokenised – a natural evolution.

**Q** What are the characteristics and advantages of AK Jensen's crypto token?

**A** Tokens can be different things. If you're going to set up a native token structure, then of course the building of the enterprise is as interesting as the technology itself. AK Jensen's token is multi-faceted; for our purposes, the token is a security, and provides a stake in the ecosystem.

If we issued equity and built this business using a traditional enterprise model, we would have to pay on the bottom line. Using tokens, we can actually share on the top-line. Token investors' interest is basically aligned with the growth of an ecosystem. It also acts as a unit in a fund, so for a traditional institution who want to tip-toe into the market, who can't really bring themselves to buy Bitcoin given its currently speculative nature, they can instead buy a token to get a synthetic unit of the fund. Then you have diversified exposure to the crypto market which is managed by specialists. Overall this is an appealing way in which to enter the market.

The token also depends on the usage with the asset manager. A lot of the players out there use the token as a means of payment, but we don't; we believe it's a detriment to the system; you can't really force



**Anders Jensen**  
AK Jensen

Anders Jensen is the founder of AK Jensen and works closely with the subsidiaries on both strategic and financial matters. He has been instrumental in attracting top global talent to the board, which since its inception has developed strategies to enable the company to deliver continuous growth. Jensen is a director of AK Jensen Group and the wholly owned subsidiaries of the company.

institutions to do something they don't really want to invest into.

Our token is also a discounting mechanism for fund managers. By holding the token you get a discount in the system along with access to the fund of funds as a capital introduction.

So you have all of these different features of the token depending on who owns it and what you are trying to get out of the ecosystem.

**Q** What are the primary reasons for choosing to use a token?

**A** The token functions as an enabler while also serving to step up the growth in the ecosystem. Our platform has been in place for seven years, so we are profitable, which means that all of the money we raise in the token can be put into the fund of funds and allocated to the fund managers. Being cash-rich within the market is relatively rare, given that the market at this time is shaky and a lot of the players out there are holding only Ether or Bitcoin. Having cash gives us a competitive edge over our competitors.

The crypto market is still at an early stage, and it happens to be that most traditional assets are in dollar, euro and sterling terms. Being cash profitable means that the underlying business is profitable, which means that we can put all the money we raise in token offerings and put this to work for the fund managers, and go on to attract the specialists that we need to.

This money is not going to be spent on building something which will be ready in 2022; it's ready and has substance now. The first crypto funds are going live now, and the fund of funds is going live now. This was a key point in 2016 when we decided to enter the crypto space. Our intent was to build substance first, so we focused on building a platform and then signing up funds. We now have six signed crypto funds and 18 in the backlog, and a live fund of funds that acts as a capital introducer to the fund managers.

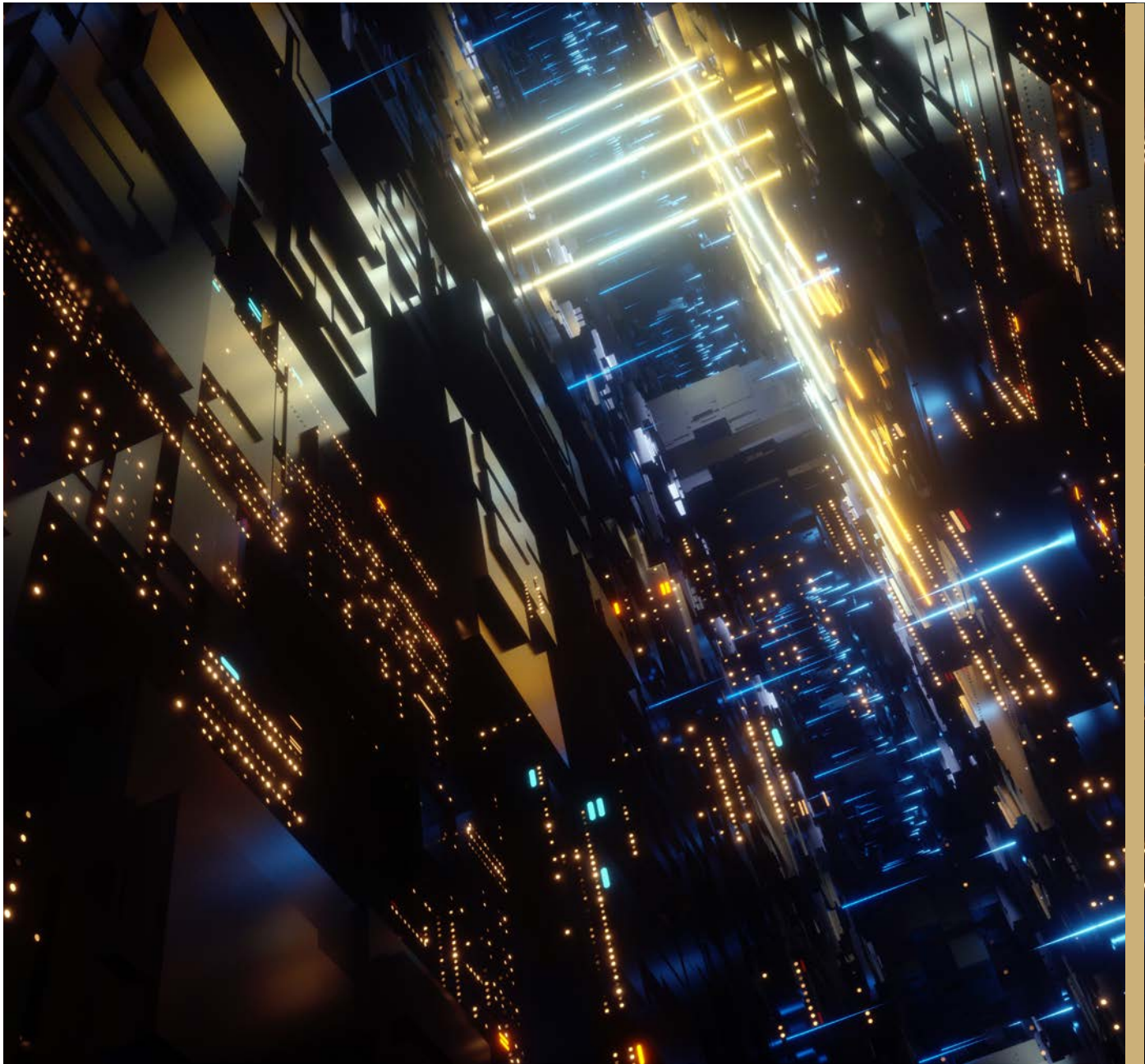
**Q** What factors have helped attract clients to your crypto offering?

**A** To have a leading hedge fund platform in the traditional space means that you have the legal and regulatory umbrella that most other platforms out there would envy, and for these reasons it's much easier for us to market and sell this kind of platform than would be the case for a start up.

**Q** What are you doing to create a reliable and trustworthy environment for investors in the crypto space?

**A** If you go two years back, we had been planning to allow the fund managers to trade with the counterparty of their choice because they had experience with a given counterparty and may have preferred to continue trading in this way.

However, in this market it doesn't really work because some exchanges are not really how we define an exchange. For instance, it may be a website selling shoes, which decides to add Bitcoin to it, thus rendering it an exchange. We come from the technology, fix lines,



low latency trading side, and our institutional clientele would not accept this.

They would expect us to sort out a large bitcoin order, for example, and we would not be able to do this in this current structure. What we do is approve all counterparties by controlling lines into them and providing backup venues, too.

Further, we also have control over the interface, management systems and more. We don't take the system that these websites provide, we have our own systems. This is the sort of structure institutional

### *The token functions as an enabler while also serving to step up the growth in the ecosystem*

investors would expect, and comes back to why we had a security token. The audience for that is not 'crypto kids'. And of course the audience for the trading side would not be regular bitcoin traders but professional hedge fund managers.

**Q** How easy is your interface to adapt to future needs?

**A** Our interface is very easy to adapt. We have added in strategic partners to make sure we have a lot of choice for the fund manager.

We don't force them to use our structure but then they would have to use an institutional structure. We control the back end, meaning our funds can trade to all exchanges that we have connected, so we connect these to an interface of the client's choice or to our default strategic partners. As a result, our clients retain their autonomy on the trading side. HFM