

Private Investment Fund Fee Structure and Blockchain Applications

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Outline

A. INNOVATION – DATA / TRENDS

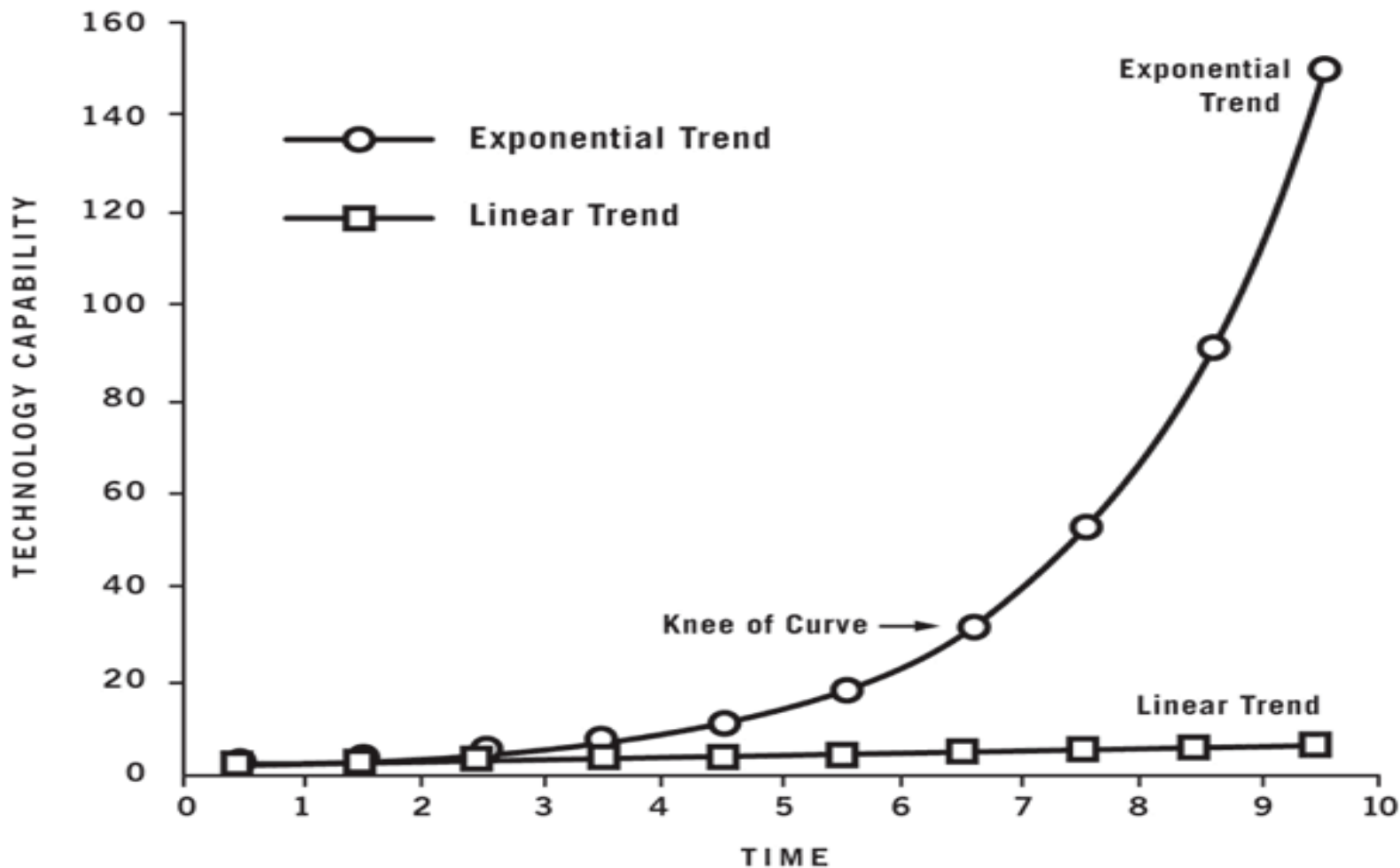
B. BLOCKCHAIN TECHNOLOGY

C. BLOCKCHAIN APPLICATIONS IN
PRIVATE INVESTMENT FUNDS

D. IMPLICATION FOR FEE STRUCTURE

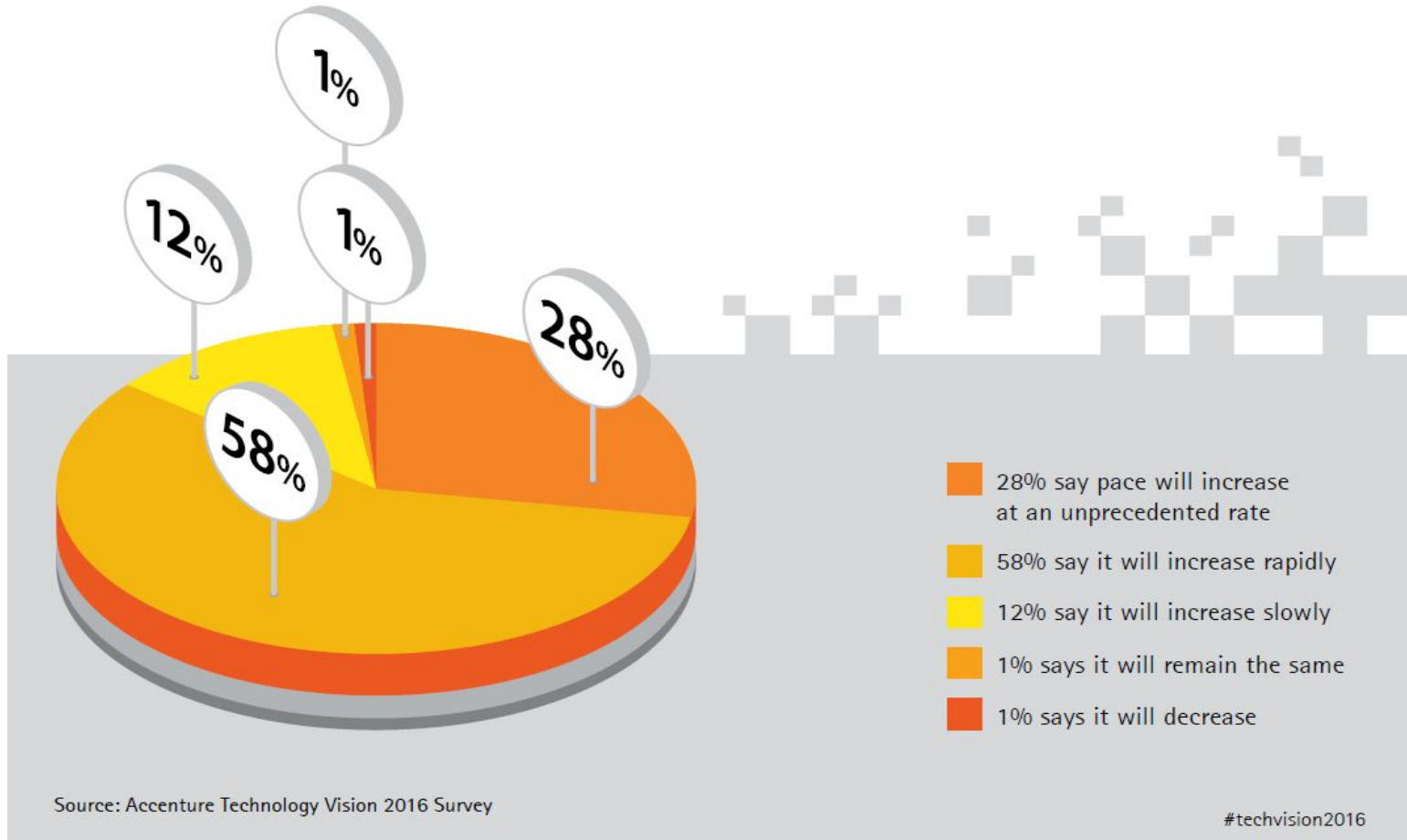
Innovation

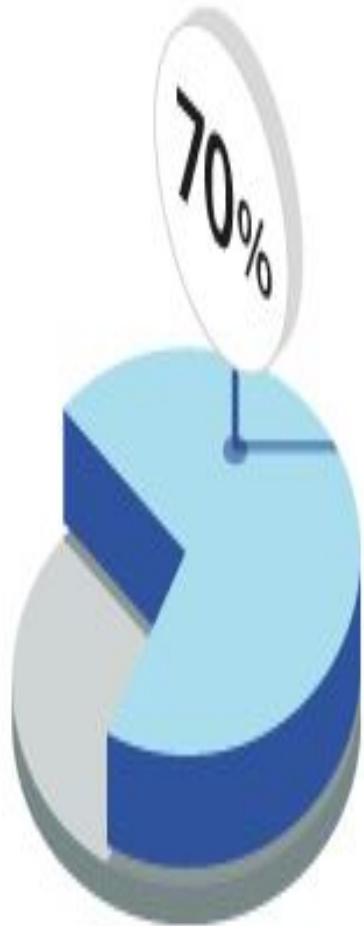
LINEAR VS. EXPONENTIAL GROWTH



Linear vs. Exponential: Linear growth is steady; exponential growth becomes explosive

How do you anticipate the pace of technology will change in your industry over the next three years?





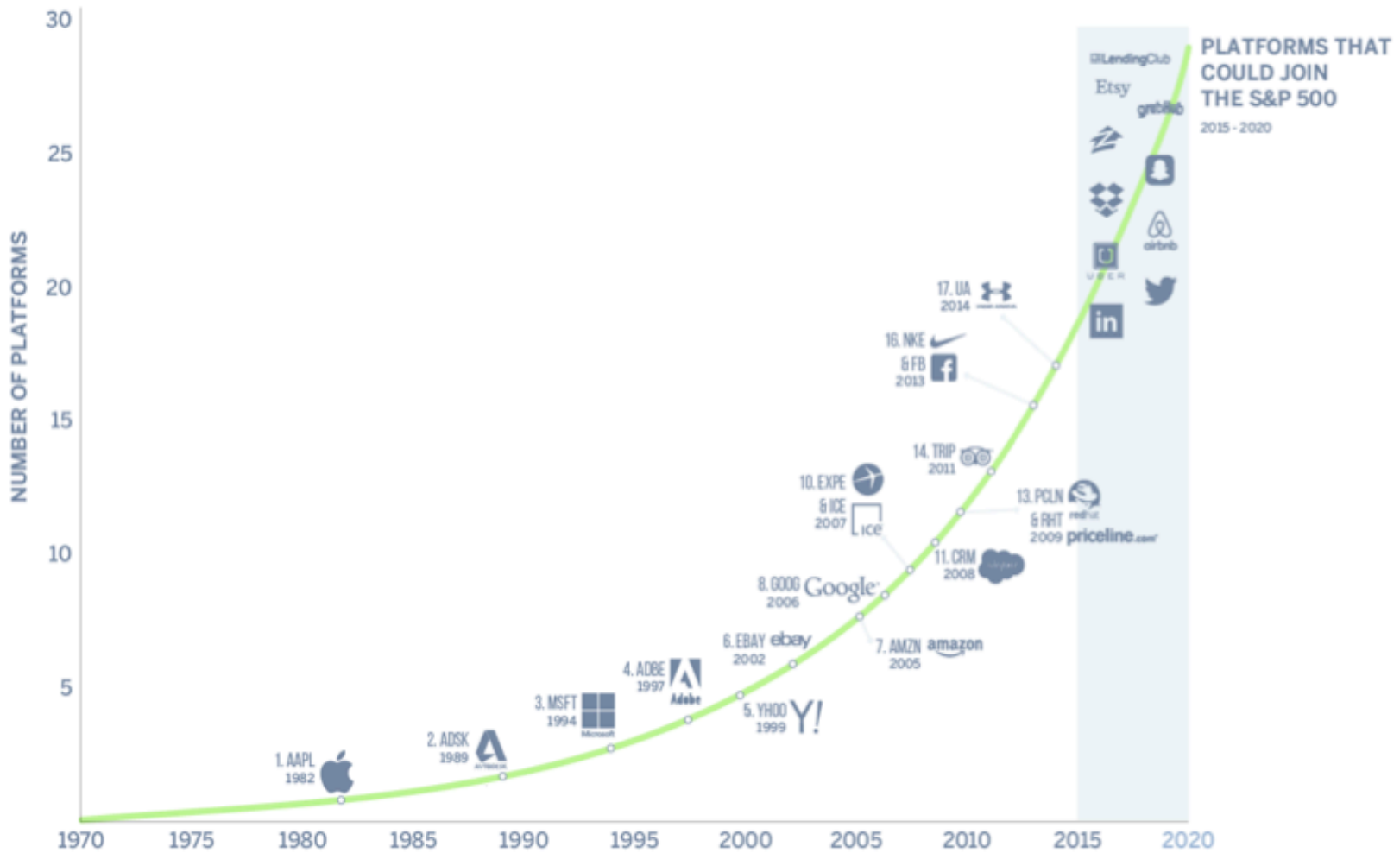
70% of executives are making significantly more investments in Artificial Intelligence than in 2013.



Connecting Consumers and Producers

*81% of executives say platform-based
business models will be core to their
growth strategy within three years.*

TOTAL NUMBER OF PLATFORM BUSINESSES IN THE S&P 500 (BY YEAR)

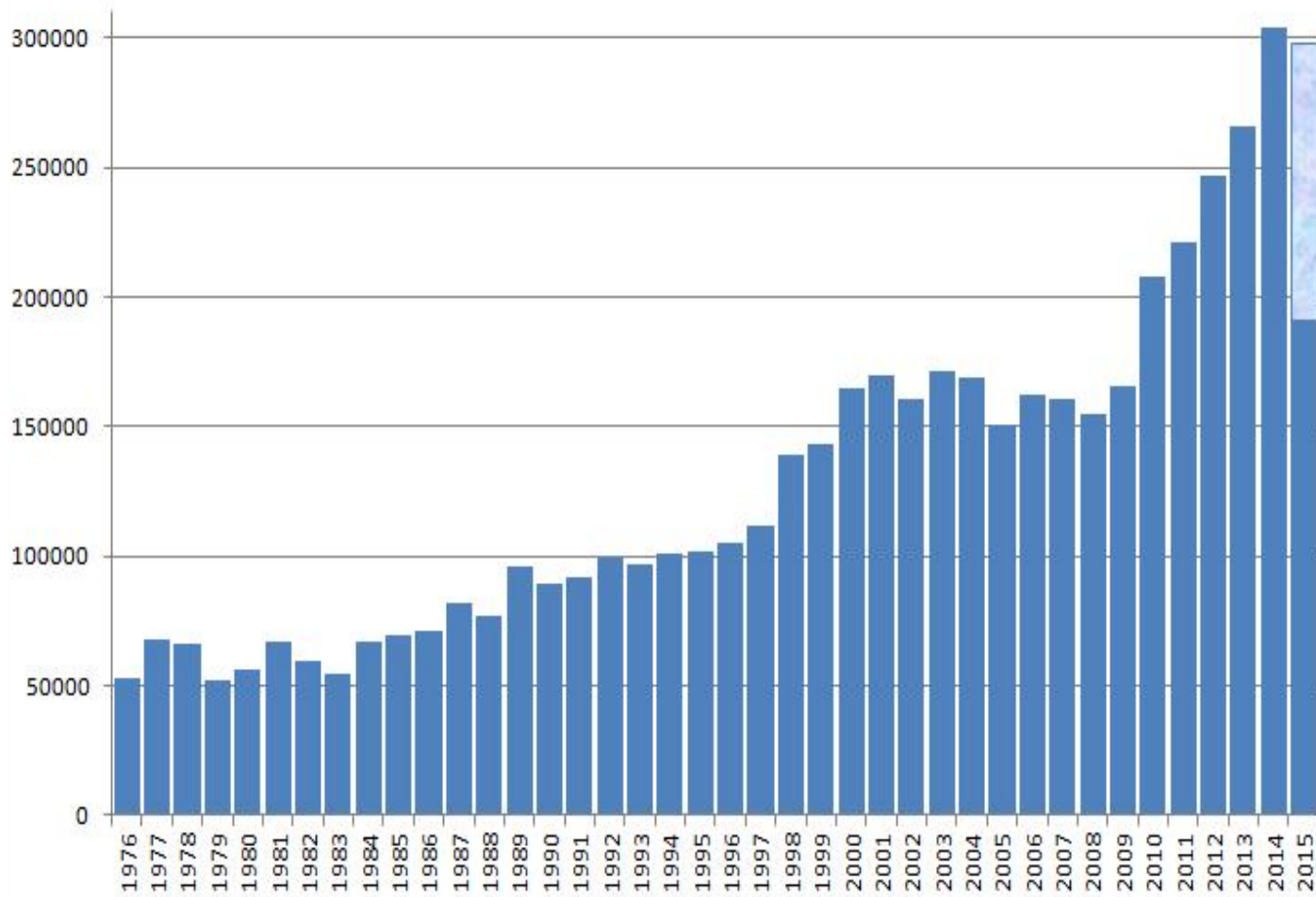




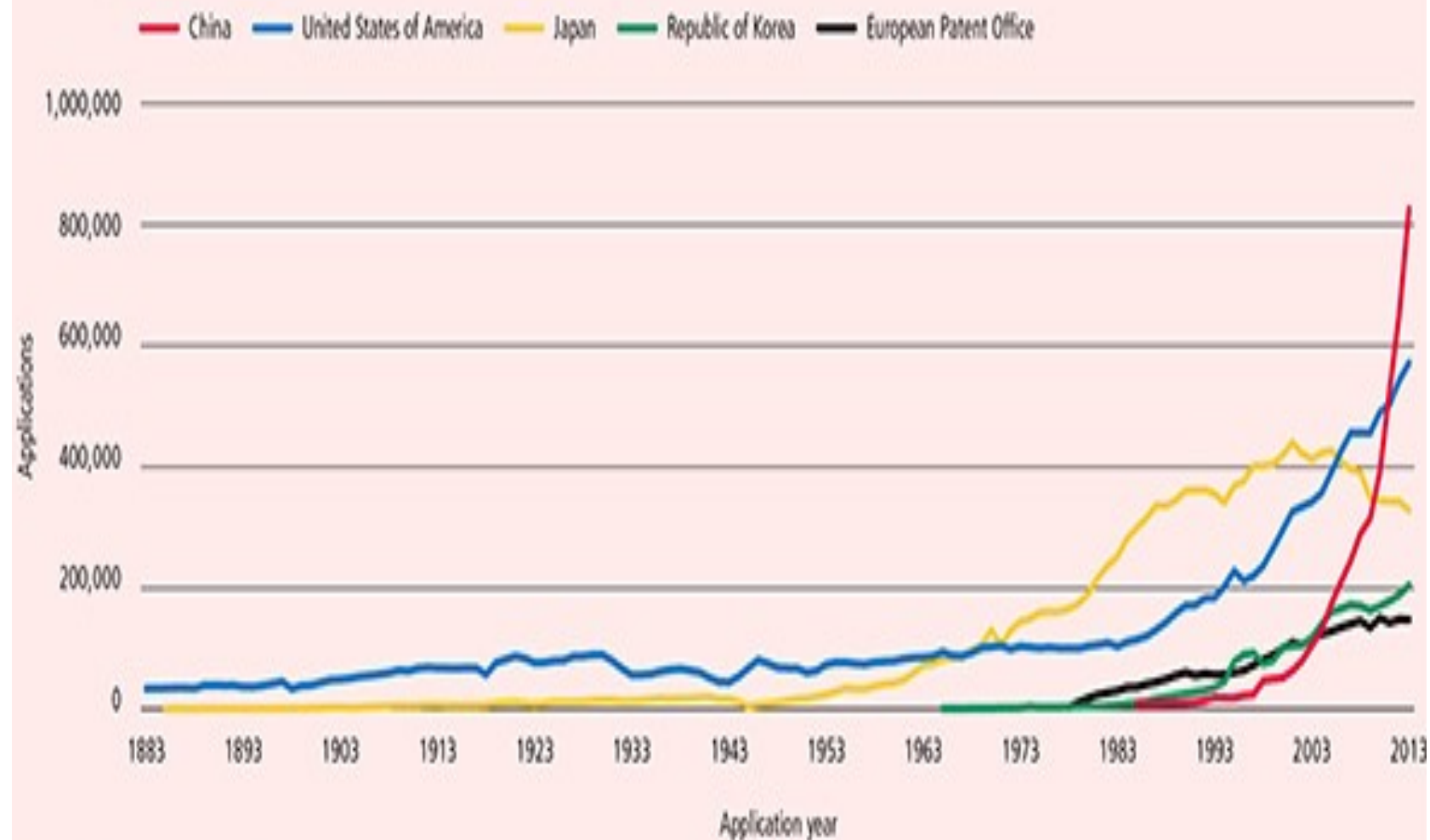
82% say industry boundaries are being erased and new paradigms are emerging for every industry.

-  SMAC platforms (Social, Mobile, Analytics, Cloud)
-  The Internet of Things
-  Real-time environments

Patent Applications



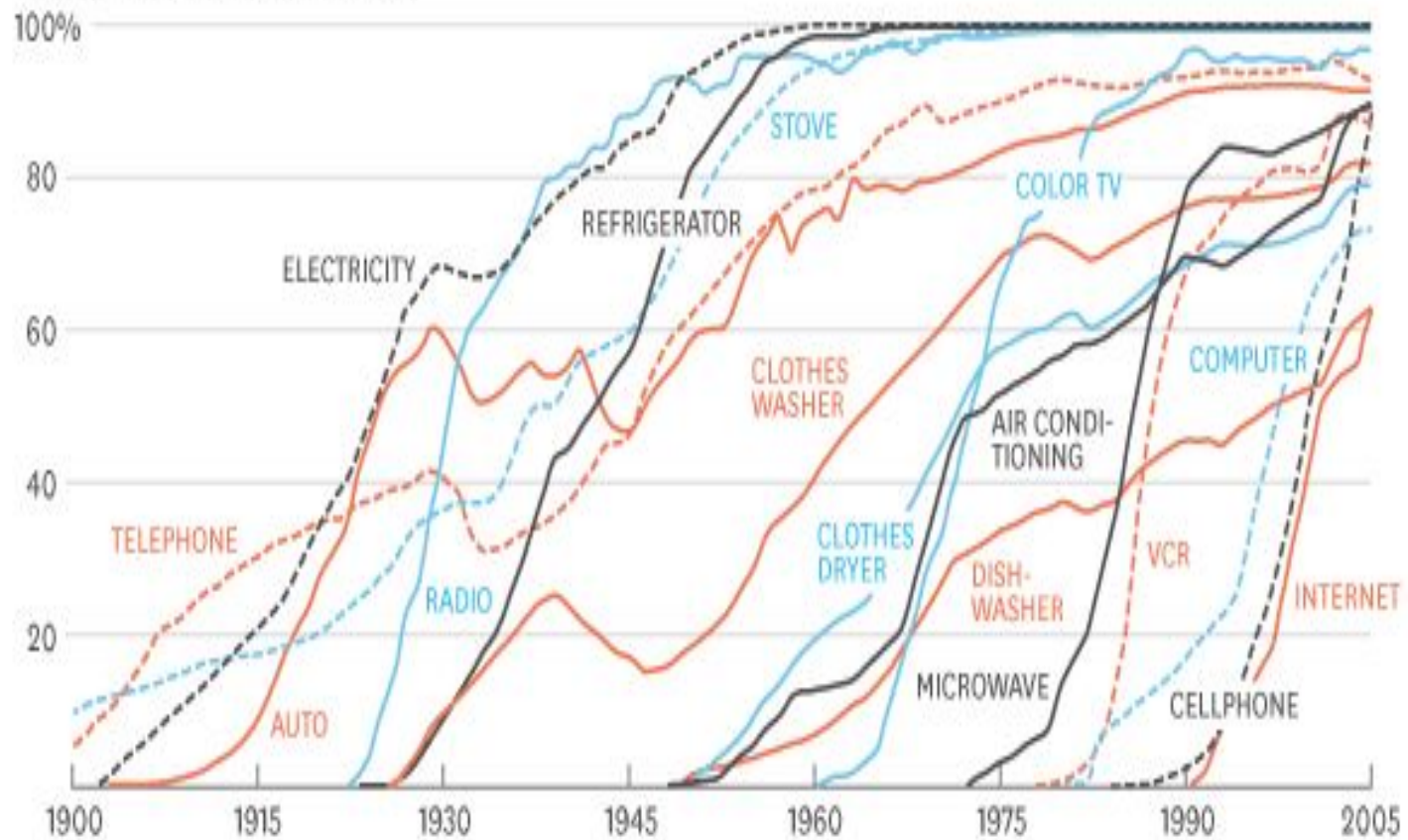
Trend in patent applications for the top five offices



Source: Standard figure A7.

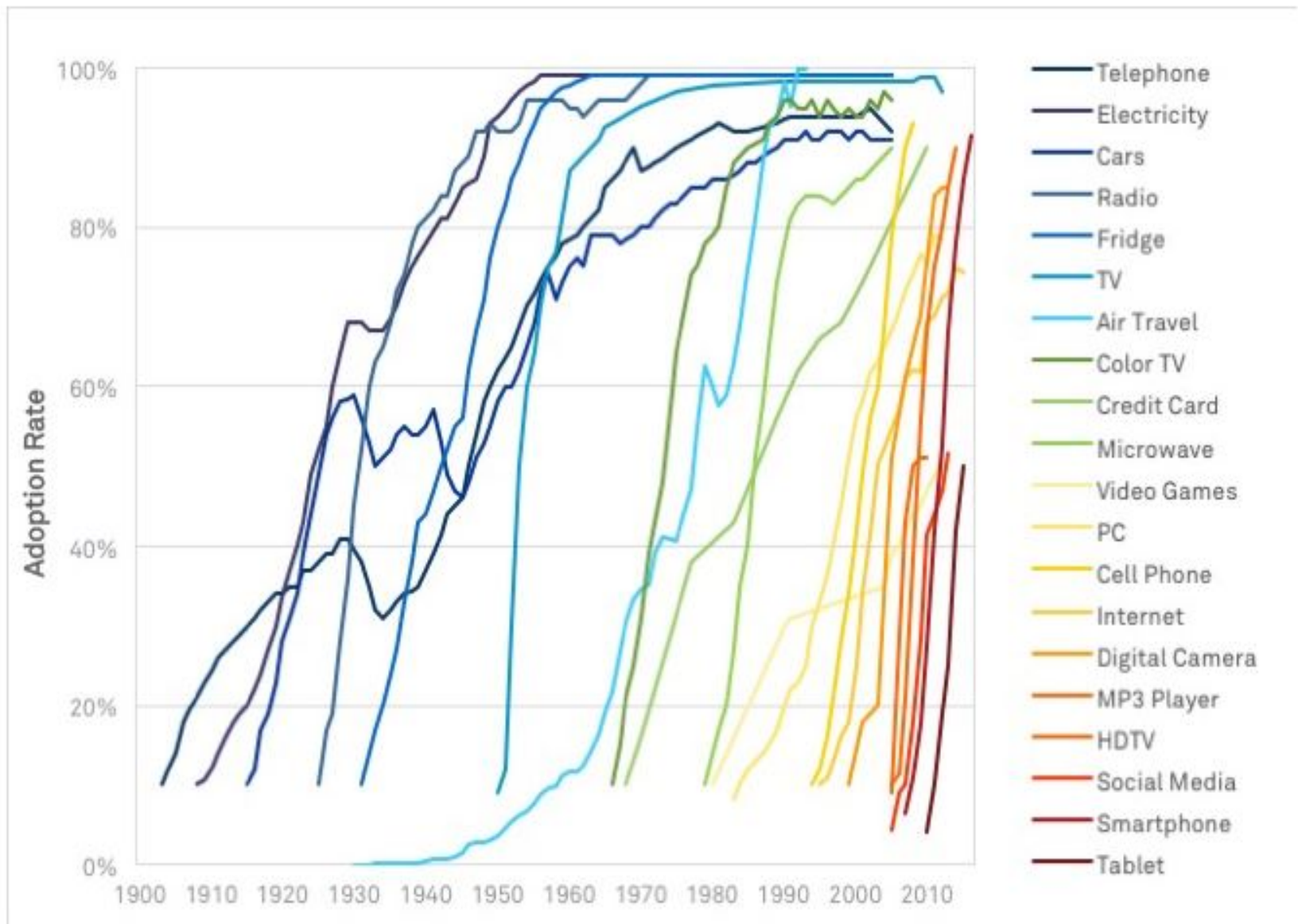
CONSUMPTION SPREADS FASTER TODAY

PERCENT OF U.S. HOUSEHOLDS



SOURCE MICHAEL FELTON, THE NEW YORK TIMES

HBR.ORG



Source: Asymco

BLACKROCK

1 The accelerating pace of change ...



2 ... and exponential growth in computing power ...

Computer technology, shown here climbing dramatically by powers of 10, is now progressing more each hour than it did in its entire first 90 years

COMPUTER RANKINGS

By calculations per second per \$1,000



Analytical engine
Never fully built, Charles Babbage's invention was designed to solve computational and logical problems



Colossus
The electronic computer, with 1,500 vacuum tubes, helped the British crack German codes during WW II



UNIVAC I
The first commercially marketed computer, used to tabulate the U.S. Census, occupied 943 cu. ft.

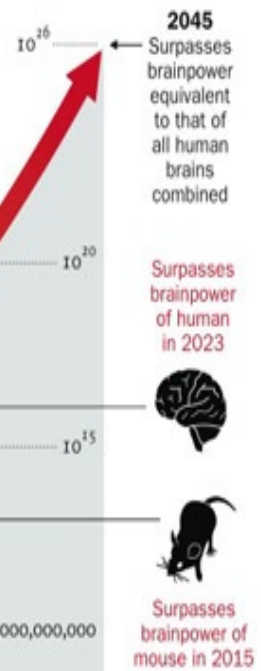


Apple II
At a price of \$1,298, the compact machine was one of the first massively popular personal computers



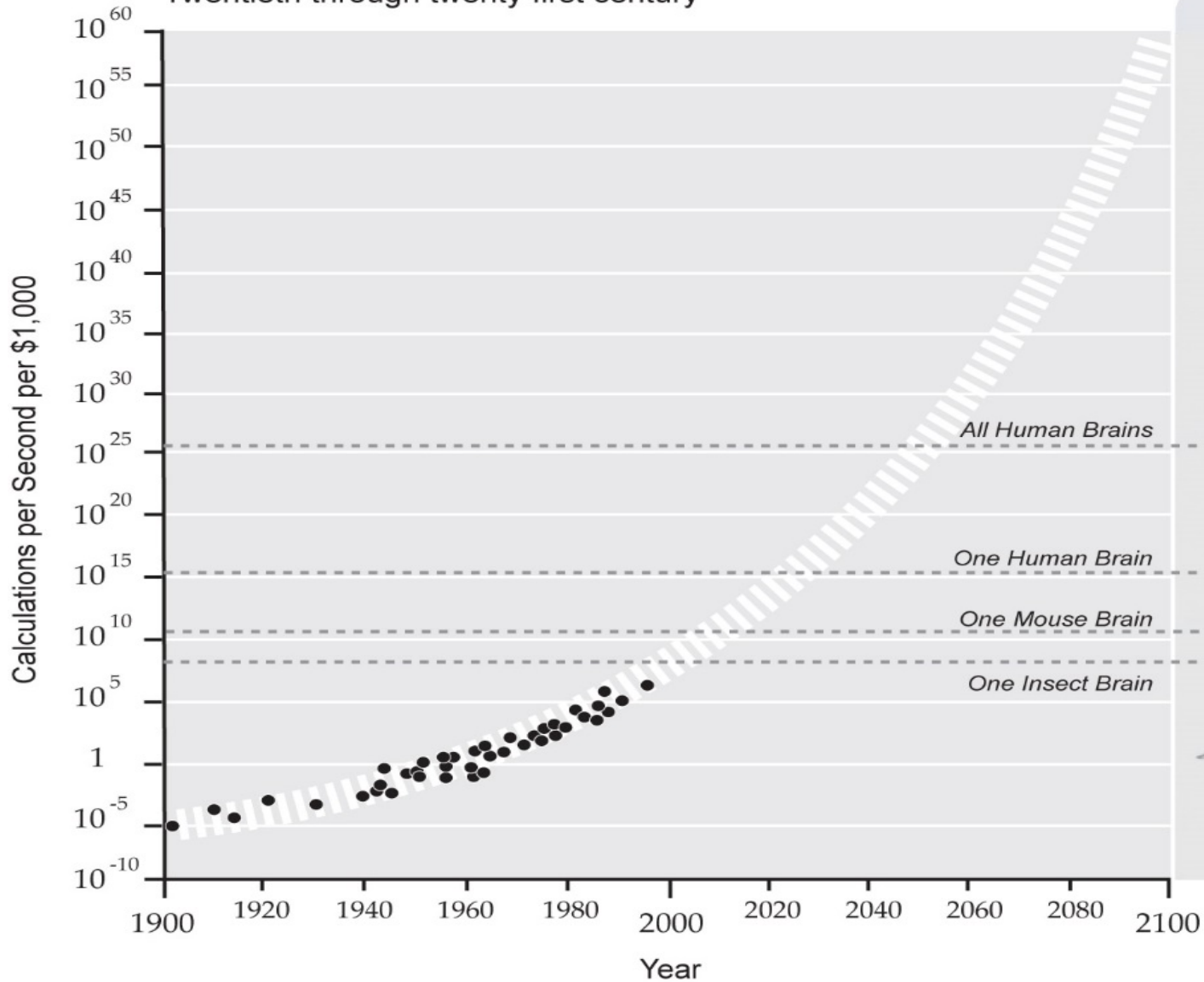
Power Mac G4
The first personal computer to deliver more than 1 billion floating-point operations per second

3 ... will lead to the Singularity

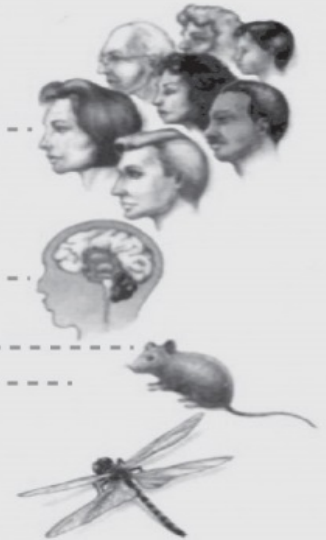


Exponential Growth of Computing

Twentieth through twenty first century



Logarithmic Plot



Global population and Internet users, 2000-2020

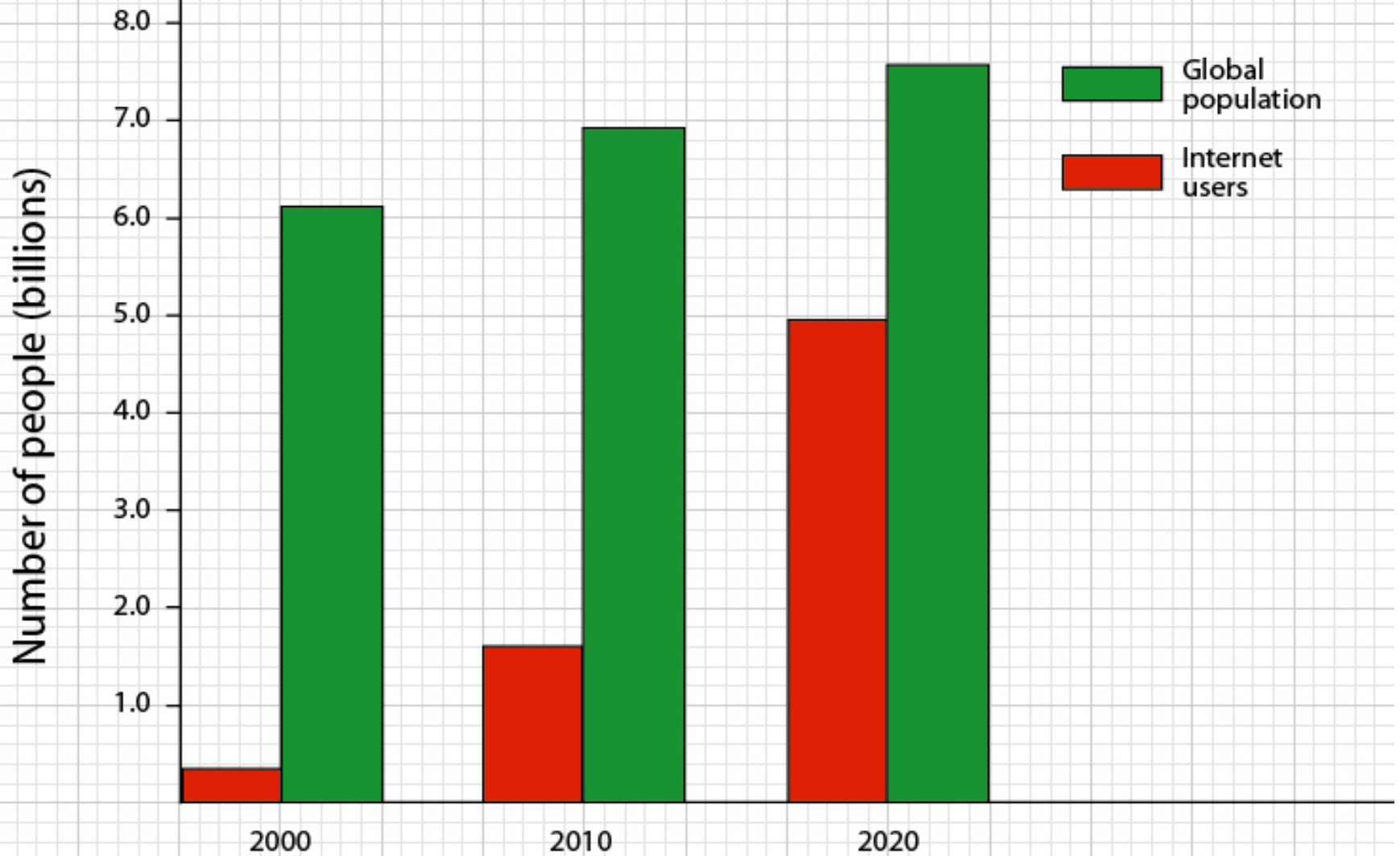
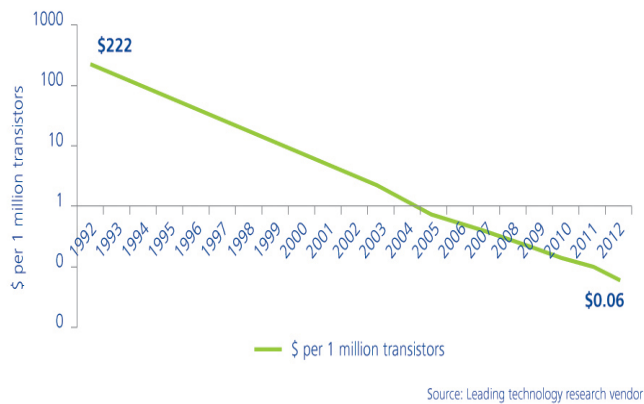
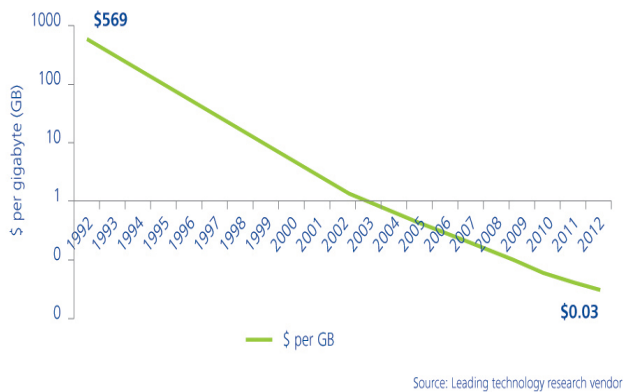


Figure 1. Computing cost-performance (1992–2012)



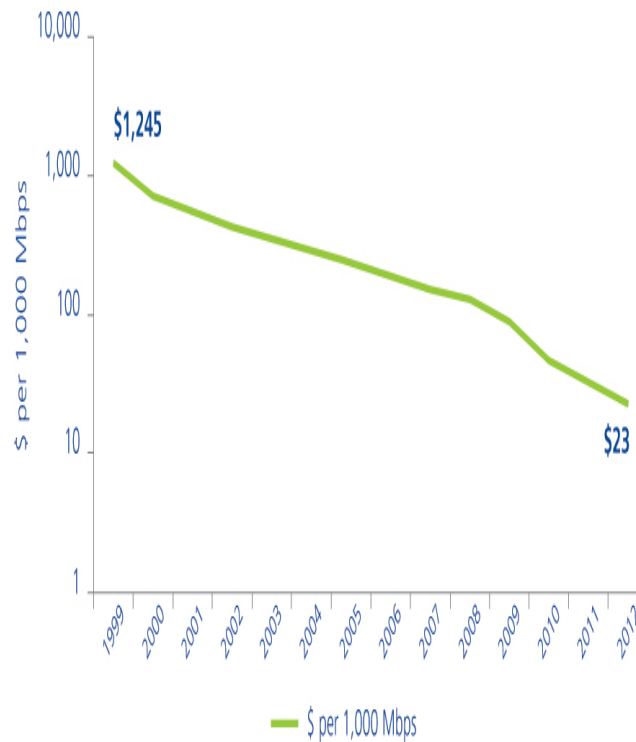
Graphic: Deloitte University Press | DUPress.com

Figure 2. Storage cost-performance (1992–2012)



Graphic: Deloitte University Press | DUPress.com

Figure 3. Bandwidth cost-performance (1999–2012)



Graphic: Deloitte University Press | DUPress.com

BIG Data

A new style of IT emerging



Every 60 seconds



98,000+ tweets



695,000 status updates



11 million instant messages



698,445 Google searches



168 million+ emails sent



1,820TB of data created



217 new mobile web users

THE SPHERES OF BIG DATA ARE CONVERGING


30



billion pieces of data are added to Facebook each month

72 hours of video are added to YouTube each minute 

\$600

buys you a disk that stores all music on Earth 

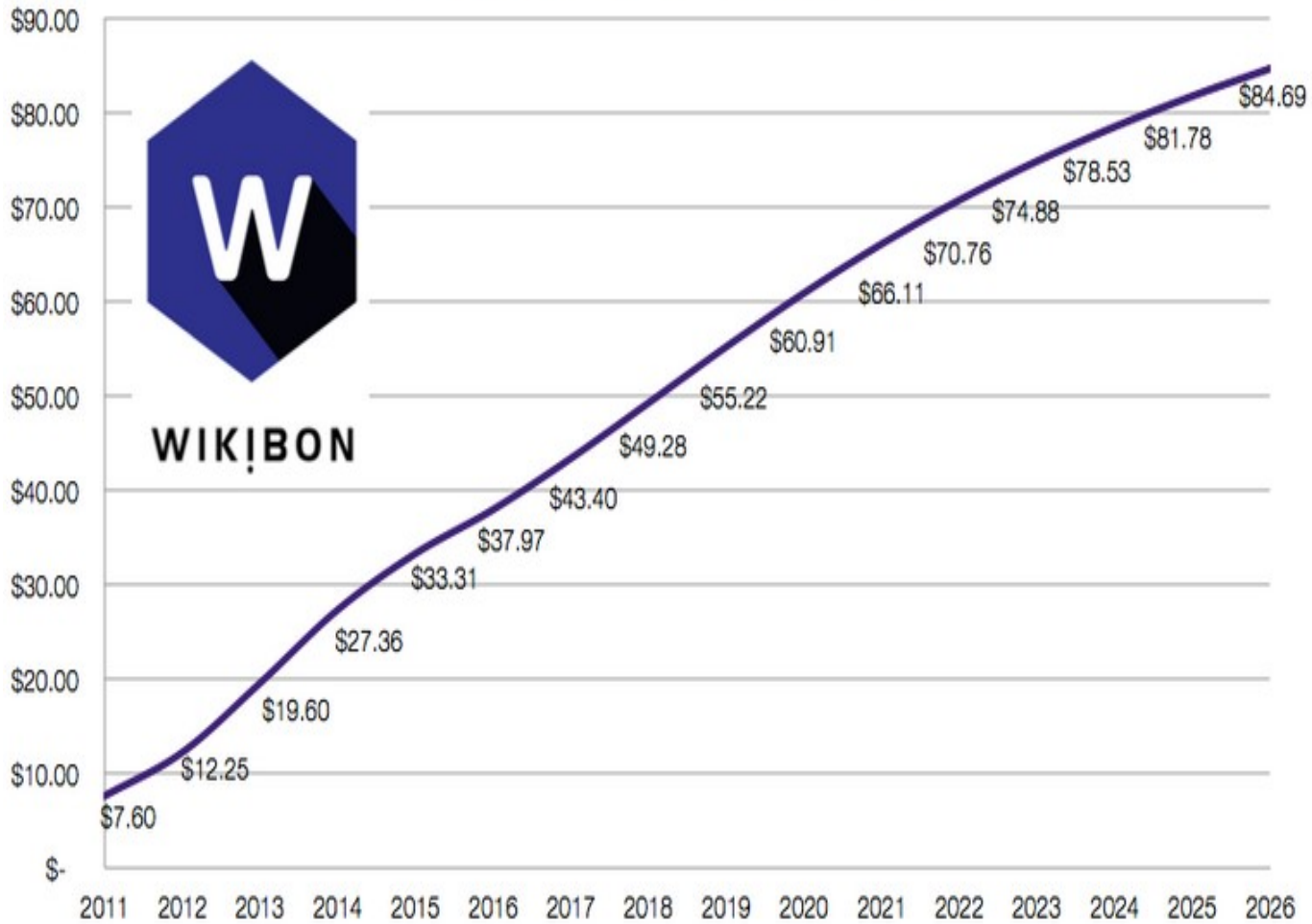
92%



of the world's data was created in the past 2 years

DATA AGGREGATED BY GONGOS RESEARCH

Big Data Market Forecast, 2011-2026 (\$US B)



- The data volumes are exploding, [more data](#) has been created in the past two years than in the entire previous history of the human race.
- Data is growing faster than ever before and by the year 2020, about [1.7 megabytes](#) of new information will be created every second for every human being on the planet.
- By then, our accumulated digital universe of data will grow from 4.4 zettabytes today to around [44 zettabytes](#), or 44 *trillion* gigabytes.
- Every second we create new data. For example, humans perform 40,000 search queries every second (on [Google alone](#)), which makes it 3.5 searches per day and 1.2 trillion searches per year.

- For a typical Fortune 1000 company, just a 10% increase in data accessibility will result in more than \$65 million additional net income.
- Retailers who leverage the full power of big data could increase their operating margins by as much as 60%
- 73% of organizations have already invested or plan to invest in big data by 2016
- BUT, currently less than 0.5% of all data is ever analyzed and used - **Potential?**

What is Blockchain Technology ?

What is a blockchain?

- Blockchains are consensus protocols that come to consensus through compromise
- “Fork-choice rule”



Definition

What is Blockchain Technology?

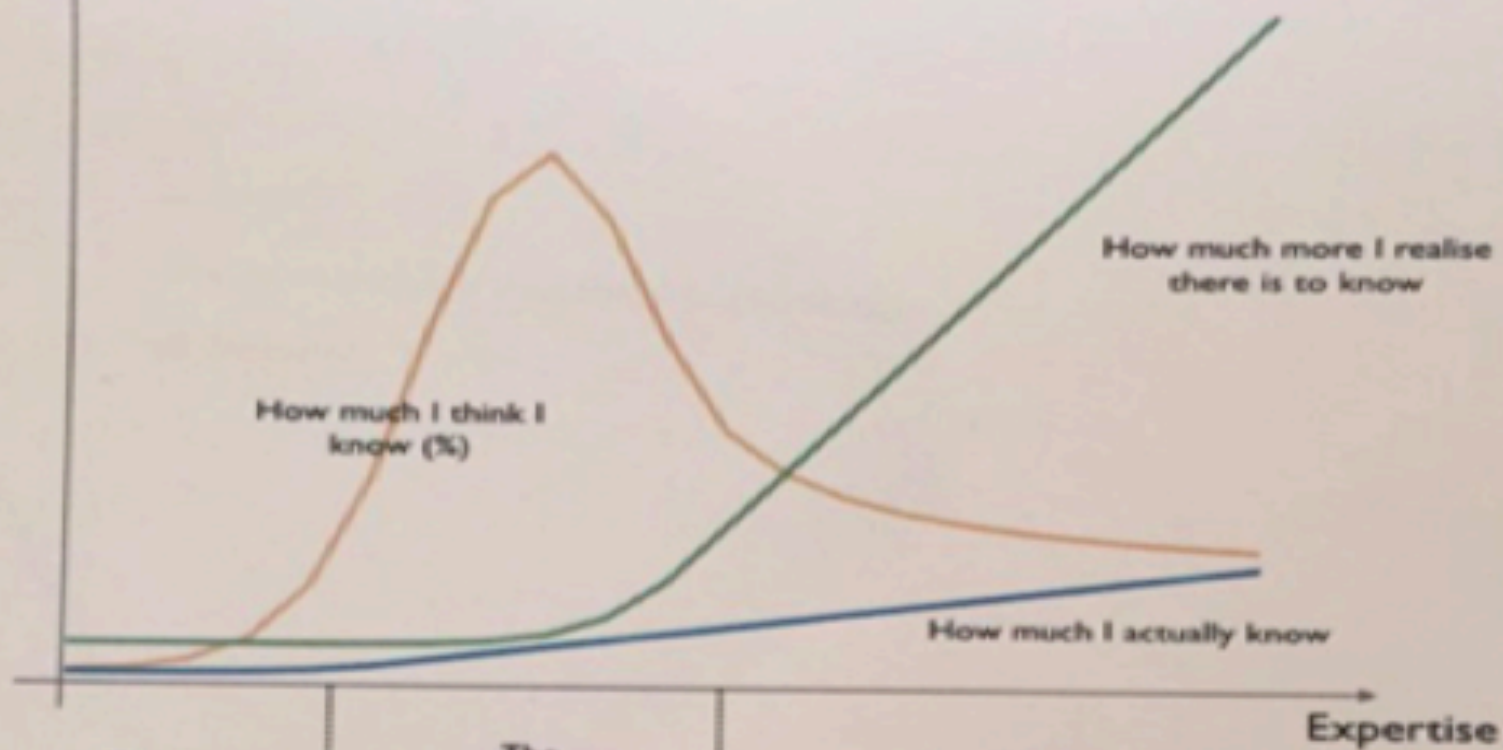
- An information technology
 - A software protocol; email (SMTP) runs on TCP/IP, Bitcoin runs on underlying blockchain software
 - Decentralized: each network node keeps the ledger (giant 'Google doc spreadsheet' of transactions); blocks (batches) of transactions posted sequentially to a ledger or chain
- Implication: secure network where any transaction can be independently confirmed as unique and valid without an intermediary



Blockchain - another definition

- “A blockchain is a magic computer that anyone can upload programs to and leave the programs to self-execute, where the current and all previous states of every program are always publicly visible, and which carries a very strong cryptoeconomically secured guarantee that programs running on the chain will continue to execute in exactly the way that the blockchain protocol specifies.” — Vitalik Buterin (founder of Ethereum)

Knowledge ↑



The "I know nothing" phase

The "I'm an expert" phase

The "I know nothing" phase

Beginner

Hazard

Expert

"Bitcoin?"

"...only interested in Blockchain"

"Ah, Bitcoin!"

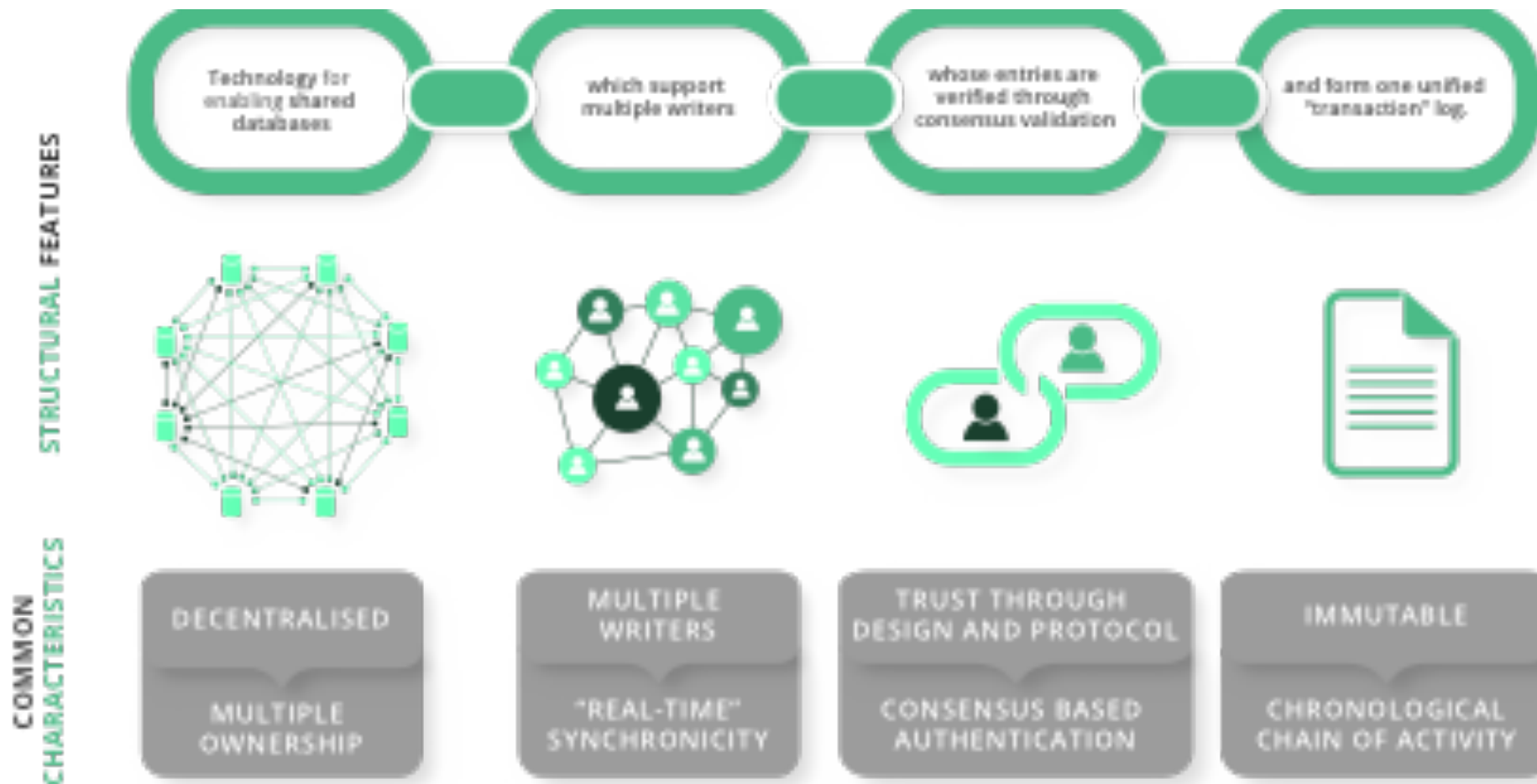
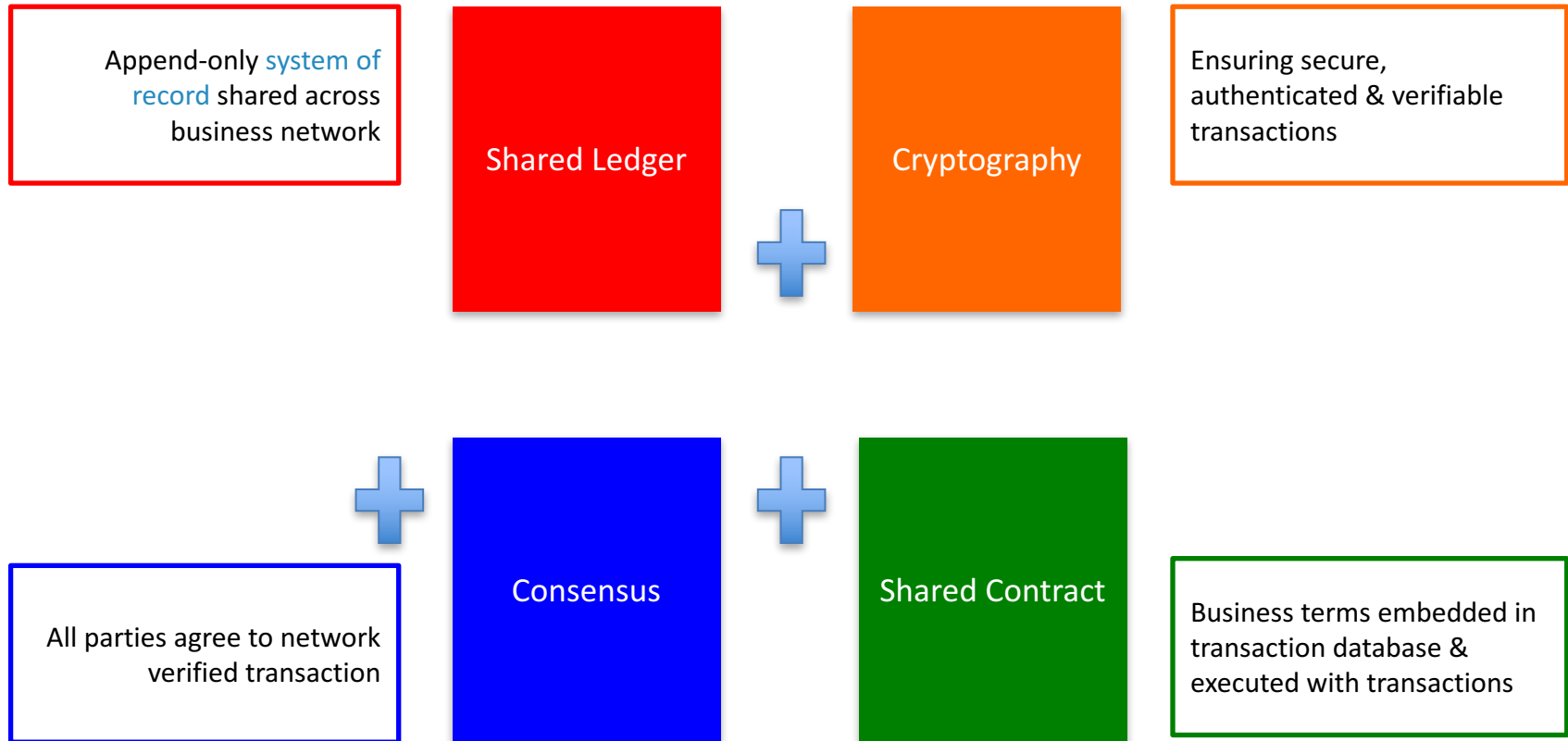


Figure 1: High-level Blockchain concepts

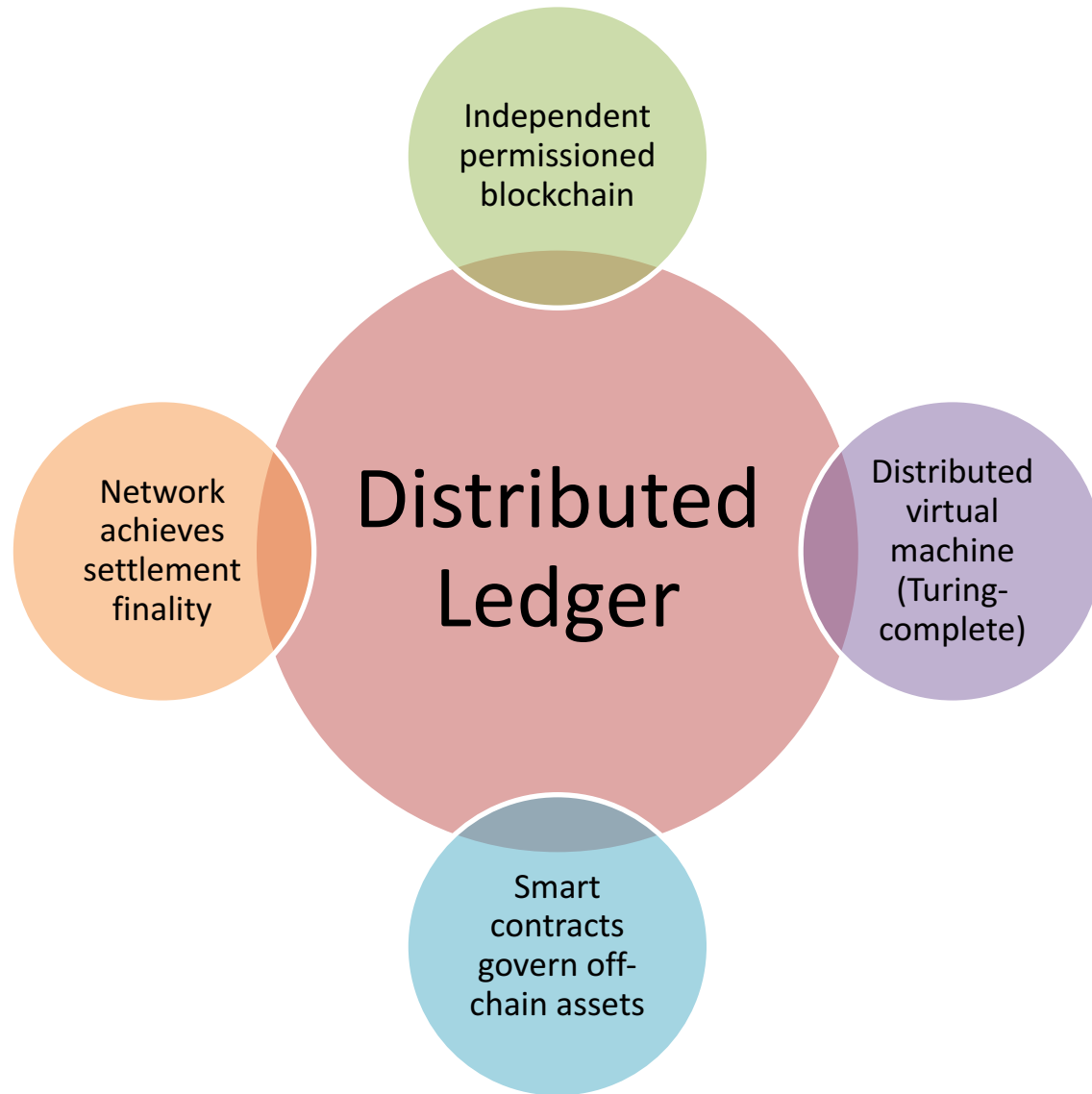
Source: EY analysis

Blockchain in a nutshell



Broader participation, lower cost, increased efficiency

Distributed Ledger - Components



Blockchain Explained

by William Mougayar

What it enables



- Creation and real-time movement of digital assets
- Embedding trust rules inside transactions and interactions
- Time-stamping, rights and ownership proofs
- Identity ownership and representation
- Resistance to single points of failure or censorship
- Creation of crypto-currency markets
- Self-execution of business logic with self-enforcement
- Running decentralized services
- Selective transparency and privacy



What it is

Meta technology on the Internet
Decentralized database
Decentralized computers
Peer to peer network
Shared, distributed ledger
Trust layer for the Web
Software development environment

Its impact...



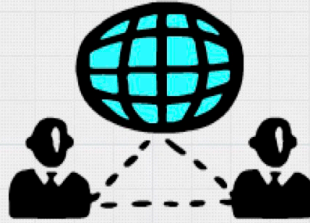
1. Reengineering processes
2. Rethinking roles of intermediaries
3. Bundling of services
4. New flows of value
5. Decentralized governance
6. New legal and regulatory frameworks



...across industries

Financial services
Government services
Healthcare
Energy markets
Supply chains
Smart things
World trade

1. Globally Distributed with almost zero barriers to transacting goods & services



2. Online Payments & Digital Currencies are just the first usecase



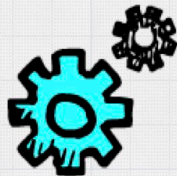
3. A range of Industry Usecases across Banking, Automotive, Insurance, Healthcare, Life Science, Manufacturing, Retail & Telecom



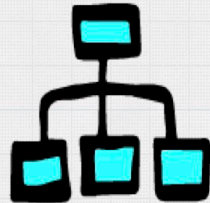
4. Highly Secure Cryptographic implementation



5. 100% Digital & Programmable



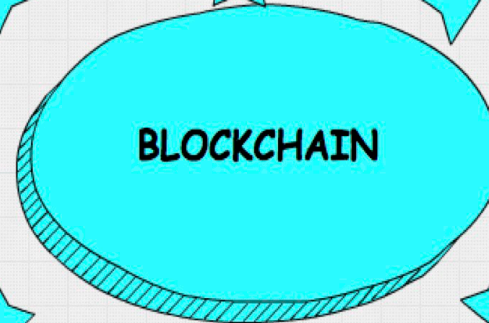
6. The Blockchain changes the game in IoT(Internet of Things)



7. Peer to Peer with no Central Authority



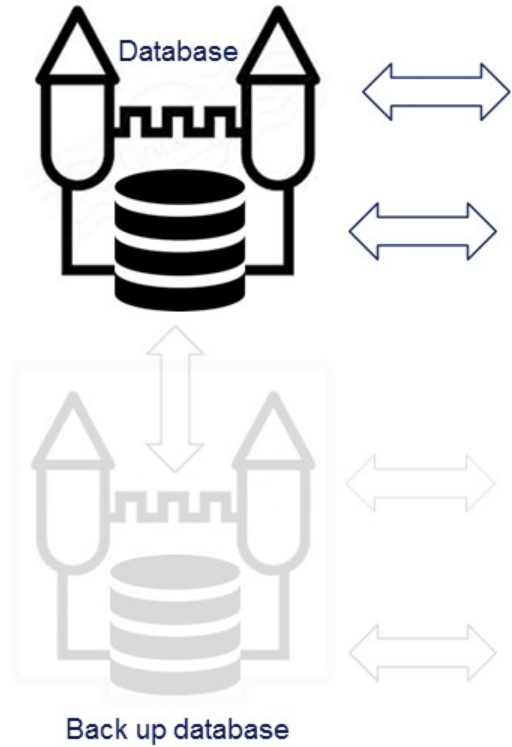
8. Completely Transparent & auditable



Database vs Blockchain data storage

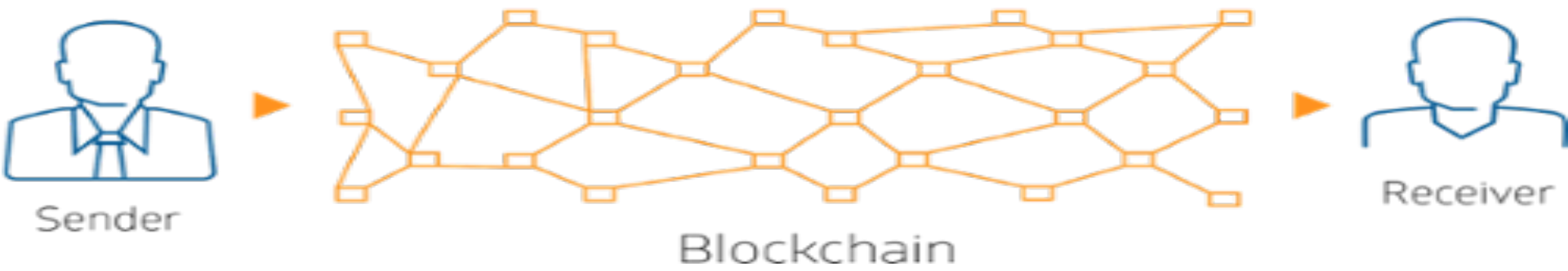
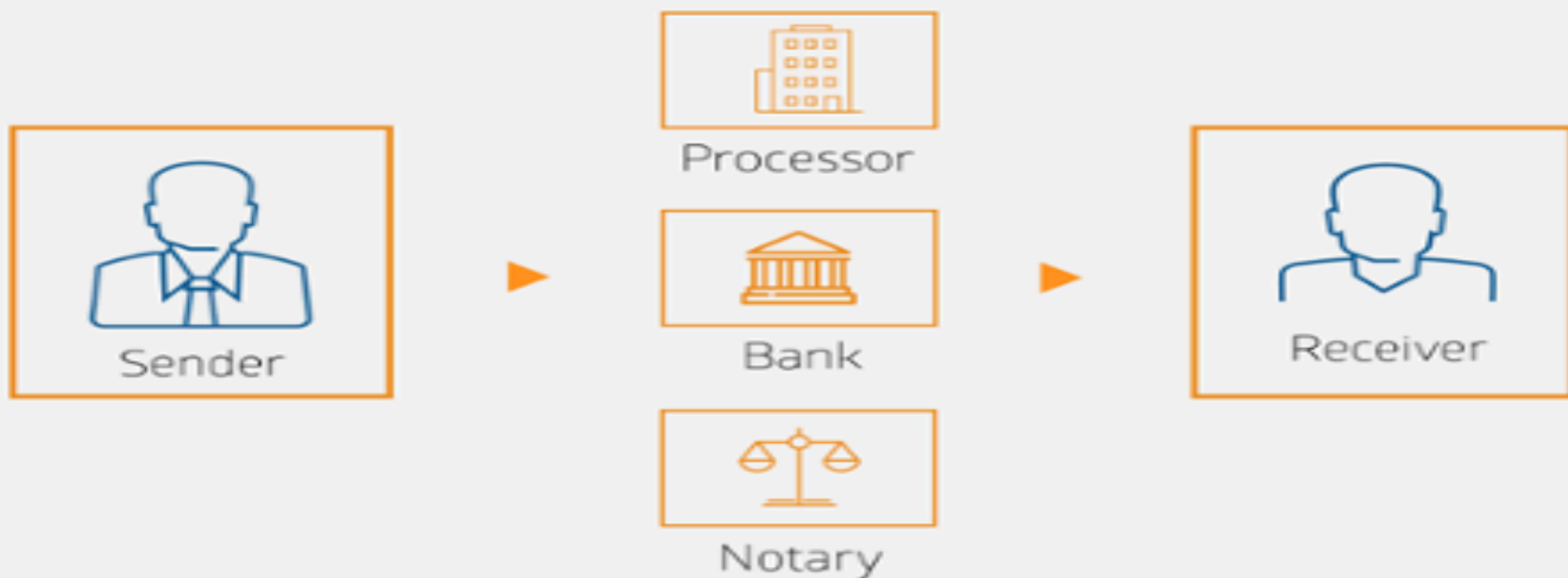


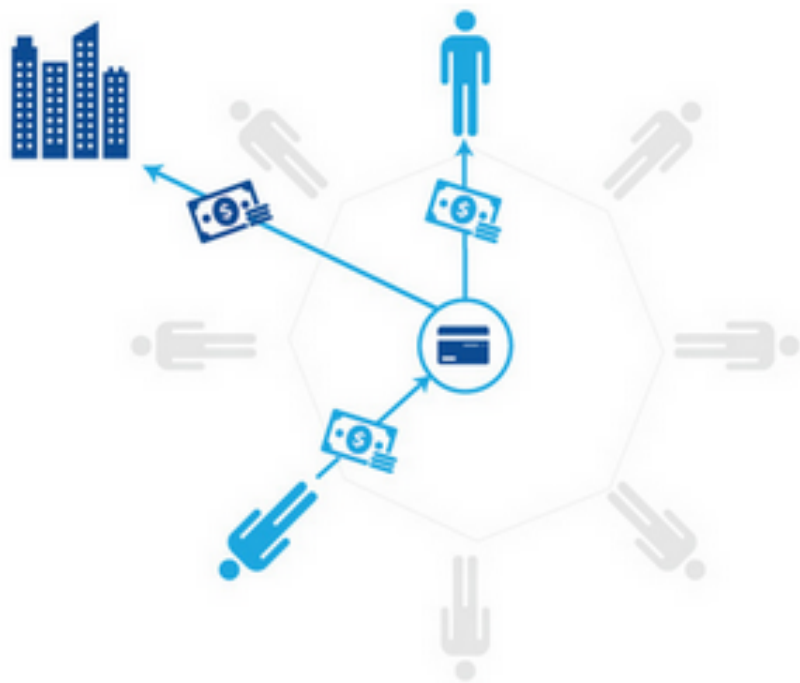
Secure central database
of a trusted third p[arty]



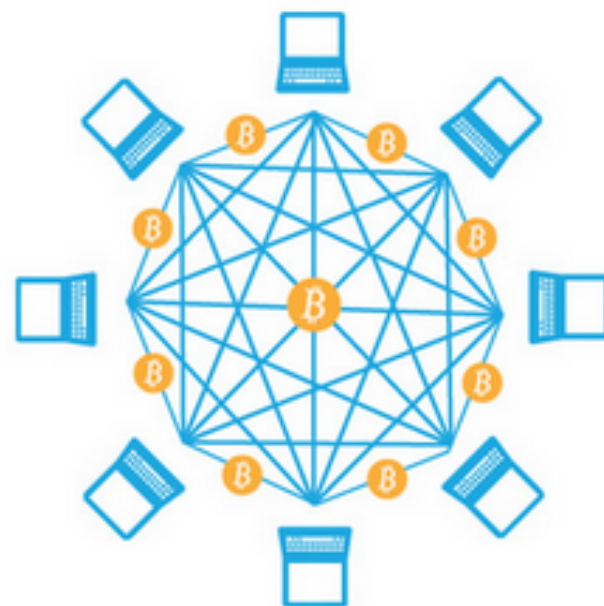
Blockchain network, security by sharing







Current payment systems require third-party intermediaries that often charge high processing fees ...



... but machine-to-machine payment using the Bitcoin protocol could allow for direct payment between individuals, as well as support micropayments.

Block 51

Proof of work:
0000009857vvv

Previous block:
000000432qrza1

Transacton
lk54lfx

Transacton
09345w1d

Transacton
vc4232v32

Block 52

Proof of work:
000000zzxvzx5

Previous block:
0000009857vvv

Transacton
dd5g31bm

Transacton
22qsx987

Transacton
001hk009

Block 53

Proof of work:
00000090b41bx

Previous block:
000000zzxvzx5

Transacton
94lxcv14

Transacton
abb7bxxq

Transacton
34oiu98a

Block 54

Proof of work:
000000jll93xq49

Previous block:
00000090b41bx

Transacton
555lby4j12

Transacton
bn24xa0201

Alice -> Bob



How a blockchain works

1

A wants to send money to B



2

The transaction is represented online as a 'block'



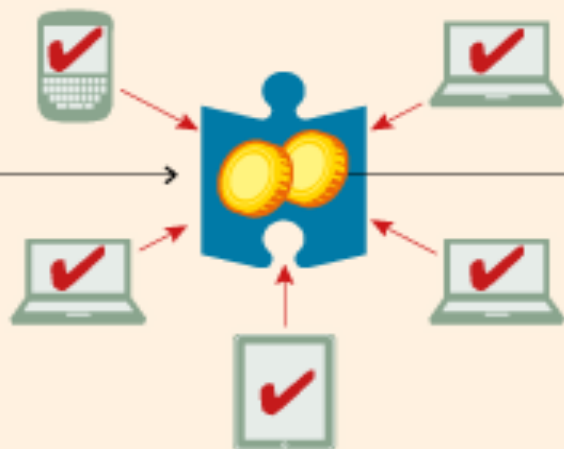
3

The block is broadcast to every party in the network



4

Those in the network approve the transaction is valid



5

The block then can be added to the chain, which provides an indelible and transparent record of transactions

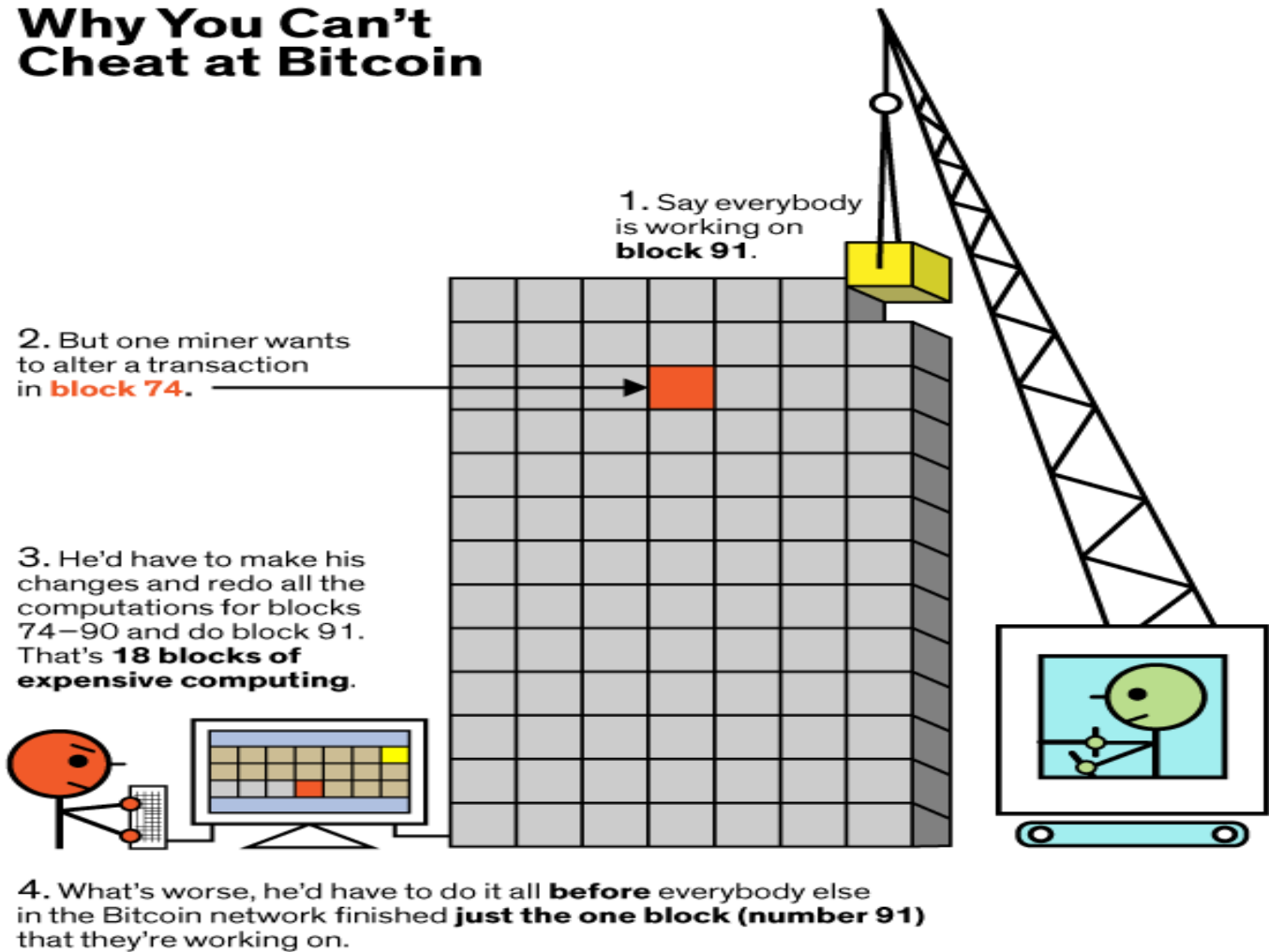


6

The money moves from A to B



Why You Can't Cheat at Bitcoin





Bitcoin

Governance

SmartProperty

Voting

SmartContracts

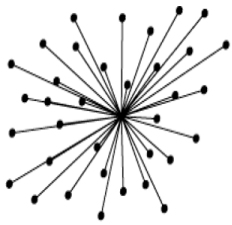
Name Registration

Identity

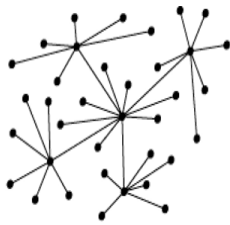
Crowdfunding

IoT

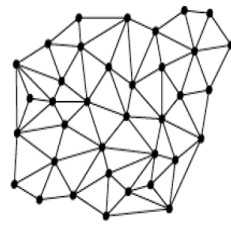
Climate



PAST



PRESENT



FUTURE

Blockchain Startups

Top Blockchain startups disrupting non-financial markets



Venture Radar



Cloud storage



Filecoin



STORJ.IO



TIERION

Smart Contracts



Social Networking



GEMS

Anti-Counterfeiting



BLOCKVERIFY



Governance

OTONOMOS



Swarm

Supply Chain

Tradle

thingchain



BITNATION GOVERNANCE 2.0

Digital Identity

ONENAME



Prediction Markets



Internet of Things



FILAMENT



THE WALL STREET JOURNAL

facebook

THE TIMES

twitter

HM Government

Dropbox

Hilton

UBER

airbnb

Art & Ownership

VERISART



Bitproof.io

MONEGRAPH

colu.

More: <https://www.ventureradar.com/>



BLOCKTECH in FINANCIAL SERVICES Landscape

APPLICATIONS & SOLUTIONS

Exchanges



Brokerage



Soft Wallets



Hard Wallets



Investments



Microtransactions



Capital Markets



Money Services



Trading



Banks



Merchants



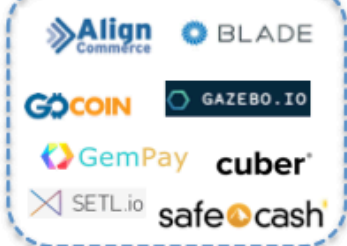
Compliance



ATMs



Payments



Payroll & Insurance



Financial Data



Supply Chain



MIDDLEWARE & SERVICES

Services



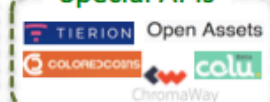
Software Development



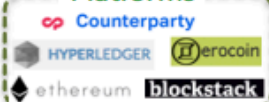
General APIs



Special APIs



Platforms



Smart Contracts

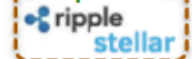


INFRASTRUCTURE & BASE PROTOCOLS

Public



Special



Payment



Miners



Blockchain use cases list by industry

Financial

Trading
Deal origination
POs for new securities
Equities
Fixed income
Derivatives trading
Total Return Swaps (TRS)
2nd generation derivatives
The race to a zero middle office
Collateral management
Settlements
Payments
Transferring of value
Know your client (KYC)
Anti money laundering
Client and product reference data.
Crowd Funding
Peer-to-peer lending
Compliance reporting
Trade reporting & risk visualizations
Betting & prediction markets

Insurance

Claim filings
MBS/Property payments
Claims processing & admin
Fraud prediction
Telematics & ratings

Media

Digital rights mgmt
Game monetization
Art authentication
Purchase & usage monitoring
Ticket purchases
Fan tracking
Ad click fraud reduction
Resell of authentic assets
Real time auction & ad placements

Computer Science

Micronization of work (pay for algorithms, tweets, ad clicks, etc.)
Expanse of marketplace
Disbursement of work
Direct to developer payments
API platform plays
Notarization & certification
P2P storage & compute sharing
DNS

Medical

Records sharing
Prescription sharing
Compliance
Personalized medicine
DNA sequencing

Asset Titles

Diamonds
Designer brands
Car leasing & sales
Home Mortgages & payments
Land title ownership
Digital asset records

Government

Voting
Vehicle registration
WIC, Vet, SS, benefits, distribution
Licensing & identification
Copyrights

Identity

Personal
Objects
Families of objects
Digital assets
Multifactor Auth
Refugee tracking
Education & badging
Purchase & review tracking
Employer & Employee reviews

IoT

Device to Device payments
Device directories
Operations (e.g. water flow)
Grid monitoring
Smart home & office management
Cross-company maintenance markets

Payments

Micropayments (apps, 402)
B2B international remittance
Tax filing & collection
Rethinking wallets & banks

Consumer

Digital rewards
Uber, AirBNB, Apple Pay
P2P selling, craigslist
Cross company, brand, loyalty tracking

Supply Chain

Dynamic ag commodities pricing
Real time auction for supply delivery
Pharmaceutical tracking & purity
Agricultural food authentication
Shipping & logistics management

Figure 57: Adoption scenarios for Global Gross Value Added migration to blockchain

Gross value added, Current prices OECD, \$m	United States	European Union	Japan	United Kingdom	Australia	Mexico	Switzerland	Sweden	Poland	Norway	Denmark	Chile	Czech Republic	Hungary	Iceland	Total	Blockchain'able' portion, penetration rate:		
																	Low	Medium	High
Agriculture, forestry and fishing	223,859	263,155	53,509	18,194	33,861	40,419	5,114	6,965	14,194	7,494	2,859	8,820	5,022	5,194	1,247	689,913			
Mining and quarrying	436,008	117,115	3,233	42,334	98,047	87,751	842	2,647	8,593	99,058	4,203	28,870	1,522	267	20	930,522			
Manufacturing	2,068,080	2,571,458	851,347	283,035	92,456	217,632	128,979	82,655	89,979	34,999	37,635	27,579	49,357	27,354	2,527	6,565,089			
Electricity, gas, steam and air conditioning supply	260,644	312,942	90,955	39,911	35,609	19,741	-	12,155	16,201	9,130	3,980	5,786	7,153	2,370	835	817,462			
Water supply, sewerage, waste management	41,866	157,969	-	27,724	-	5,426	-	3,410	6,122	2,645	2,042	-	2,085	1,211	207	250,758			
Construction	664,001	889,622	279,195	165,742	119,666	90,583	36,271	30,454	35,952	25,903	11,485	19,503	10,368	5,065	1,119	2,384,983			
Wholesale and retail trade, repair of motor vehicles	1,675,586	1,822,123	647,629	286,138	123,679	205,104	97,927	54,979	88,834	32,021	30,397	22,085	19,135	11,845	1,871	5,119,412	12.5%	25%	50%
Transportation and storage	542,582	840,117	230,445	121,202	68,963	79,818	-	27,498	30,985	24,454	13,681	11,109	10,597	7,385	1,170	2,010,067			
Accommodation and food service activities	446,343	469,314	-	77,541	36,137	27,455	12,031	8,820	5,911	5,815	3,873	4,728	3,627	1,941	573	1,104,178	12.5%	25%	50%
Information and communication	1,035,296	810,853	251,856	164,537	38,469	28,340	-	28,442	18,877	17,123	11,869	4,113	9,134	6,023	950	2,425,953			
Financial and insurance activities	1,190,501	911,125	199,164	217,874	125,628	45,871	66,679	23,234	21,502	22,949	16,470	12,553	8,365	4,286	1,575	2,867,856	37.5%	75%	100%
Financial service activities	486,523	-	-	116,681	-	38,128	38,125	-	16,486	-	-	-	6,458	3,258	1,313	707,053			
Insurance, reinsurance and pension funding	460,938	-	-	67,217	-	4,250	28,554	-	2,977	-	-	-	1,245	353	173	565,788			
Auxiliary activities	243,039	-	-	33,976	-	3,493	-	-	2,039	-	-	-	662	675	89	284,056			
Real estate activities	2,076,838	1,845,942	531,750	299,340	172,100	137,797	-	42,887	25,187	29,844	26,377	-	15,374	9,209	1,978	5,214,707	12.5%	25%	50%
Administrative and support service activities	659,756	698,695	-	126,770	39,659	45,383	-	17,385	10,595	12,395	8,737	-	3,305	3,855	592	1,627,225	25%	50%	75%
Rental and leasing activities	181,934	-	-	25,191	-	5,501	-	-	2,060	-	-	-	876	900	251	216,812			
Employment activities	-	-	-	27,541	-	29,347	-	-	2,684	-	-	-	142	868	6	60,688			
Public admin and defence, compulsory social security	1,500,551	1,081,252	280,902	137,214	76,458	53,626	73,459	25,067	27,285	26,934	14,152	11,965	11,598	9,748	1,092	3,331,409	10%	20%	50%
Education	935,475	878,251	-	164,898	69,537	52,918	3,758	28,397	23,208	21,688	16,734	12,858	7,959	5,417	1,252	2,222,458			
Human health and social work activities	1,225,883	-	-	180,380	95,853	28,699	51,911	56,152	21,557	45,572	28,015	10,698	7,881	5,070	1,608	1,758,387			
Arts, entertainment and recreation	160,936	229,567	-	42,087	12,018	5,595	-	6,981	3,408	4,217	4,020	6,975	1,772	1,527	315	479,531			
Total activity	32,083,680	13,899,501	4,548,774	4,584,493	1,517,282	2,524,803	548,783	498,655	842,871	564,014	279,354	222,695	347,831	213,368	33,701	62,705,786	5.2%	10.4%	18.3%

Source: OECD, Credit Suisse estimates

Associations

Explaining blockchain use cases with few actual experiments and multiple roundtable



Banks/financial institutions

Growing interest in disruptive blockchain solutions with ~\$400MM estimated capital market spending by 2019



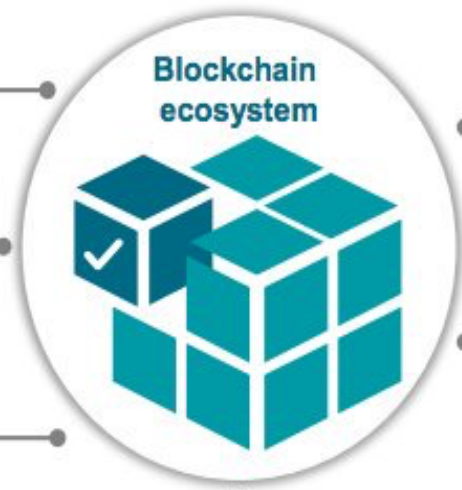
Non-banks

Assessing the potential of blockchain technology



Fintech companies

Leading the innovation in connection with blockchain technology



Industry utilities/platforms

- Much attention from industry utilities paid to blockchain developments due to the risk of disintermediation of utility functions
- Platforms interested in deploying blockchain, leading implementation



Regulators

No strong focus yet, likely to grow as blockchain proliferates

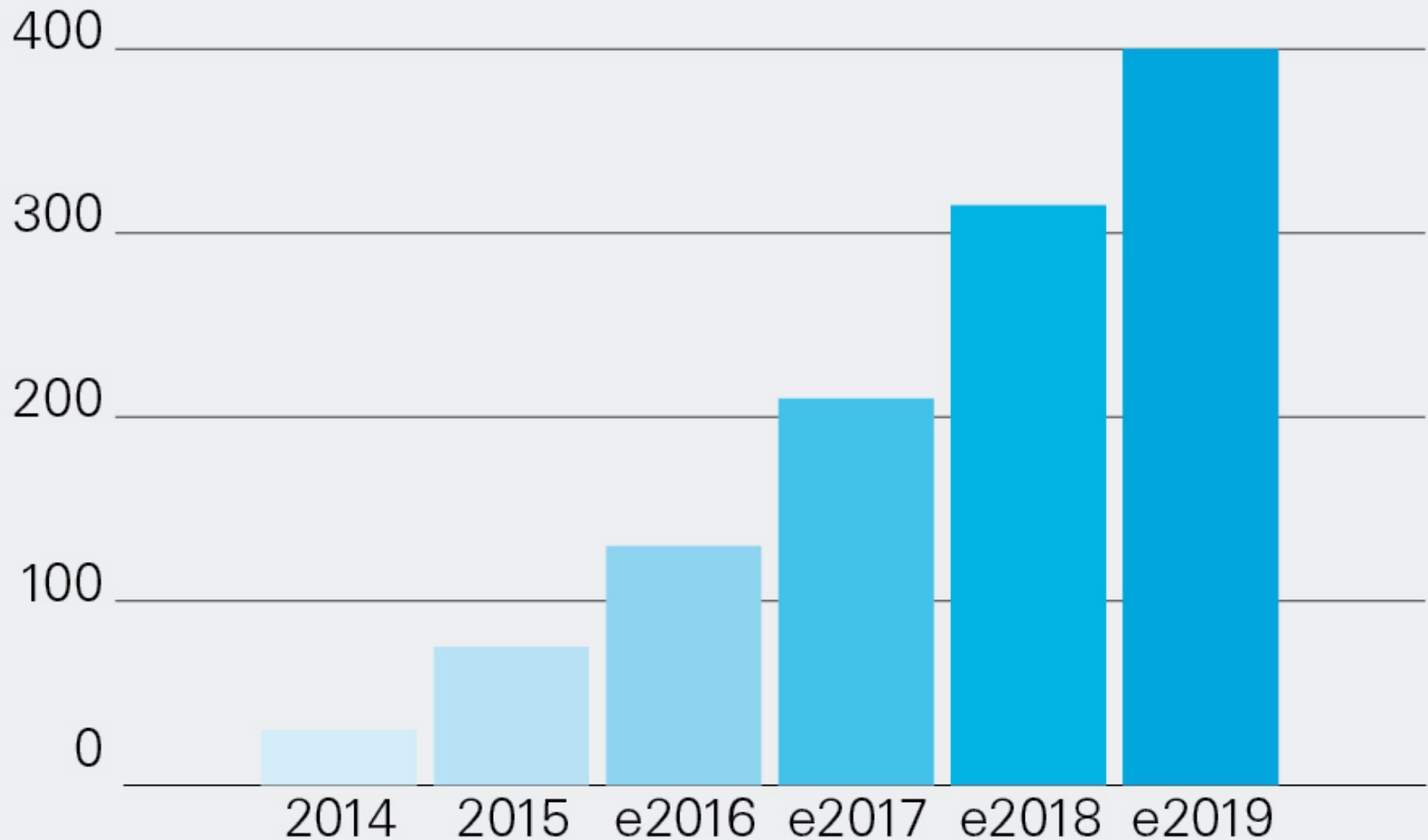


Central bank

Strong interest in blockchain's evolution, certain publications (especially on Bitcoin)



Bank spending on blockchain is expected to surge (US\$ millions)



Source: Aite Group

Blockchain in Private Investment Funds

Several private investment funds have spearheaded the implementation of blockchain technology and smart contracting in their business model:

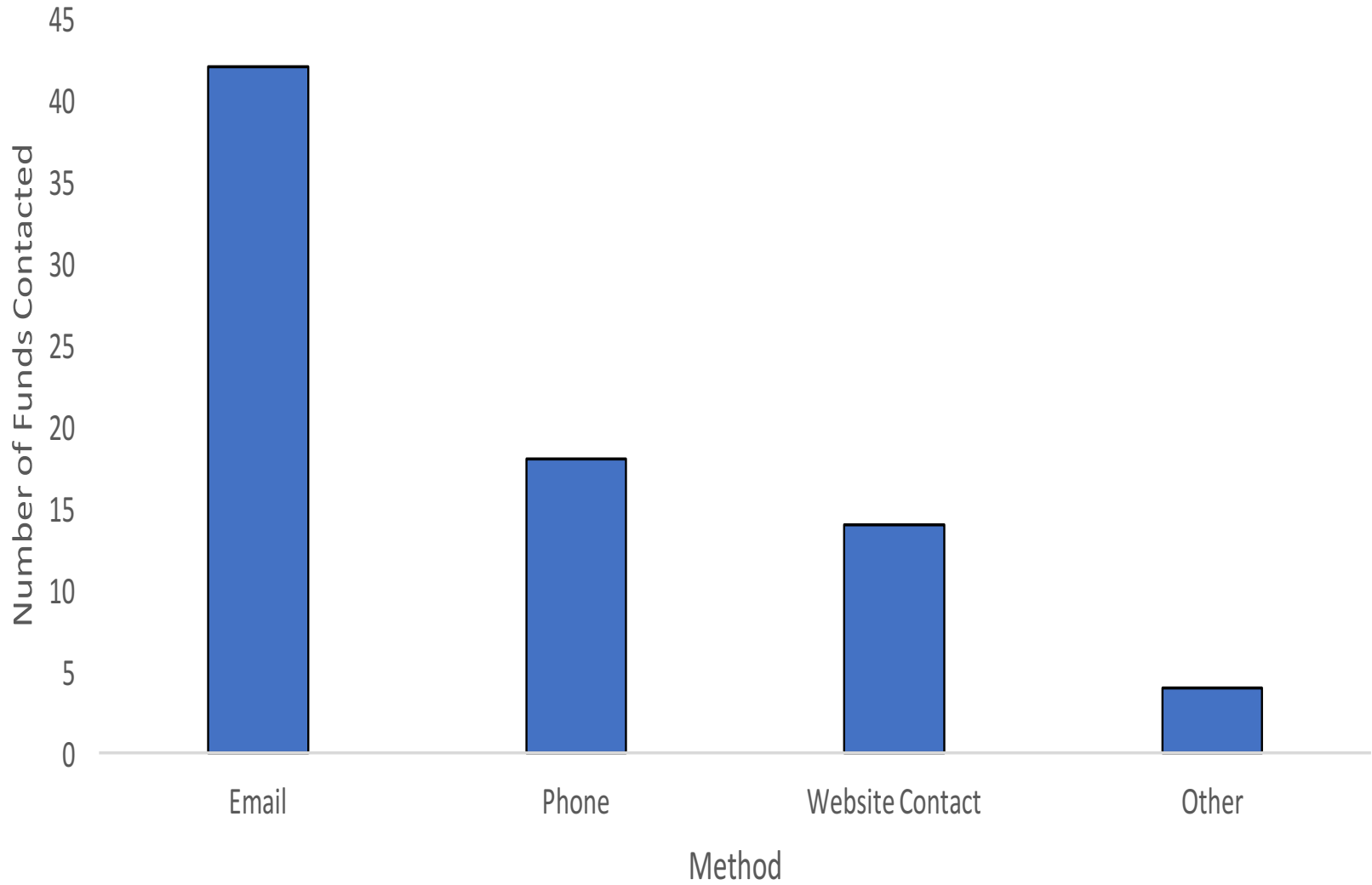
- Trading bitcoin and other cryptocurrencies to avoid market fluctuations
- Invest in and/or acquire companies that use blockchain technology to provide synergies to their other portfolio companies
- Fully automating a hedge fund secured by blockchain technology
- Using blockchain technology to improve administrative procedures of private equity deal making
- Using cryptocurrencies as incentives for data scientists' competitive models that facilitate investment analysis efficiencies.

Blockchain Applications in Private Investment Funds

- The dataset comprises a representative sample of private investment funds that utilize blockchain technology in either their strategy or operations (N=[98])
- Author and a team of two research assistants hand-coded individual use of blockchain technology for each fund in the dataset.
- The dataset was compiled through various sources:
 - Individual web searches to identify funds operating on the Ethereum network
 - Searches on multiple databases including Westlaw, Bloomberg, and Google to identify funds that were not operating on the Ethereum blockchain.

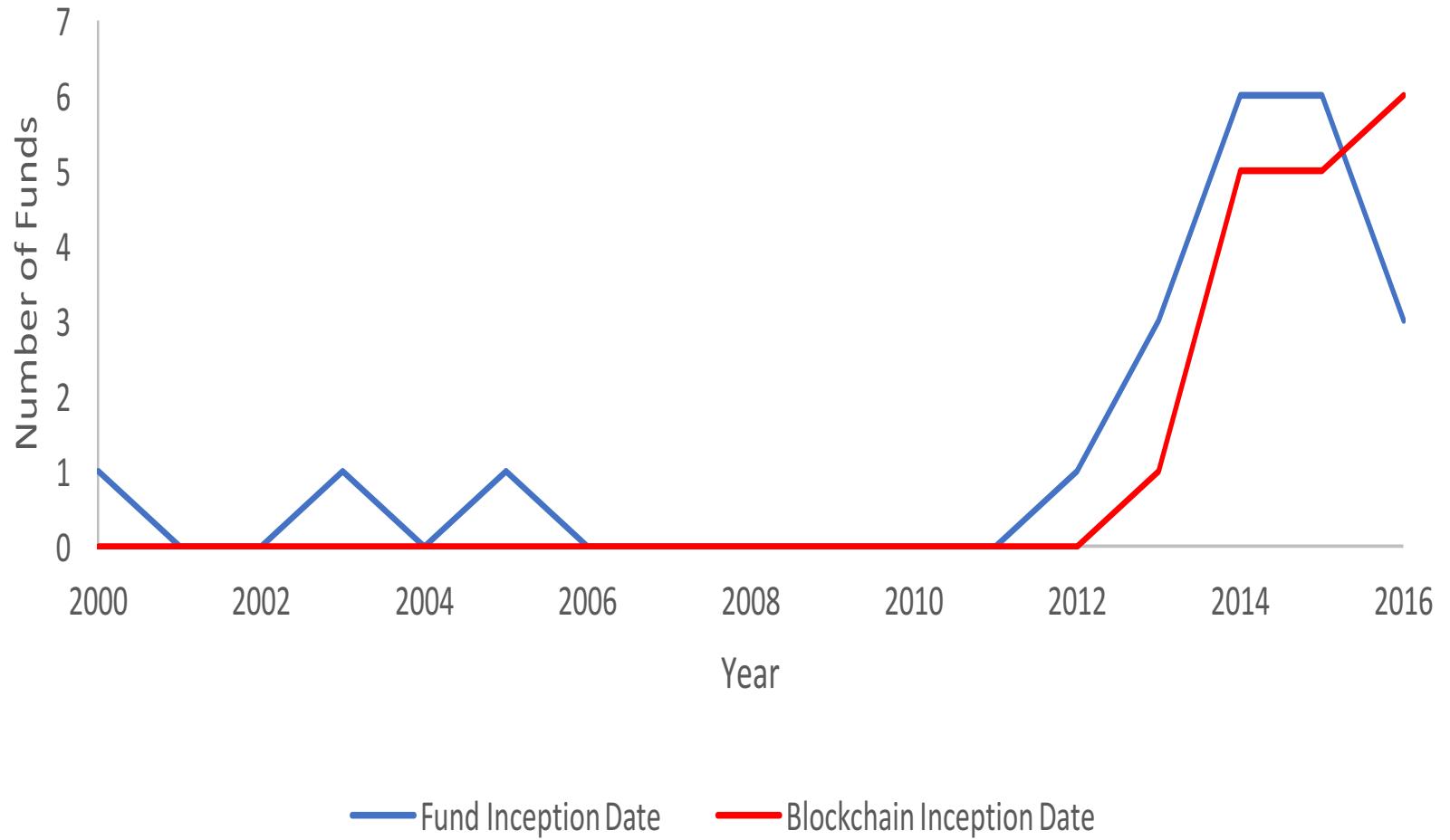
Contact Method

n=70



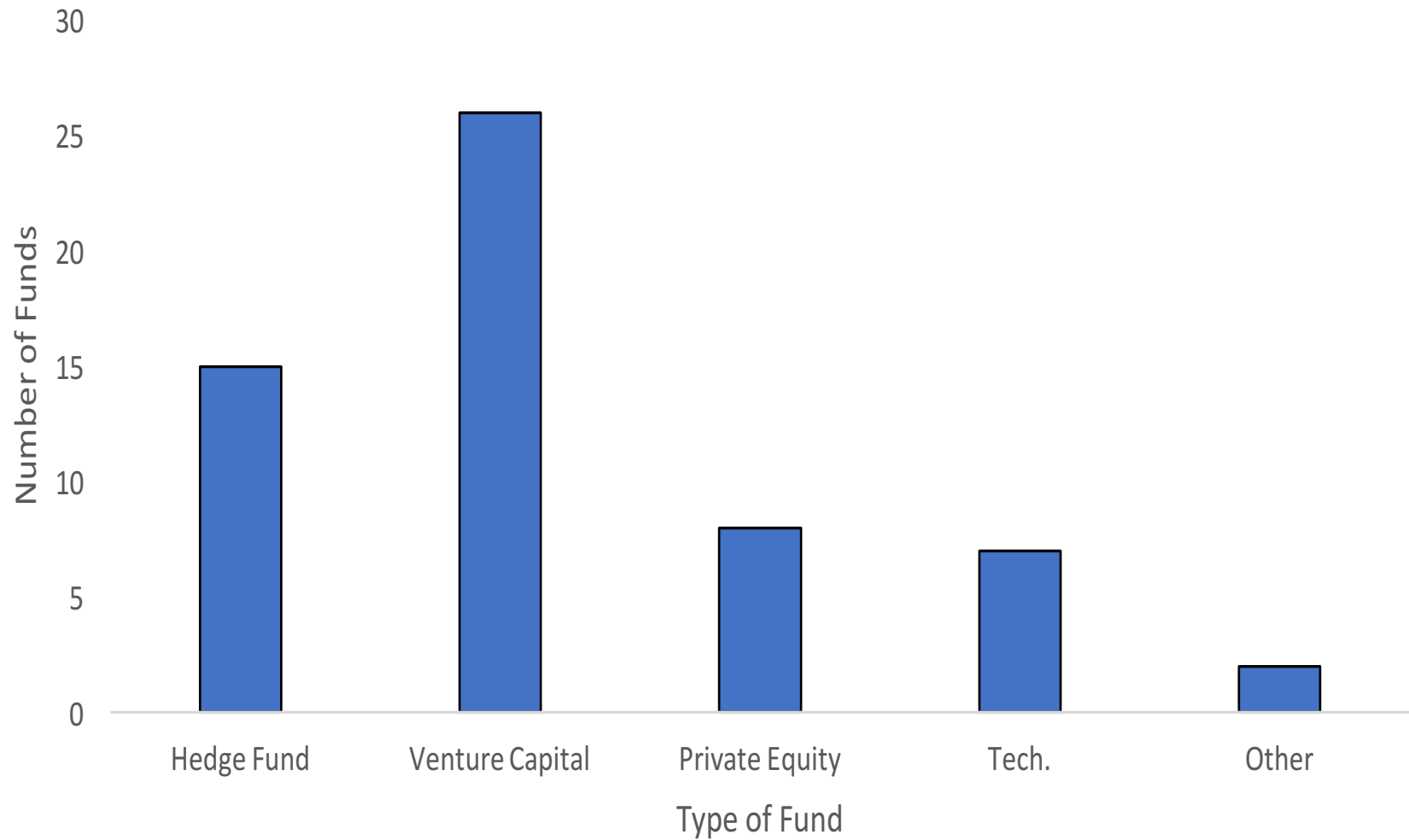
Inception Date

n=19



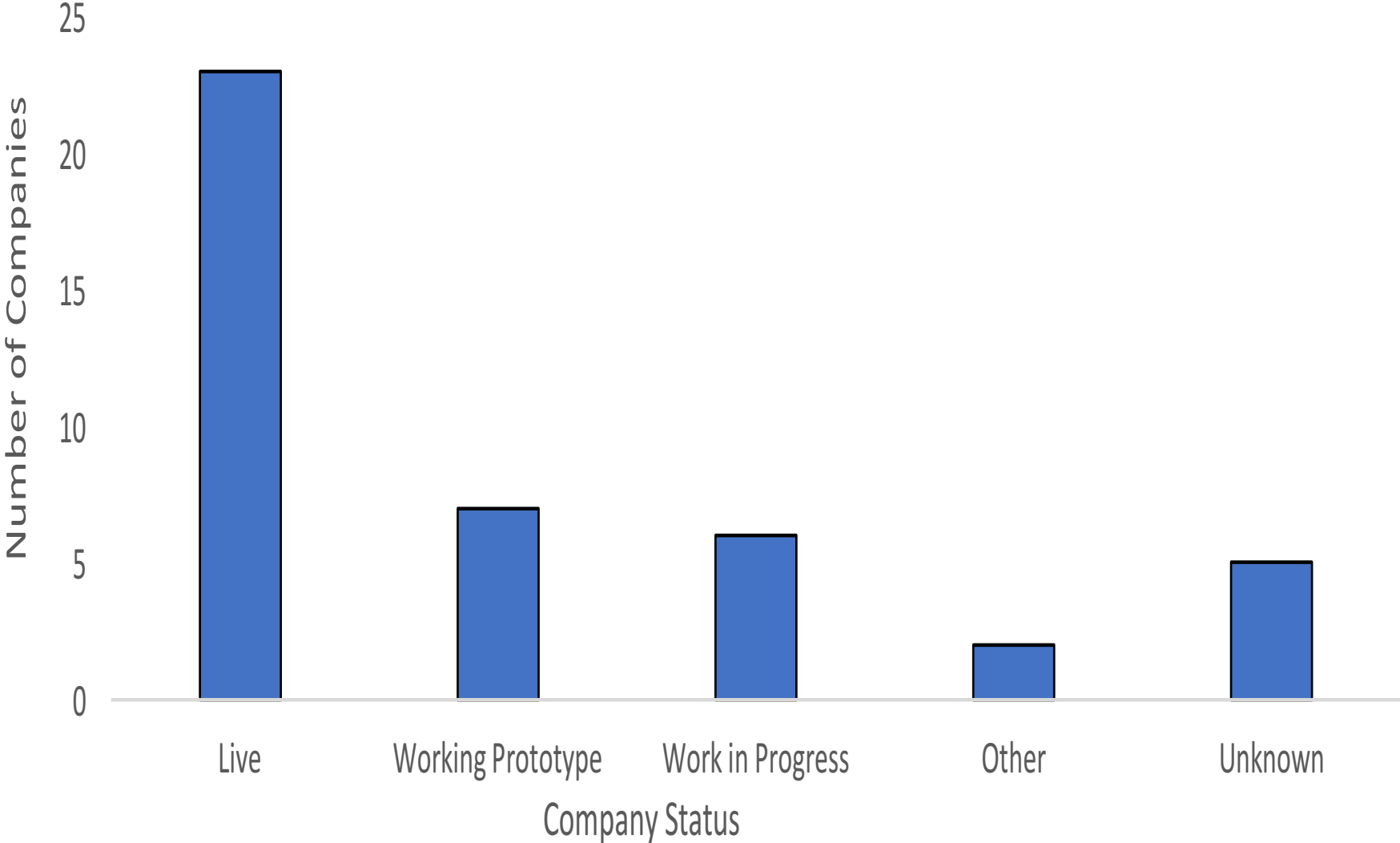
Type of Fund

n=58



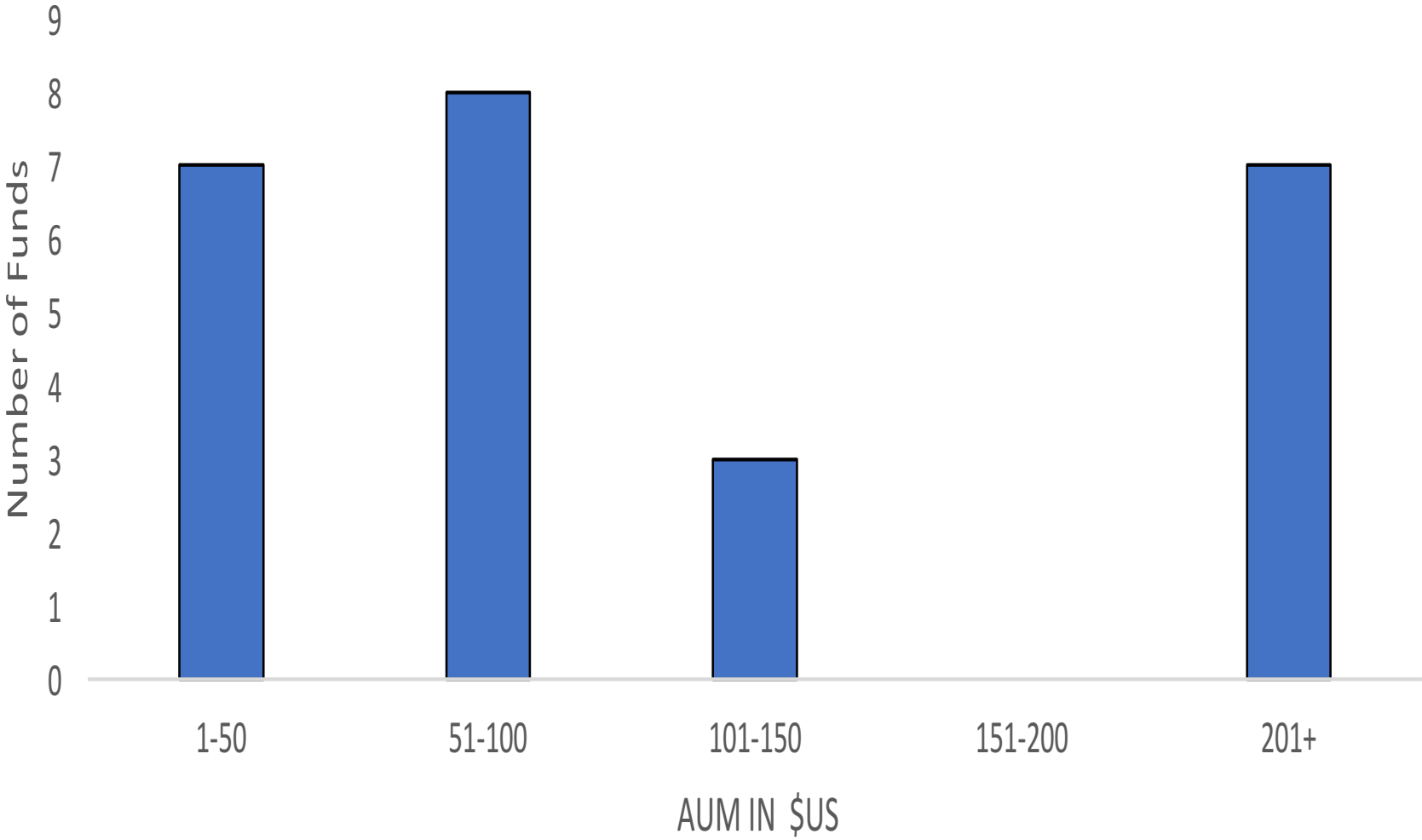
US - Status

n=43



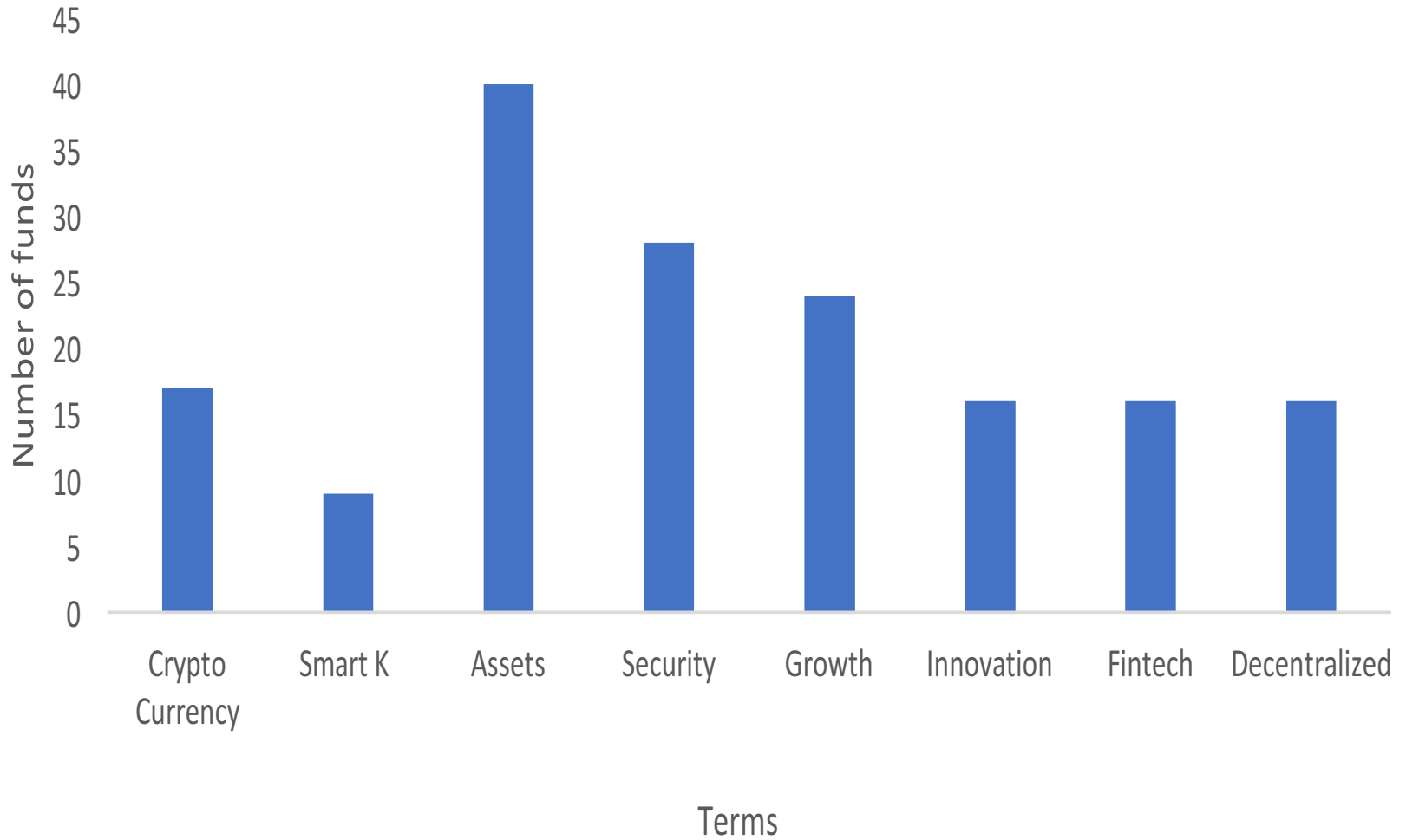
AUM

n= 24



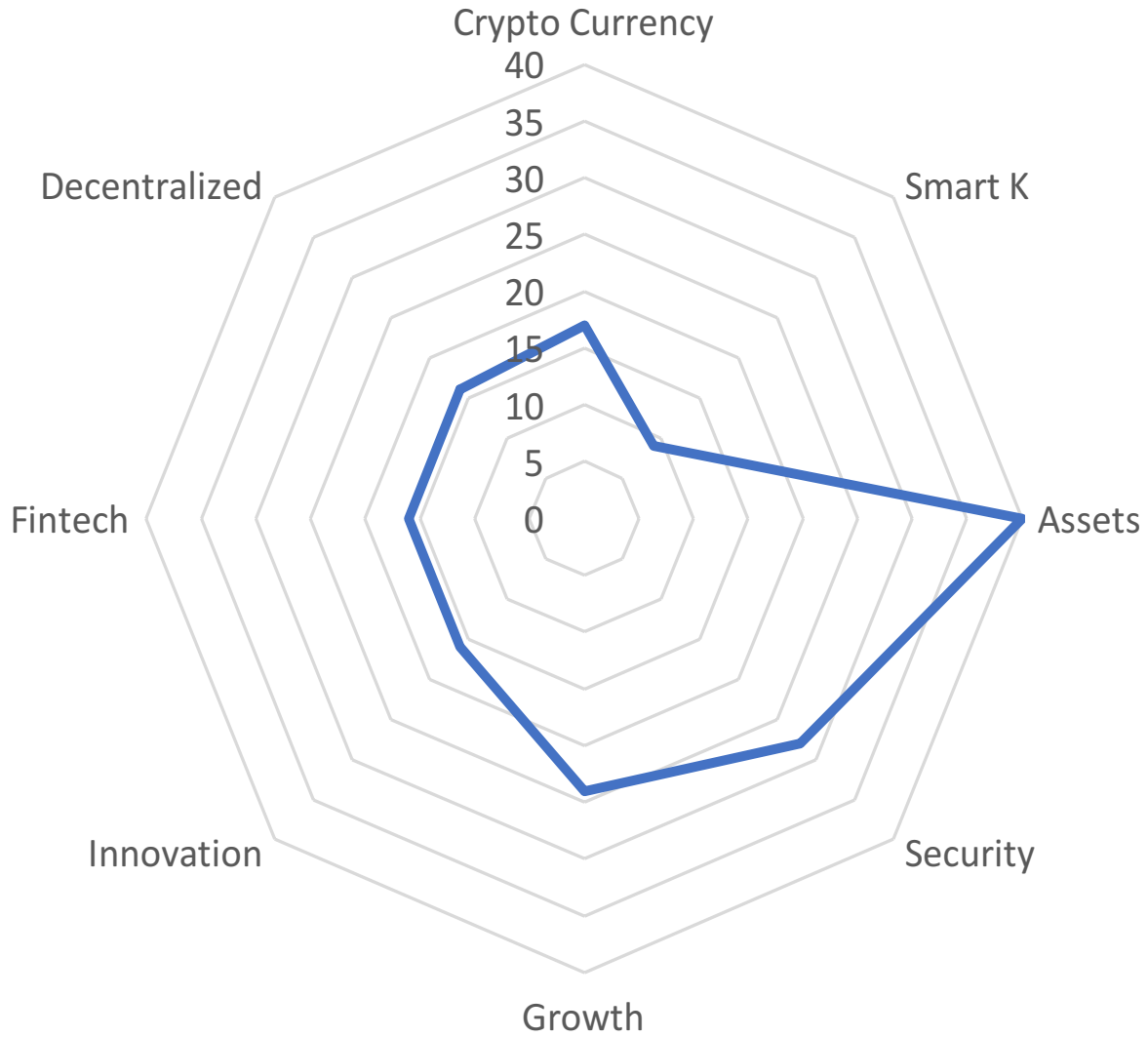
Cluster Graph

n=74



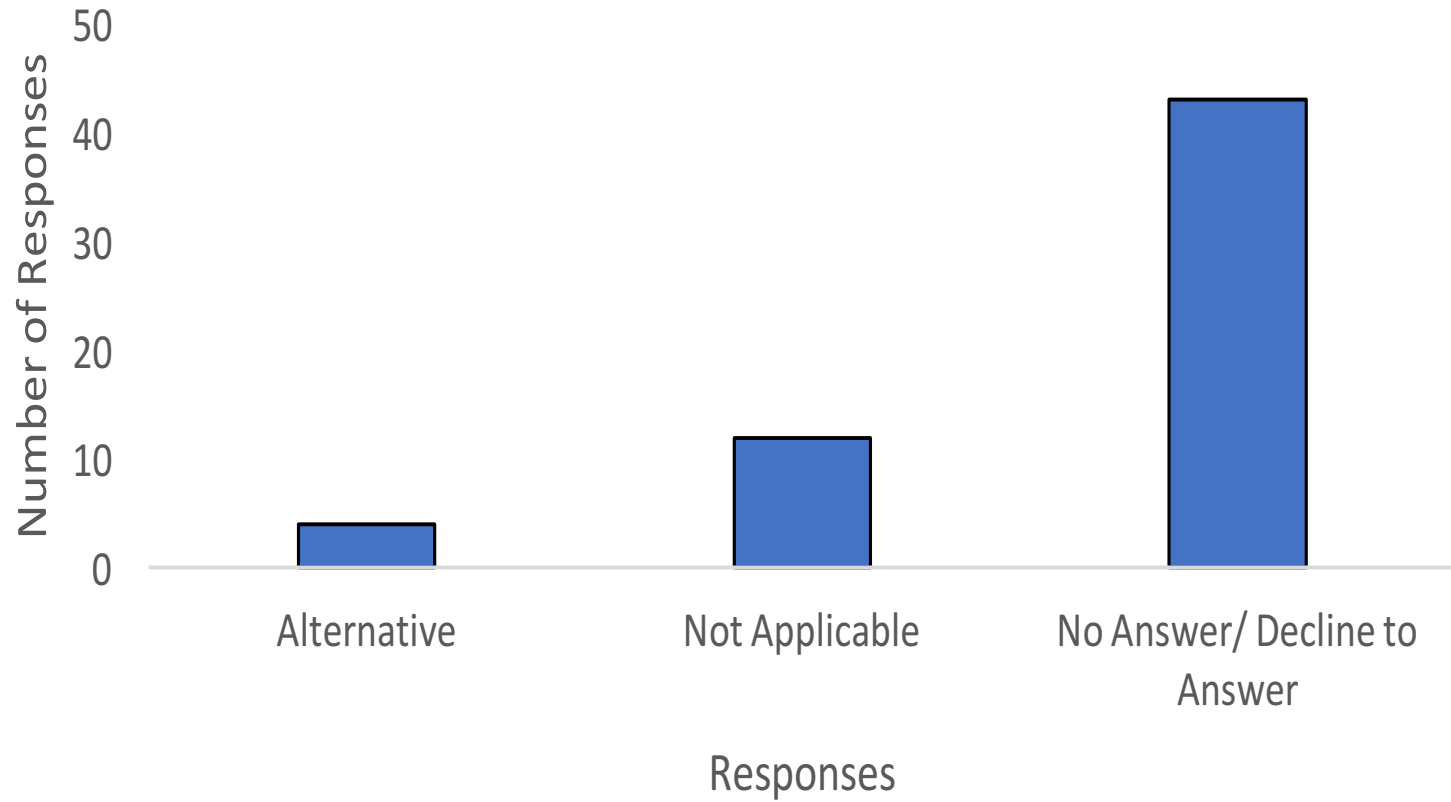
Term Radar

n=74



Responses to Fee Structure

n=59



Implications for Fee Structure

- Majority of private fund advisers that use blockchain technology, artificial intelligence, and big data in different aspects of their operations or strategy charge their investors lower fees.
- Prominent examples of lower fee structures driven by the use of blockchain technology:
 - Numerai
 - LendingRobot's LendingRobot Series
 - Logos Fund
 - Platforms for blockchain-enabled fund management, such as those offered by Melonport or Drago, among many others.

Per-Transaction Fees

- Traditional settlement and calculation of fees in a per-transaction model that created a prohibitive amount of work making such operations very difficult to execute and prone to errors due to manual reconciliation or settlements
- Blockchain technology facilitates a seamless and efficient calculation of management fees per transaction.
- Blockchain Technology enables the fully automated allocation of the appropriate fee to the correct executed trade and associated client account without any manual reconciliation or settlement
- Errors are removed through the use of blockchain technology which performs the required calculations and settlement procedures automatically and seamlessly.
- The blockchain enabled per-transaction fee can be pre-determined or modified by the manager in cooperation with clients.
 - Publicly available which allows the private fund adviser to determine the applicable fee in a competitive market.
 - Clients who invest in a more transaction-prone strategy will be able to agree upfront to higher fees whereas clients who invest in a less transaction-rich strategy will pay overall lower fees.

Examples

- Northern Trust in cooperation with IBM, Numerai, LendingRobot, and Intellisys Capital LLC, Melonport, among many others.
- Polychain Capital, <https://angel.co/polychain-capital> (last visited Apr. 17, 2017).
- Northern Trust, <https://www.northerntrust.com/> (last visited Apr. 17, 2017).
- Numerai, <https://numer.ai/> (last visited Apr. 17, 2017).
- LendingRobot, <https://www.lendingrobot.com/#/> (last visited Apr. 17, 2017).
- Intellisys Capital LLC, <http://www.intellisys.ai/> (last visited Apr. 17, 2017).
- Melonport, <https://melonport.com/>, (last visited Apr. 17, 2017).

Lending Robot

- Investors in LendingRobot's Lending Robot Series, the fully automated hedge fund secured by blockchain technology, unlike investors in traditional hedge funds, can withdraw funding on a weekly basis at no additional cost to the investor.
- Because LendingRobots' business model removes the investment adviser, overhead costs, and legal fees associated with each investor agreement, LendingRobot is able to charge a mere 1% management fee and a maximum 0.59% fund expense fee per year.
- Other factors that help keep the fee low include the increased transparency that allows LendingRobot to expense fewer resources on auditing the fund. LendingRobot claims an average performance of from 6.86% to 9.66% depending on the investment strategy selected by the clients.
- As of March 2017 an analysis of a broad range of traditional hedge funds shows an average of 8.89% annualized return.
- The increased transparency, reduced costs, and competitive performance enabled by LendingRobot's use of blockchain technology may give it a competitive advantage in the private fund industry that could continue to exert pressure on fees charged by competitor funds.

IBM & Northern Trust

- In February 2017, Northern Trust and IBM entered into a partnership for the commercial use of blockchain in the private fund industry.
- The partnership provides an enhanced and efficient approach to private equity administration.
- The implementation of the Northern Trust and IBM blockchain is intended to increase the efficiency, transparency, and speed of private equity transactions, improve security, and bring innovation to the private equity market by simplifying the complex and labor-intensive transactions in the private equity market.
- While the current legal and administrative processes that support private equity are time-consuming, expensive, lack transparency, and involve lengthy, duplicative, and fragmented investment and administrative processes, the partnership's solution delivers an enhanced and efficient approach to private equity administration.
- More specifically, unlike the current deal practice in private equity, which requires parties to reconcile multiples copies of the documents that form the deals to understand the greater picture, the blockchain program announced by Northern Trust and IBM allows all involved parties in an equity deal to look at a single compiled version of the transaction and all other data relating to the deal.

Numerai

- Numerai is a private investment fund with a global equity strategy that will go live on the blockchain later this year.
- Numerai operates on the Ethereum blockchain, utilizing a cryptocurrency called “Numeraire.” Numerai uses artificial intelligence to convert financial data into machine learning problems for data scientists.
- On February 21, 2017, Numerai, announced: “[Today] 12,000 data scientists were issued 1 million crypto-tokens to incentivize the construction of an artificial intelligence hedge fund.”
- Using data scientists for investment analysis creates efficiency through a synthesis of data. Data scientists working in this model work to solve the same problems in their own unique way with different strategies.
- Numerai synthesizes these models to create a meta-model out of all the predictions from the data scientists. In the Numerai model, the use of artificial intelligence ultimately helps achieve the goal of efficiency and optimum capital allocation by reducing overhead costs because there is no cost of human capital.
- In addition, Numerai eliminates barriers to entry because users do not need capital or any special finance or data knowledge.

Logos Fund

- The Logos Fund is an alternative investment fund that invests in blockchain and cryptocurrency-related investments.
- It aims to make blockchain-based currencies accessible to professionals and a broad range of investors by investing in the mining of blockchain-based cryptocurrencies as well as into such currencies directly. T
- o cover base costs and administration, the Logos Fund charges an administrative fee of between 1.2% and 1.92% depending on the size of the investment.
- The fund management also charges a performance-related fee of from 9% to 21% plus investment surcharges and redemption surcharges in accordance with market practices.

Melonport

- Blockchain-enabled platforms for setting up a private investment fund cause significant pressure on the existing fee structure of the private investment fund industry.
- Platforms such as Melonport or Drago enable competitive gains for their clients through fewer costs and time barriers to setting up and running a private investment fund.
- While such competitive gains will benefit the majority of private investment fund managers and investors, the lower operating costs enabled by the platform models will especially enable new and future managers to enter the market because the start-up costs and compliance costs can be significantly reduced. By enabling low set-up requirements and low costs of running a portfolio, platform models may be able to create an unprecedented competitive environment for asset management strategies.
- The cost of running a private fund adviser portfolio on the blockchain equals the core usage fees, modular commissions, and the infrastructure costs to be paid on the Ethereum platform.
- The usage fees are determined by the protocol, and the modular fees are set by the module developers and are a fraction of a cent or a fraction of the trade volume for each usage. "The costs and complexity of setting up a portfolio using the Melonprotocol are lower than they are with traditional asset management [funds], seconds and cents versus months and millions."

Thank You !

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