

AIMA

Annual Global Crypto Hedge Fund Report 2025


pwc

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Foreword

The global hedge fund industry's engagement with crypto/digital assets and blockchain technology has accelerated in 2025, supported by increasing regulatory clarity and new legislation in the US, as well as with the emergence of regulatory regimes covering the sector across many other globally important financial markets, including the EU, Hong Kong, Singapore, Switzerland and the UAE. This development marks a transition from years of enforcement-led uncertainty toward a more defined and innovation-friendly regulatory landscape.

Traditional hedge funds (described for this research as those with less than half their AUM in digital assets) are increasing their exposure, with more than half now having some form of exposure to digital assets, often through spot and derivatives trading, exchange-traded products and increasingly through equities and tokenised assets. Meanwhile, crypto-native hedge funds continue to grow in scale and sophistication, supported by strong price movement in crypto asset markets that earlier this year surpassed US\$4 trillion in total market value.

Investor participation is gradually widening beyond family offices and high-net-worth individuals to include an increasing number of fund of funds, foundations, endowments, pension plans and sovereign wealth funds. Many investors cite diversification benefits, asymmetric return potential and long-term outperformance as their primary motivations. These investment patterns signal a maturing market with growing acceptance among institutional allocators of digital assets as an investable asset class.

Market infrastructure remains a critical enabler. Greater advances in custody services, trading platforms, regulatory frameworks and access to banking rails are viewed as key to unlocking further investment flows. Tokenisation, the digital representation of funds and assets on-chain, is rapidly gaining momentum as a structural trend in financial markets. Investment managers are increasingly assessing its potential to expand investor reach and streamline operations, even as the ecosystem continues to mature across areas like regulation, liquidity and integration.

Although not the central focus of this report, the maturation of stablecoins over the past year has been a significant driver of institutional adoption and a tailwind for the growth of tokenised assets. Developments in stablecoins, e.g., across regulation, ecosystem evolution and industry adoption, are also shaping investment patterns to some degree.

As regulatory clarity deepens and institutional grade infrastructure develops, digital assets appear poised to move from the fringes of finance to the mainstream of hedge fund portfolios.



Recent U.S. actions, including the SEC's Project Crypto, the OCC's Interpretive Letter 1183 allowing banks to custody and settle digital assets, and the Senate's advancement of the GENIUS Act, signal that digital assets are moving from enforcement uncertainty toward an era of defined, institutionally aligned regulation. This transition is fostering confidence among hedge funds and investors seeking long-term exposure to the asset class.



Taken altogether, these developments signal that digital assets are moving beyond the periphery of alternative investments toward a more established role in hedge fund strategies.

6 Key Takeaways

- 1. Hedge funds increase crypto exposure:** Exposure to crypto assets has grown with 55% of funds now invested in 2025, up from 47% in 2024. The increasing routes of exposure vary, ranging from spot and derivatives trading to ETFs, crypto bankruptcy claims, and, increasingly, equities and tokenised assets. This acceleration reflects clearer regulatory signals from the SEC's Project Crypto and OCC IL 1183, marking a decisive shift from enforcement to implementation.
- 2. Regulatory shifts fuel increased institutional participation:** 47% of institutional investors say the fast-evolving US regulatory environment is prompting increased crypto allocations. The formalisation of stablecoin oversight under the GENIUS Act is providing institutions with greater confidence around liquidity, custody and settlement. Equities and regulated crypto ETFs have also played a pivotal role in facilitating larger institutional investors' access to digital assets.
- 3. Just under half of hedge funds remain on the sidelines:** Among traditional hedge funds surveyed with no current crypto exposure, around half indicated no plans to enter the market in the near term. Despite improved regulatory clarity, lingering tax and investor mandate barriers echo 2024 themes, signaling that investor education and internal flexibility remain key. If these mandates and other barriers were removed, roughly half who polled would consider investing.
- 4. Tokenised funds poised to reshape asset management:** Tokenisation is gaining traction in alternative investments, with 52% of hedge fund respondents now expressing some interest. However, 72% cite legal uncertainty and limited investor demand as barriers.
- 5. Centralised exchanges dominate, but ecosystem maturation gaps persist:** Centralised exchanges remain the primary venue for hedge funds trading crypto assets, selected for their creditworthiness, reputation and liquidity. However, gaps still persist in custody, legal/compliance advisory and fund administration services. 41% of institutional investors say they would increase allocations further if these areas improved.
- 6. Hedge funds eye DeFi as the next frontier:** 43% of traditional hedge funds with some exposure to crypto are planning to increase or begin engagement with decentralised finance (DeFi) over the next three years. Nearly one-third of these managers also believe DeFi will disrupt their operations within the same timeframe. This may reflect regulators' growing recognition of hybrid on-chain models within evolving market structure discussions.

Research Methodology

The 7th Annual Global Crypto Hedge Fund Report provides an in-depth analysis of the current landscape and recent developments for hedge funds as it relates to their investment in crypto asset markets. The insights presented are based on a survey conducted by AIMA in the first half of 2025, involving 122 institutional investors and hedge fund managers from across the globe with an estimated aggregate of US\$982 billion in AUM (assets under management), see Figures 1 and 2. For the purposes of this report, crypto fund managers are defined as those investing more than 50% of their total AUM in crypto assets. The survey aimed to assess the impact of the past year and to identify key trends and emerging themes shaping crypto assets markets.

Figure 1: All respondents, by type (2025)

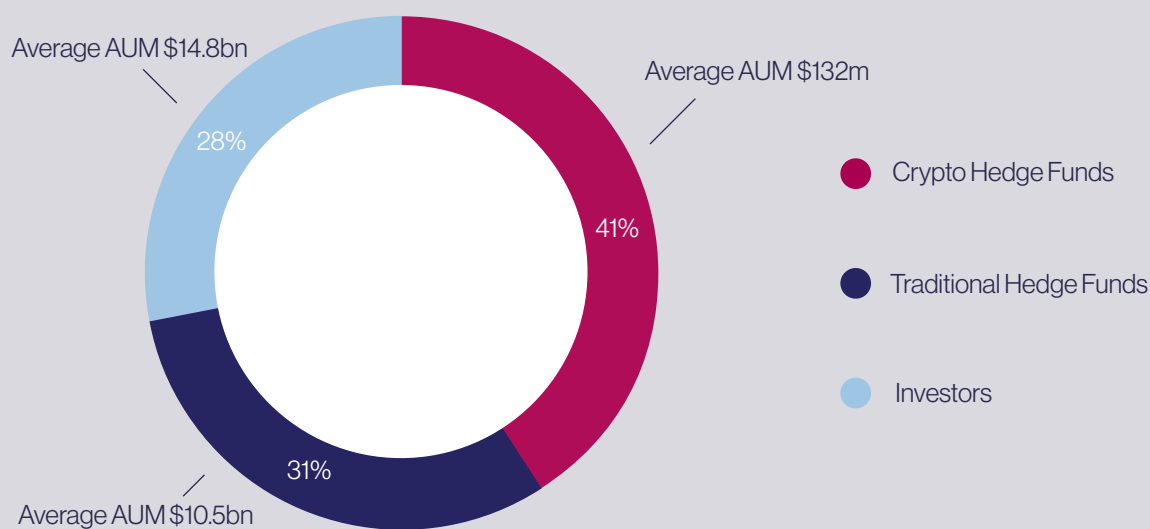
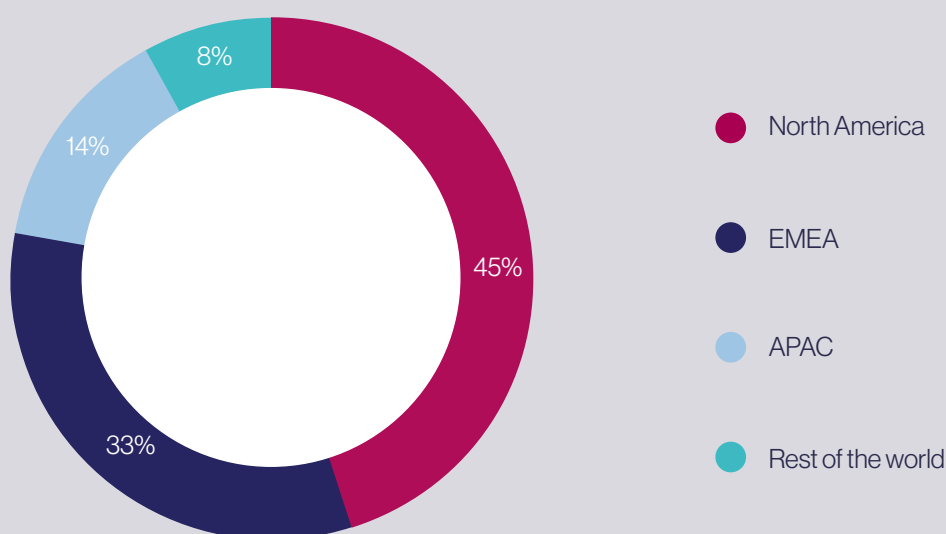


Figure 2: All respondents, by HQ location (2025)



Acknowledgments

The AIMA survey and report was put together with the assistance of the AIMA Digital Assets Working Group (AIMA DAWG).

Since 2017, AIMA has been a global leader in advancing digital asset initiatives. At the heart of this work is the AIMA DAWG, a strategic partner to the industry and a dynamic network of senior industry professionals spanning the institutional digital assets ecosystem. This includes investment managers, allocators and fund service providers united by a shared commitment to fostering innovation and shaping the future of digital assets.

AIMA DAWG is the driving force behind the association's thought leadership, regulatory advocacy, and the development of robust operational standards – bridging the worlds of digital assets and traditional asset management to support the sector's continued evolution.

Through a rich programme of global conferences, interactive webinars, and regular member roundtables, AIMA facilitates meaningful dialogue among the industry's most foremost leaders and innovators. These platforms explore not only the latest trends shaping the digital asset space but also dive into the practicalities of implementation – how firms are approaching investment, infrastructure, tokenisation and more.

With its global reach and institutional credibility, AIMA is uniquely positioned to support the growth of crypto-native firms seeking to scale, while also guiding traditional asset managers as they integrate digital assets into established investment frameworks. This dual perspective allows AIMA to act as a trusted partner across the full spectrum of the industry's evolution.

If you would like to find out more about AIMA's digital assets work, please contact info@aima.org

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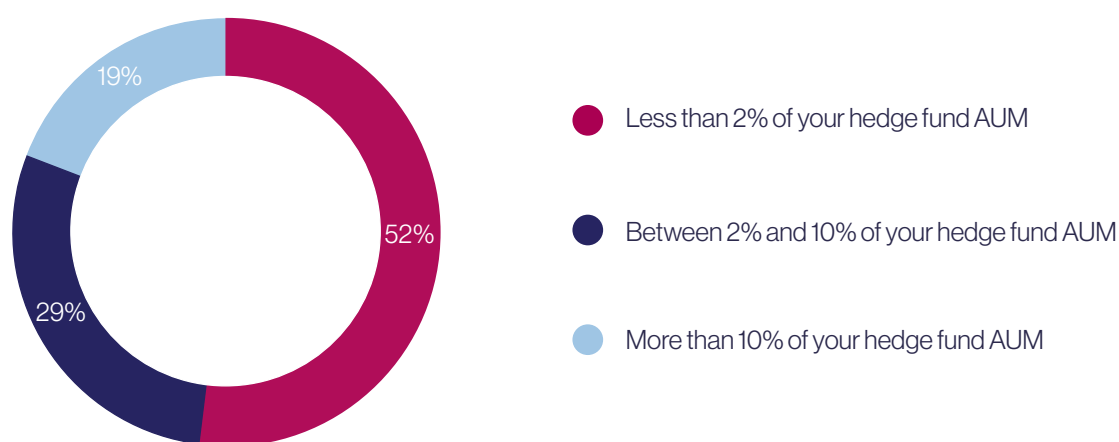
1. Traditional hedge funds and digital assets

Traditional hedge funds surveyed represented a global mix: 39% in North America, 32% in EMEA, 21% in APAC and 8% elsewhere. As a measure of the investment strategies represented, the funds included a diverse range spanning multi-strategy (43%), equity (26%), credit (14%), macro (6%), managed futures (6%), relative value (3%) and other (3%).

Hedge funds' growing exposure

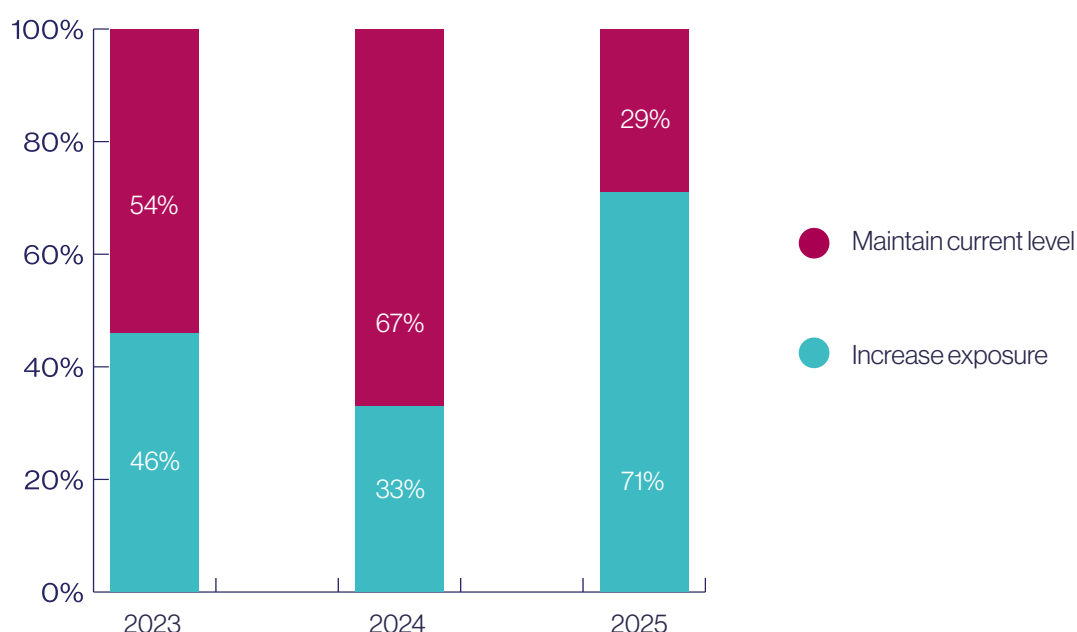
Exposure to crypto assets has grown with 55% of funds now invested in 2025, up from 47% in 2024 – a 17% year-on-year increase. On average, funds allocate 7% of AUM to crypto (up from 6% in 2024), though over half commit less than 2% (see Figure 3). Exposure is similar across sizes: 53% of smaller funds (<US\$1bn AUM) and 57% of larger funds.

Figure 3: Traditional hedge funds invested, by crypto AUM (2025)



71% of crypto-investing funds are currently planning to increase their exposure over the next twelve months (see Figure 4), with diversification remaining the primary motivation for 47% of managers, followed by market-neutral alpha (27%) and asymmetric returns (13%).

Figure 4: Traditional hedge funds invested, by future plans for increasing exposure (2025 v 2024 v 2023)



Hedge funds' digital asset instrument preferences

Crypto derivatives, which allow managers to take positions on future price movements without holding the underlying assets, remain the dominant trading instrument, used by 67% (up from 58% in 2024), as shown in Figure 5. Their use typically rises during periods of heightened market volatility, as they continue to play an integral role in price discovery, with trading volumes often reflecting the market view of future prices.

However, the capital efficiency and leverage offered by derivatives can also introduce systemic risks. The October 2025 flash crash, which triggered over US\$19 billion in liquidations, exposed vulnerabilities related to excessive leverage and a lack of institutional-grade infrastructure. While many centralised exchanges were significantly affected, decentralised exchanges (DEXs) demonstrated greater resilience, highlighting some of the structural advantages inherent in decentralised trading technologies

Spot crypto trading, which involves buying and selling digital assets at their current market prices, has also grown rising from 25% to 40%. Spot trading offers the advantage of direct asset ownership, enabling investors to use holdings as collateral or for yield generation within decentralised lending pools. Several managers without current spot exposure indicated that clearer regulation and improvements in custody and trading infrastructure could encourage them into this segment.

The use of regulated exchange-traded products (ETPs/ETFs), equities and tokenised assets has grown as a way for hedge funds to gain crypto exposure (see Figure 5).

Exchange-traded funds (ETFs) based on the more established cryptocurrencies, bitcoin and ethereum, were introduced in 2024 under previous regulations that imposed stricter standards on issuers and exchanges. As of now, 21 U.S. ETFs hold bitcoin, ethereum, or a combination of both, with numerous additional filings submitted to the SEC for products linked to other digital assets. Products that meet predefined criteria may now launch without undergoing a case-by-case approval process further accelerating market development.

Against a backdrop of inflation, currency depreciation and broader macroeconomic uncertainty, corporates are diversifying away from cash-heavy treasuries. Many now allocate reserves to digital assets with some raising capital specifically to acquire crypto under a “treasury as a strategy” approach. This trend is providing investors an additional avenue for gaining crypto exposure.

Stablecoins have also remained in focus following the passage of the "Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act)" which established the first formal regulatory framework for U.S. stablecoins, requiring 1:1 reserve backing and transparency. These developments are expected to transform stablecoins into institutional-grade settlement tools, allowing hedge funds to manage



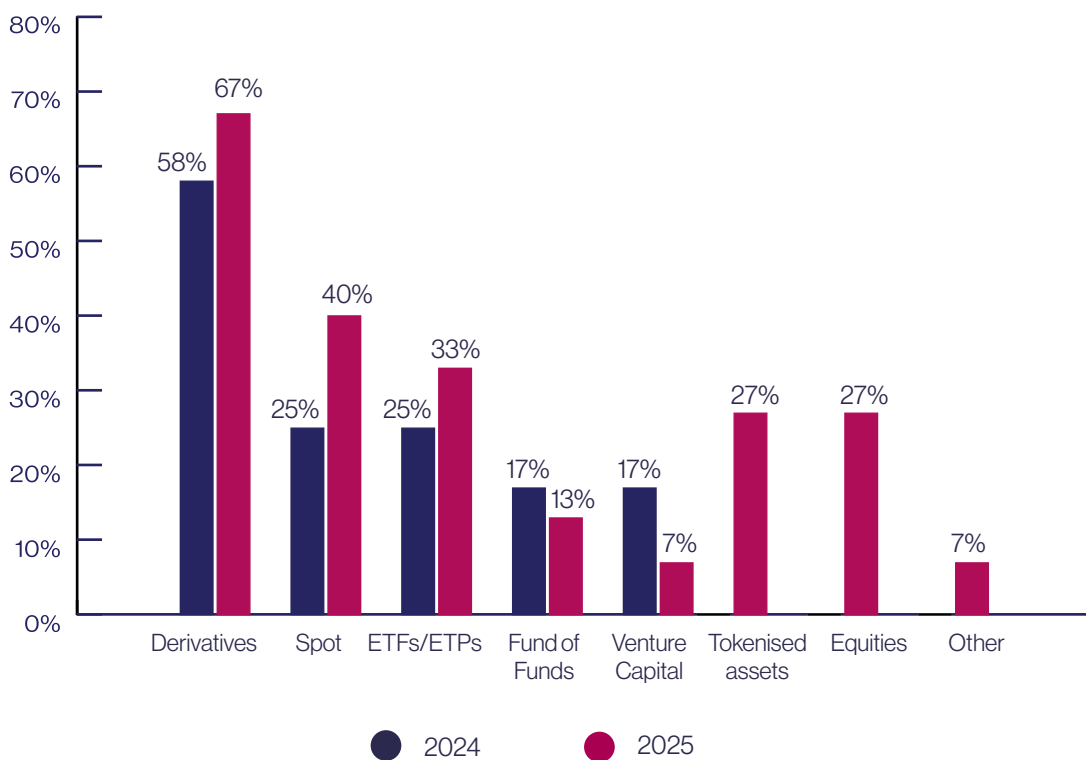
Crypto derivatives' popularity is largely driven by their ability to implement sophisticated hedging strategies. While spot markets remain fundamental, serving as the basis from which derivatives derive their value, the bulk of trading activity is increasingly concentrated in derivatives markets, reflecting their appeal to institutional investors seeking efficient exposure and risk management tools.

liquidity, margin, and collateral on-chain with greater regulatory certainty. Total issuance rose from approximately US\$200bn at the start of the year to over US\$280bn by October.

A small proportion of surveyed hedge funds also reported buying FTX bankruptcy claims. Once a leading cryptocurrency exchange, FTX collapsed in November 2022 amid revelations of multi-billion-dollar fraud. To date, US\$7.8 billion has been recovered across three rounds.

Yield generation (passive income) strategies are evenly split: 47% of respondents investing in crypto are looking at ways to earn additional returns on their holdings while 53% abstain. Common methods include custodial staking and lending supported by a third of respondents while one in four use liquid staking.

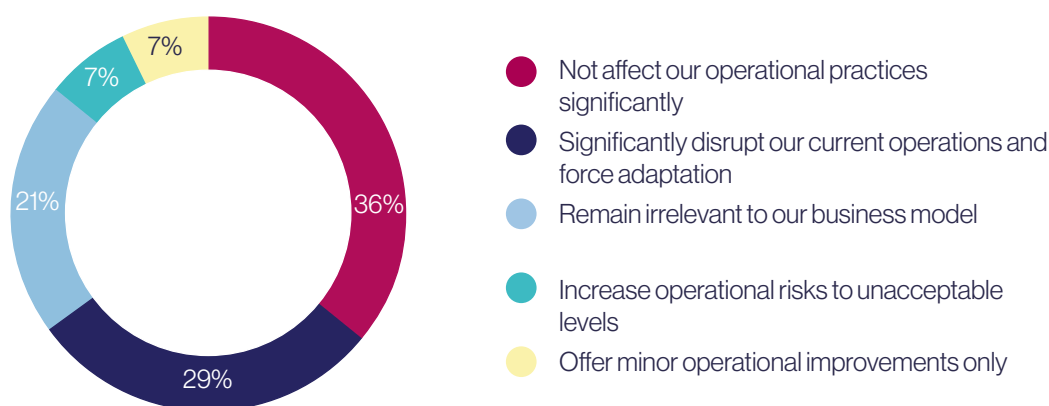
Figure 5: Traditional hedge funds invested, by approach to getting exposure (2025). Respondents were asked to select all that apply.



Hedge funds exploring DeFi

Looking ahead, 43% of traditional hedge funds with some exposure to digital assets plan to expand into decentralised finance (DeFi) over the next three years, through tokenised funds and assets and the use of DeFi platforms. This suggests that hedge fund interest in DeFi reflects the regulatory shift toward recognising hybrid on-chain models within traditional frameworks. Nearly one third expect DeFi to significantly disrupt their operations (see Figure 6). However, concerns remain around legal uncertainty, custody, and smart contract risks, which are driving high expectations for strong risk management.

Figure 6: Traditional hedge funds invested, by impact of DeFi solutions over next three years (2025)



Part 2: Hedge funds not invested in digital assets

As per Figure 7 below, for the 45% of traditional hedge funds with no current crypto exposure, half have no plans to invest in the next three years, 43% remain undecided, and 7% intend to enter the crypto markets within 12 months.

Barriers to investment

Like the reasons put forward in the previous research we conducted, among the principal barriers for investing are investment mandate restrictions (43%), regulatory and tax uncertainty (29%) and reputational risk concerns (14%), see Figure 8. Internal culture is also a factor, with 50% citing internal scepticism toward crypto and just 7% reporting active internal support for crypto. If these barriers were removed, 14% would invest, and 43% would become more open to considering it.

Figure 7: Traditional hedge funds not invested, by future plans for exposure (2025 v 2024)

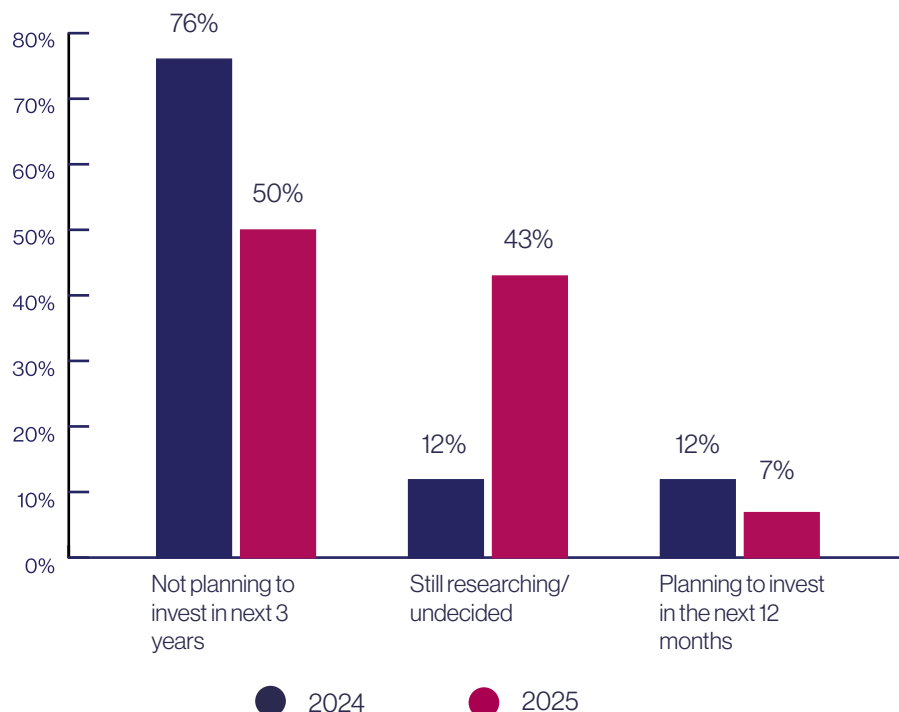
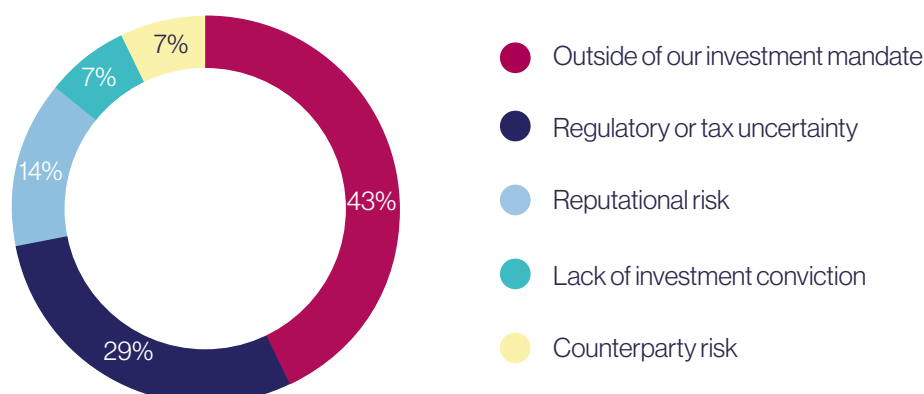


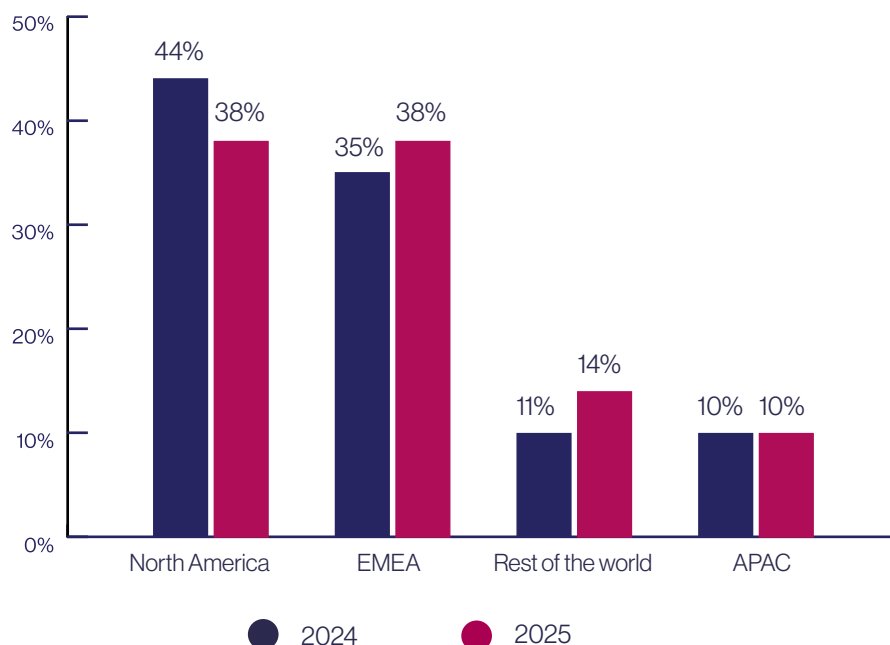
Figure 8: Traditional hedge funds not invested, by main barriers to investing (2025)



2. Crypto Hedge Funds

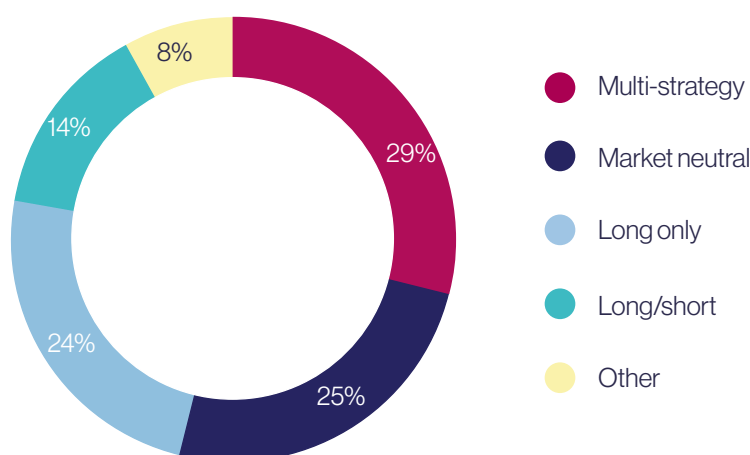
Crypto hedge funds are among the fastest-growing segments of the hedge fund sector. Most managers surveyed by AIMA had their headquarters in North America (38%), followed by Europe (ex-UK/Switzerland) (12%), Switzerland (10%), APAC (10%), the UK (8%) and the UAE (8%), see Figure 9. The Cayman Islands remains the leading domicile for crypto asset funds, hosting 58% of them down slightly from 63% in 2024 but still far ahead of the US (13%), Gibraltar and the British Virgin Islands (both 6%).

Figure 9: Crypto hedge fund managers, by HQ location (2025)



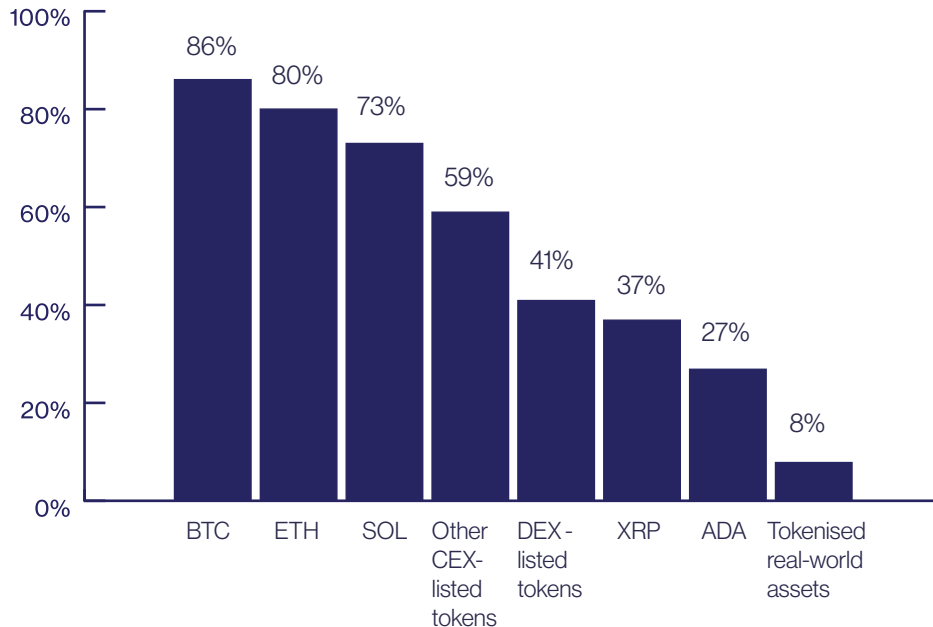
As per Figure 10, the most common investment approach among crypto fund managers is multi-strategy (29%), which combines multiple crypto trading methods such as arbitrage, momentum trading, long/short positions and yield generation. This is followed by market neutral (25%), which is designed to deliver returns regardless of overall market direction through tactics like arbitrage, pairs trading or delta-neutral derivatives. Directional long-only strategies account for 24% while long/short strategies (14%) use tools such as futures, perpetual swaps or short-selling borrowed tokens.

Figure 10: Crypto hedge funds, by strategy (2025)



Average AUM for crypto hedge funds has risen to US\$132 million, up from US\$79 million in 2024 and US\$41 million in 2023, reflecting the broader market appetite for bitcoin and other crypto assets. Most crypto hedge funds (91%) manage under US\$1 billion. Investment motives are shifting. 41% cite asymmetric return potential, 25% market neutral alpha opportunities, with another 25% targeting long-term outperformance. The most widely held assets are bitcoin (86%), ethereum (80%), solana (73%, notably increased from 45% in 2024) and XRP (37%), which together have a market capitalisation of approximately US\$3 trillion (see Figure 11).

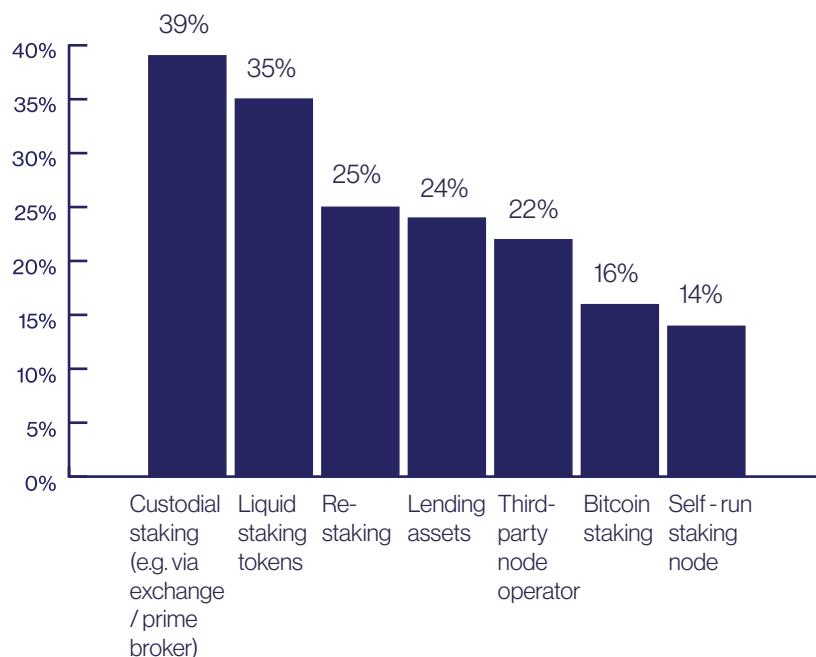
Figure 11: Crypto hedge funds, by type of crypto assets (2025) Respondents were asked to select all that apply.



Use of crypto derivatives among crypto fund manager respondents has edged up to 67% from 64% last year, while spot crypto trading has declined to 69% from 88%. Venture capital allocations have also risen modestly, from 17% to 20%.

Yield or reward generation is a priority for 73% of surveyed crypto fund managers, primarily through custodial staking (39%) and liquid staking (35%) – see Figure 12.

Figure 12: Crypto hedge funds, by yield generation method (2025). Respondents were asked to select all that apply.



3. Investor demand for digital assets funds and products

This year's survey of institutional investors covered market participants with a combined US\$502 billion in assets including family offices and multi-family offices (35%), FOFs (21%), pension funds (15%), HNWI (12%), endowments and foundations (9%), SWFs (3%) and insurers (3%) – see Figures 13 and 14. Two thirds of investors surveyed currently allocate to digital assets, though just over one third of them have less than 2% exposure. The main drivers for investing in this asset class are asymmetric return potential (35%), portfolio diversification (18%) and long-term outperformance (18%).

Figure 13: All institutional investors surveyed, by type of investor (2025)

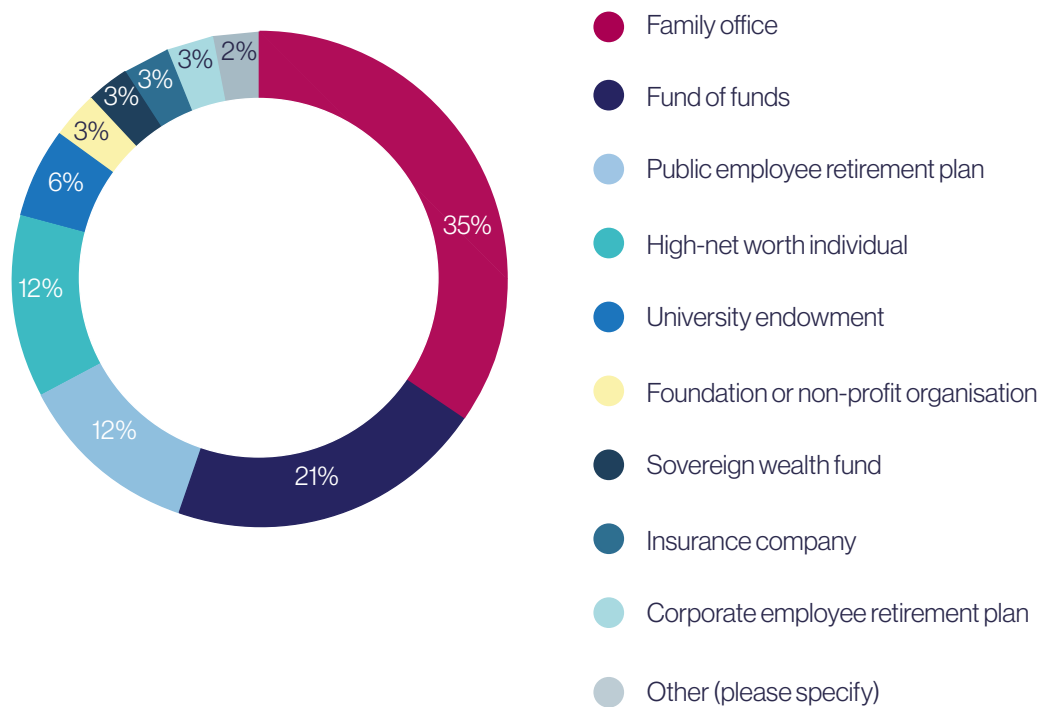
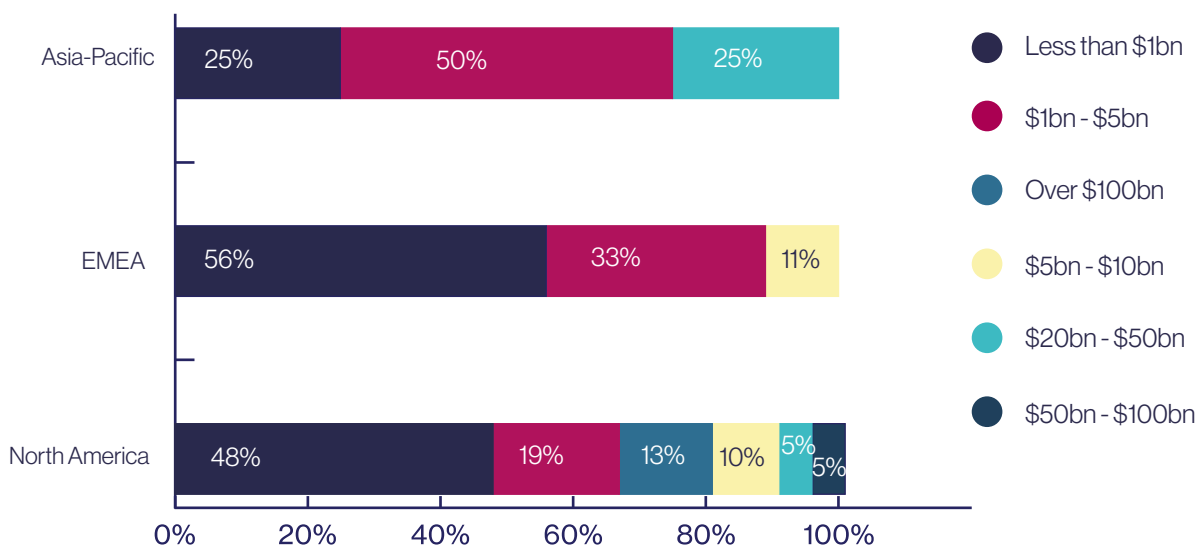


Figure 14: All institutional investors surveyed, by AUM and HQ location (2025)

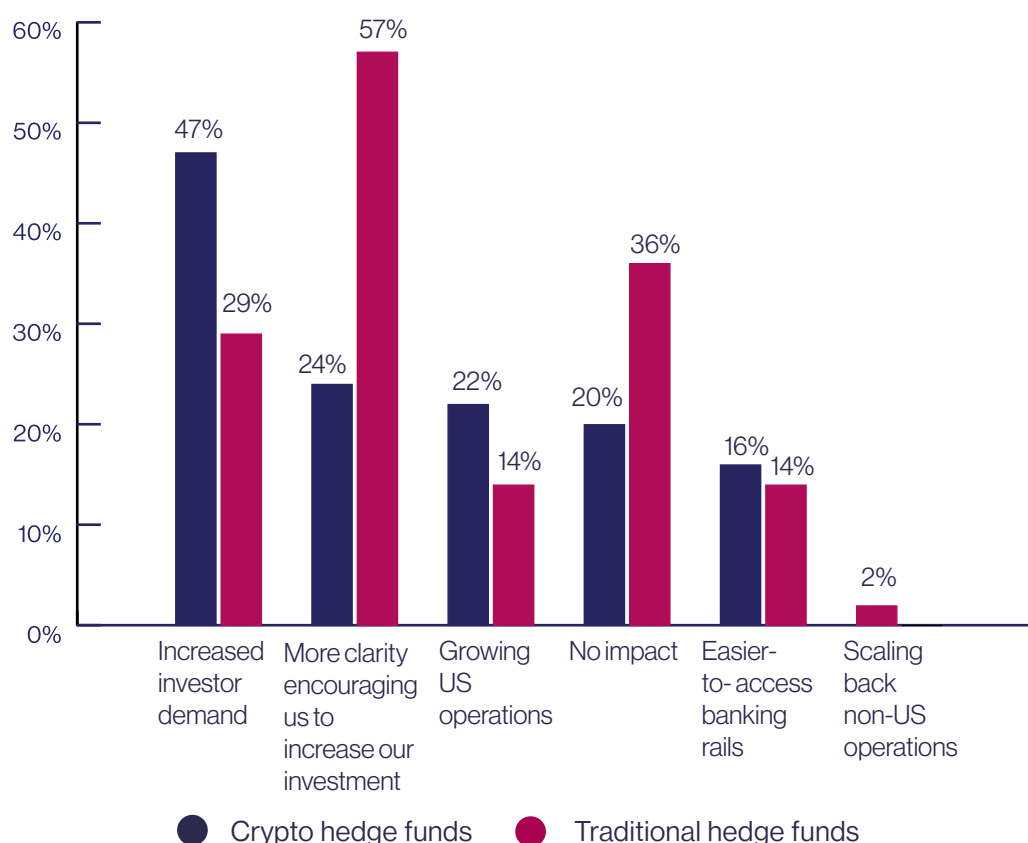


Many allocators, particularly pensions funds and SWFs face policy limits or strict guidelines when allocating to riskier assets like crypto. Restrictions vary by allocator type, Investment Policy Statement, and regulatory framework. Typically pensions funds and SWFs are bound by statutory or board-approved allocation ranges and many cap their “alternative” or “opportunistic” buckets (which may include crypto) at ~2–5% of total AUM with risk committees often starting with pilot allocations below 1-2%. Fitting digital assets into existing investment buckets also poses challenges, though industry education and new frameworks are emerging.

Mapping increasing investor demand for digital assets

The evolving US policy and regulatory landscape is fuelling stronger institutional investor interest in digital asset allocations. Almost half of the investors surveyed confirm that the more favourable US regulatory environment is prompting them to increase allocations. Broken down by fund type, 29% of traditional hedge funds that are investing in crypto cite increasing investor interest compared to 47% of the crypto hedge funds - see Figure 15.

Figure15: Traditional hedge funds invested and Crypto hedge funds, by strategic impact of evolving US regulatory environment (2025). Respondents were asked to select all that apply.

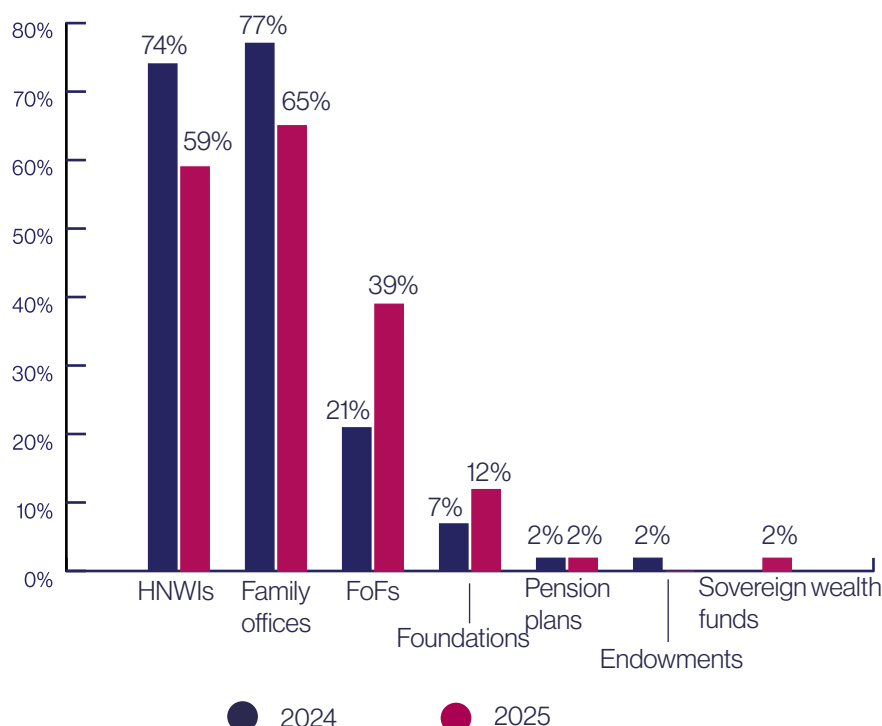


Breakdown of investor type interested in digital assets

Family offices, including multi-family offices, and high-net-worth individuals (HNWIs) remain the primary investor base for crypto hedge funds. However, participation from funds of funds (FoFs) has grown sharply, accounting for 39% of leading investors in 2025, up from 21% in 2024 (see Figure 16). Institutional allocations from pension funds, foundations and sovereign wealth funds have also increased to 20%, compared with 11% a year earlier.

This shift from predominantly HNWI and family office capital towards FoFs and other institutional investors is expected to drive higher due diligence standards and further accelerate the institutionalisation of the sector.

Figure 16: Crypto hedge funds, by top 2 investor types (2025 v 2024). Respondents were asked to select top two investor types.

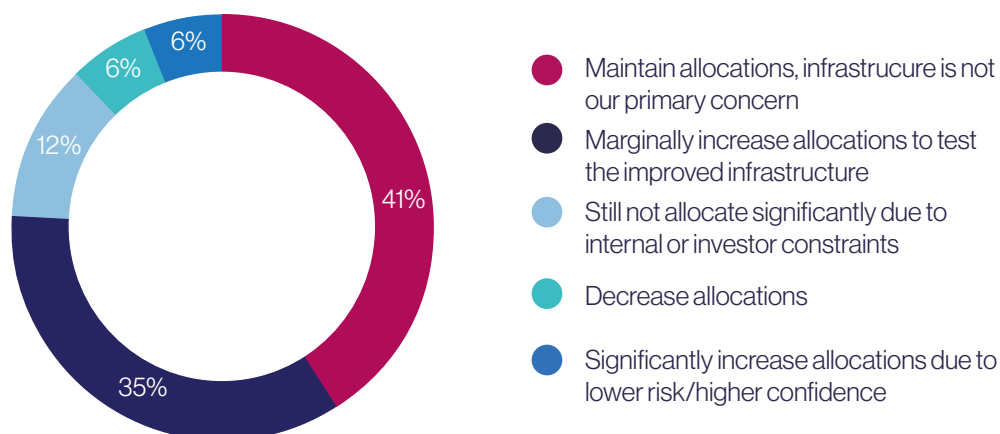


How investors allocate to digital assets

Institutional investors that do invest do so primarily through allocations to hedge fund managers (59%), including liquid fund strategies, followed by direct investments in crypto (29%), crypto-focused venture capital funds (24%) and FoFs (18%). A small proportion of institutional investors also reported now gaining exposure through equities and digital asset treasury companies (DATs). The company StrategyCorp (formerly known as MicroStrategy) is often cited as the archetype of a DAT: it pivoted its treasury to hold large amounts of bitcoin and is publicly traded, thus providing an equity pathway for investors to gain bitcoin exposure.

As per Figure 17 below, the emergence of a greater number of institutional-grade custody services and trading infrastructure could encourage further allocations, with 41% of respondents saying they would increase exposure to this asset class if perceived operational and compliance risks were reduced.

Figure 17: Institutional investors invested, by future allocation plans if crypto market infrastructure improves (2025)



Part 2: Investors not allocated to digital assets

Among those without exposure, 70% of institutional allocators remain undecided and in the research phase, while 20% are unlikely to allocate within the next three years (see Figure 18). The main barrier is a lack of investment conviction (40%), followed by regulatory and operational concerns. If resolved, 40% would be more open to allocating and 20% would commit to doing so (see Figure 19).

Figure 18: Institutional investors not invested, by current stance (2025)

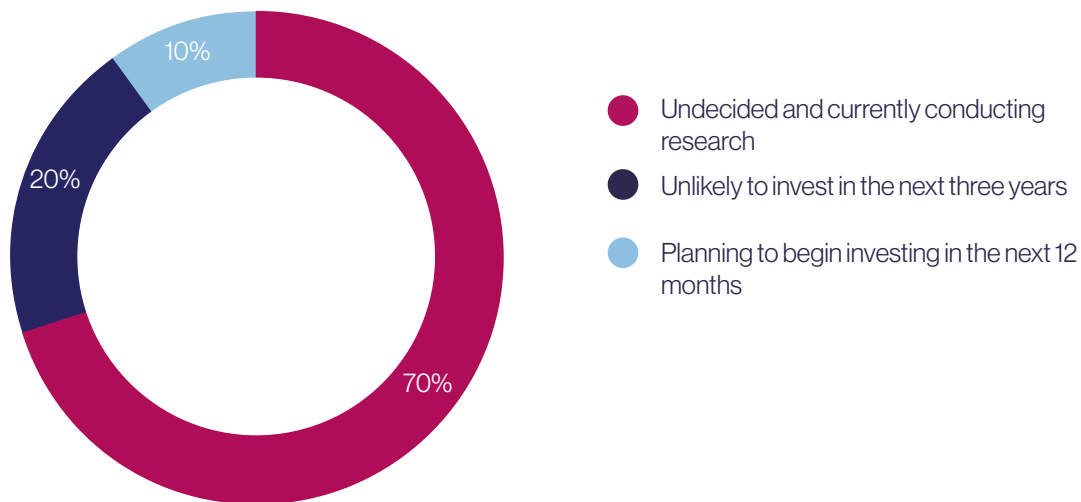
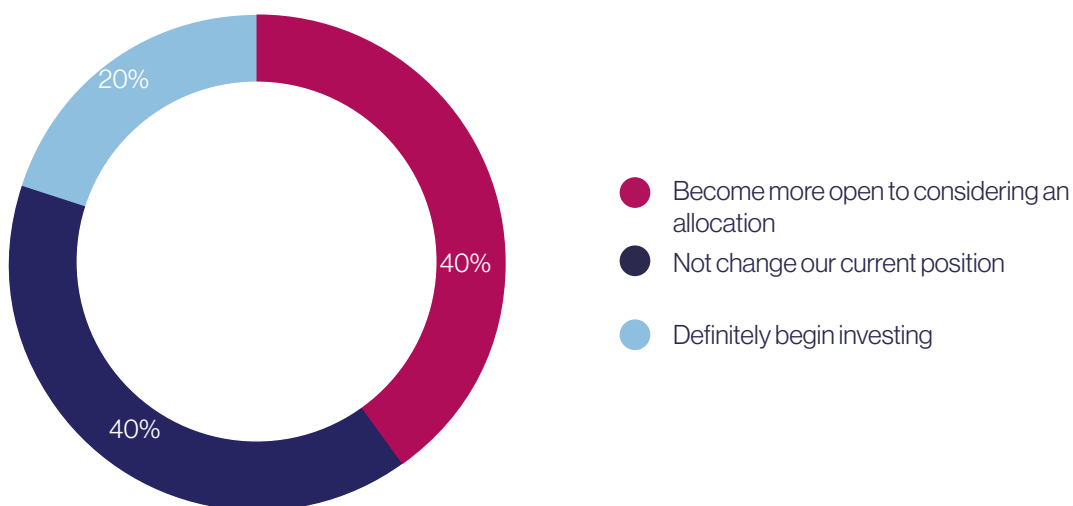


Figure 19: Institutional investors not invested, by future plans if main barriers to invest were removed (2025)



4. Impact of US regulatory developments

Since January the US has shifted its approach to digital assets. The US SEC established a new Crypto Task Force with a mandate to develop a clear and comprehensive regulatory framework for digital assets. New SEC chairman has similarly stressed the need for a "rational framework" that accomodates on-chain assets within the broader financial system.

In July, the President's Working Group on Digital Asset Markets released its 160-page report advocating for embedding crypto assets across the US economy, including within banking charters and retirement accounts, and calling for greater coordination among US federal agencies (including the SEC, CFTC, IRS and US Treasury).

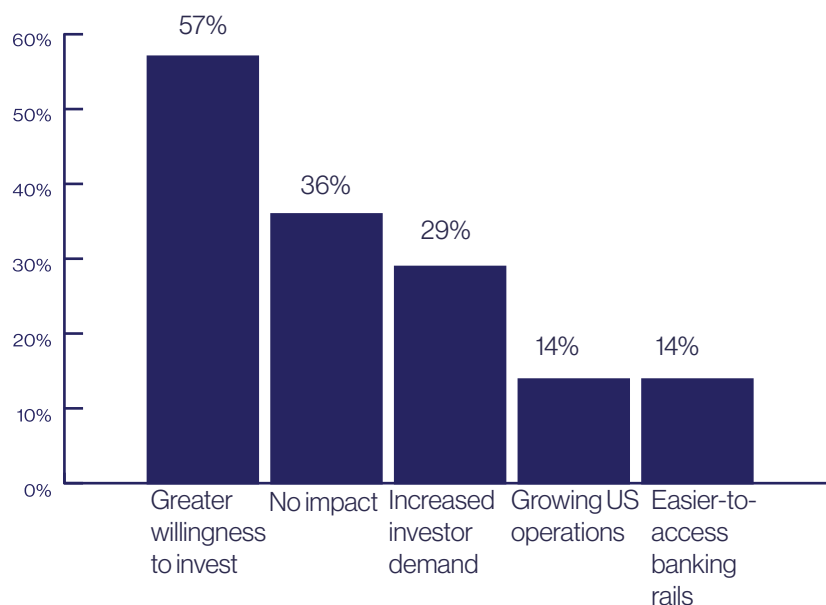


The fast-evolving US regulatory environment is prompting many market participants to reassess their crypto strategies.

Impact of US regulatory changes on hedge funds

Among traditional hedge funds with crypto exposure, 57% report greater willingness to invest, 29% cite rising investor interest, 14% note easier access to banking and another 14% are expanding US operations (see Figure 20). Over the past year, 79% have increased allocations, and 71% expect to grow exposure further in the next 12 months.

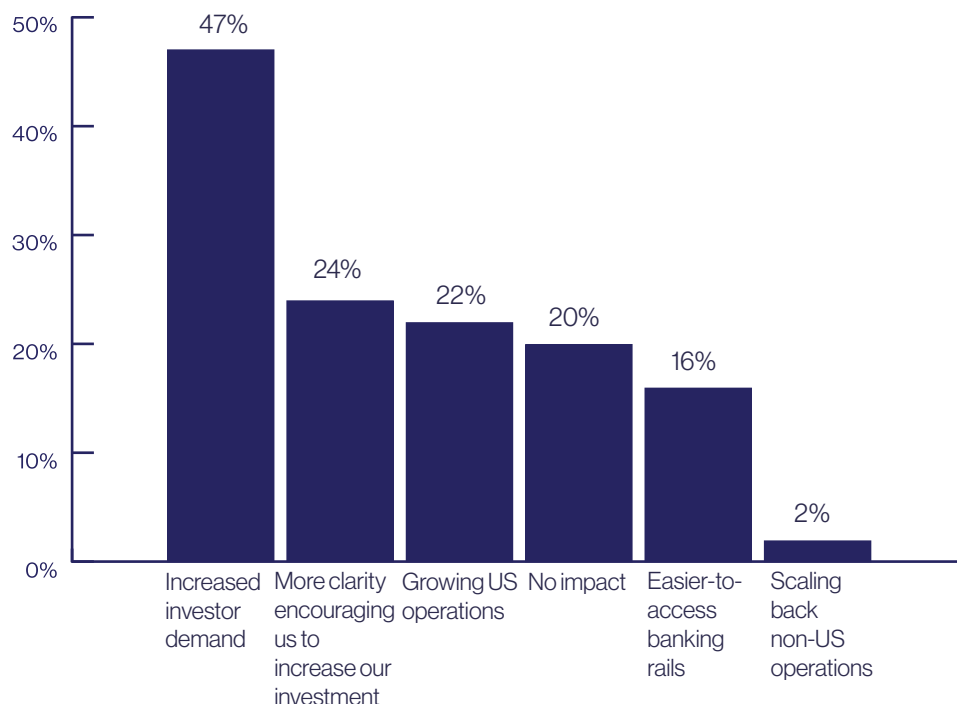
Figure 20: Traditional hedge funds invested, by strategic impact of evolving US regulatory environment (2025). Respondents were asked to select all that apply.



Impact of US regulatory changes on crypto hedge funds

Crypto-focused fund managers are equally as buoyant in their assessment: 24% see clearer regulatory guidance spurring greater investment, 22% are scaling their US operations, and 16% are benefiting from improved banking access (see Figure 21). Over the past year, 54% increased their crypto exposure, with 56% planning to expand it further in the coming year.

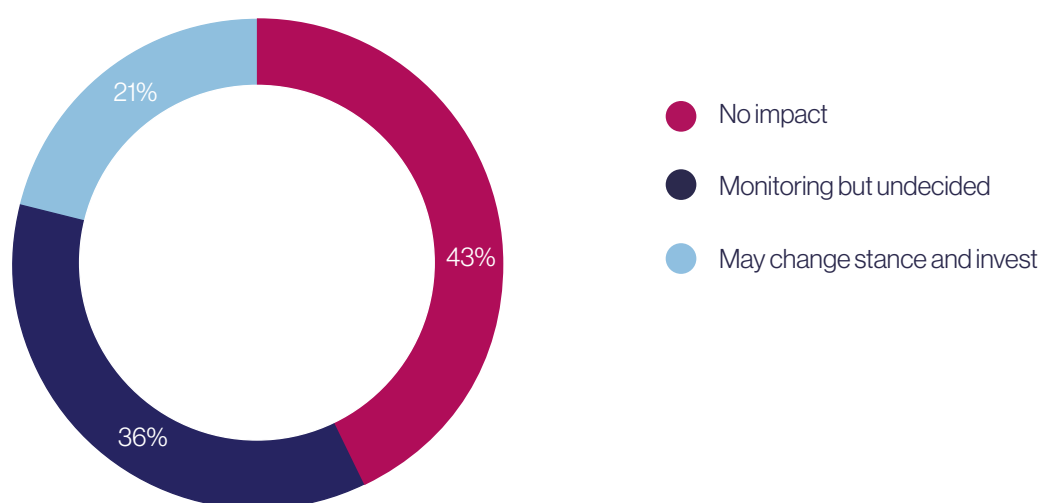
Figure 21: Crypto hedge funds invested, by strategic impact of evolving US regulatory environment (2025). Respondents were asked to select all that apply.



Impact of US regulatory changes on non-allocated hedge funds

For traditional hedge funds without any crypto exposure, the regulatory shift is less decisive, with 21% saying they may change their stance and invest, 36% are monitoring developments, and 43% report no effect on their decision to stay out of the market (see Figure 22).

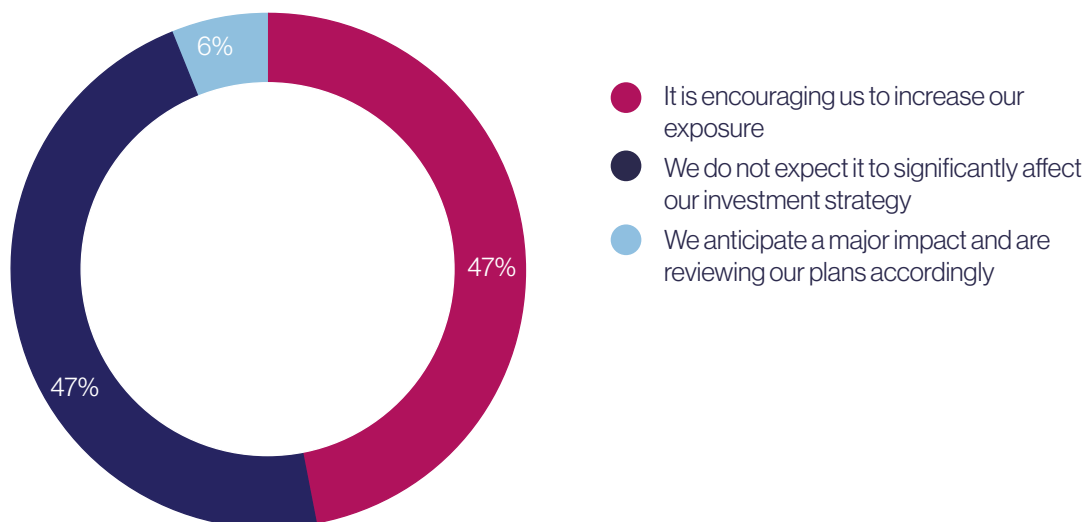
Figure 22: Traditional hedge funds not invested, by strategic impact of evolving US regulatory environment (2025)



Institutional investors are split: 47% say the evolving US regulatory environment is encouraging greater crypto allocations, while an equal share foresee no change (see Figure 23).

The past year has marked a turning point for US crypto regulation, with coordinated action from the White House, Congress, and the SEC and other agencies moving the industry toward clearer rules and broader institutional acceptance (repeal of SAB 121, GENIUS Act, Strategic Bitcoin Reserve, etc.). While the pace and details of reform remain contested, the shift from primarily enforcement-led oversight to a framework-building approach is signalling to market participants that the US may finally be laying the groundwork for long-term regulatory stability.

Figure 23: Institutional investors invested, by strategic impact of evolving US regulatory environment (2025)



5. Market Infrastructure

Centralised exchanges remain the dominant trading venue for crypto trading, though patterns are shifting. Among traditional hedge funds with crypto exposure, 73% now trade on centralised platforms (up from 58% in 2024). Reputation and credit risk (40%) and liquidity (27%) are the main selection factors (see Figure 24). Most funds use third-party custodians, with fewer relying on exchange custody, self-custody or off-exchange solutions (see Figure 25).

Figure 24: Traditional hedge funds invested, by reason for selecting a trading venue/platform (2025)

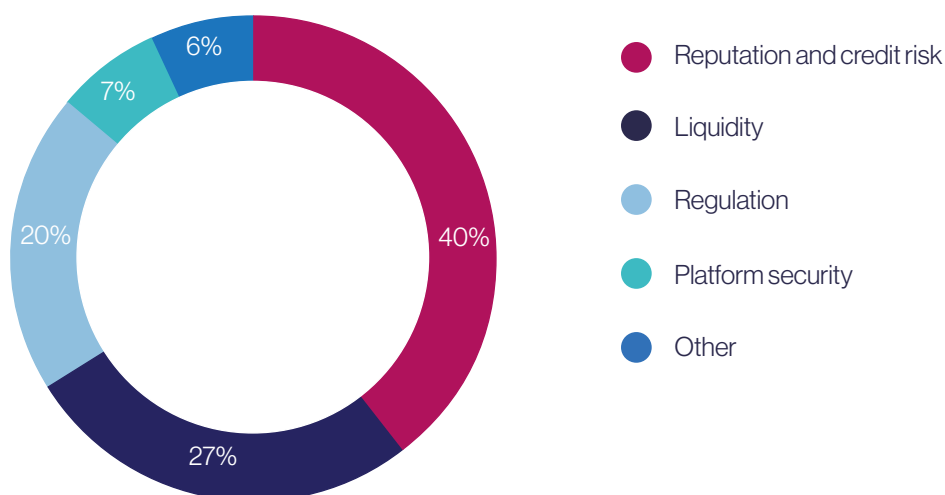
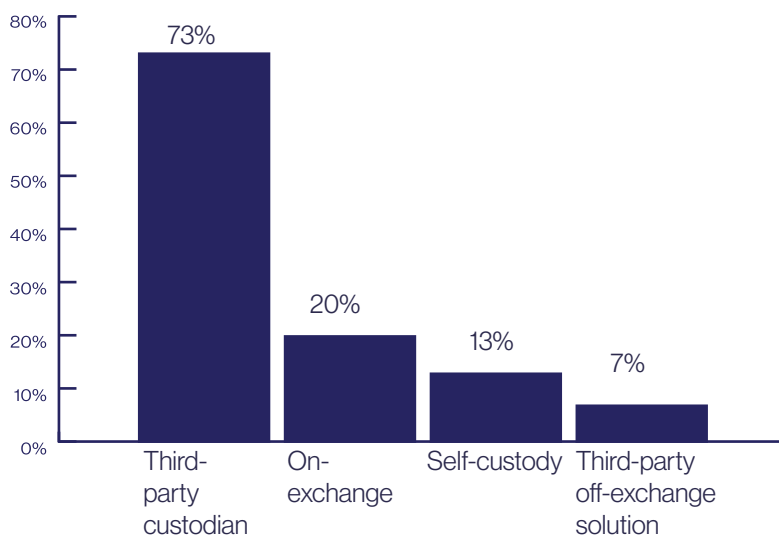


Figure 25: Traditional hedge funds invested, by type of custody used (2025). Respondents were asked to select all that apply.



Hedge funds infrastructure preferences

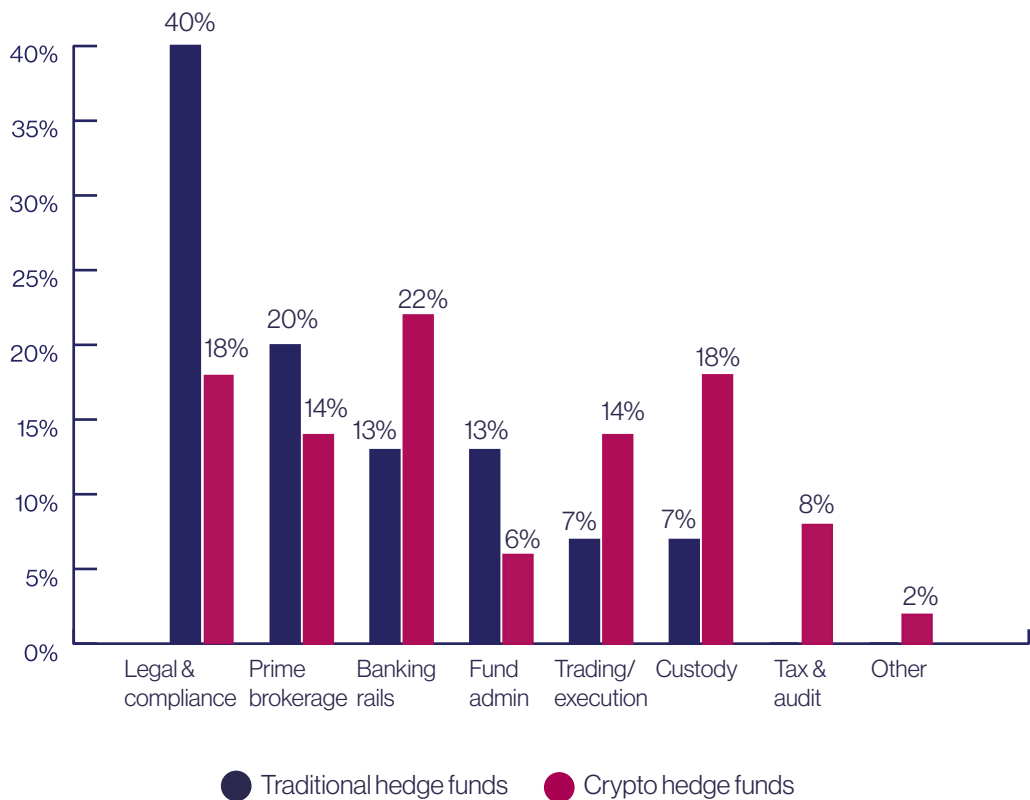
Among the crypto fund managers surveyed, 90% trade via centralised exchanges, down slightly from 95% in 2024. The use of over-the-counter (OTC) desks and decentralised exchanges (DEXs) has also declined compared with previous years. The primary factors influencing venue selection include better liquidity, better reputation and credit risk, and greater platform security.

Infrastructure remains a critical issue. Traditional hedge funds cite the greatest need for improvement in legal & compliance services (40%, sharply higher than 17% in 2024), followed by prime brokerage services and fund administration services. For many, stronger custody and trading systems would

prompt higher allocations – 73% say they would increase investments if these areas improved, citing reduced risk and greater operational confidence. Crypto hedge funds prioritise banking access, legal and compliance support, and custody (see Figure 26).

Last year, AIMA called for action to address systemic barriers faced by crypto-focused hedge funds in accessing essential banking services.¹

Figure 26: All hedge funds invested, by area in greatest need of improvement (2025). Respondents were asked to select all that apply.



Institutional investors mirror this sentiment: 41% say improved custody services and trading infrastructure would prompt them to raise allocations to crypto assets, either cautiously or more aggressively, primarily due to lowered operational risk and higher confidence in market systems (see Figure 17 on page 16).

It is increasingly likely that more mainstream/traditional financial institutions (banks, custodians, prime brokers, etc.) will enter the crypto space over the next few years, offering services for institutional clients like custody, prime-broking, trading, settlement and more. New rules and regulations in many jurisdictions are being clarified, which further reduces the barrier of legal risk.

¹ See <https://www.aima.org/compass/insights/digital-assets/the-debanking-dilemma.html>

6. Tokenisation in asset management

Hedge funds and institutional investors are increasingly using regulated, tokenised money market funds (MMFs) and treasuries for liquidity management and collateral purposes. Among the benefits that these instruments offer include greater transaction speed, enhanced yield and lower operational risk.

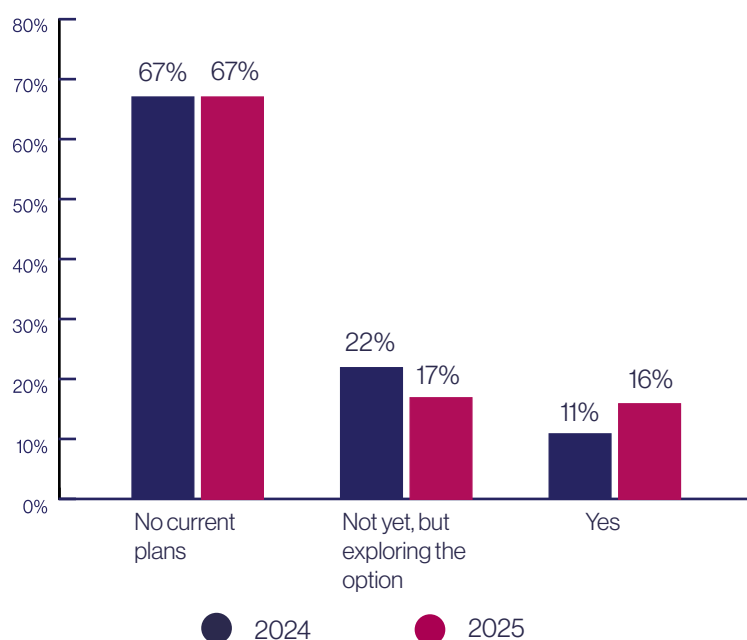
Adoption for these instruments continues to grow, although broader market maturity and widespread integration are expected to take time as liquidity depth and systemic risk considerations evolve.

The steady rise of tokenisation

As per Figure 27 below, one-third of hedge funds (33%) are actively pursuing or exploring fund tokenisation, with interest strongest in Asia and the Middle East. Overall, more than half (52%) express some level of interest in tokenised structures, citing broader investor access and operational efficiencies as the main drivers (see Figure 28). Tokenisation is emerging as more than a niche experiment and has the potential to disrupt the asset management value chain and accelerate the “retailisation” of alternatives, enabling smaller-sized investors to access funds traditionally limited to institutions or HNWIs through fractionalised digital tokens. AIMA’s recent report **“Tokenizing Alternatives”**, explores how tokenisation can expand access and streamline operations in the alternatives industry.²

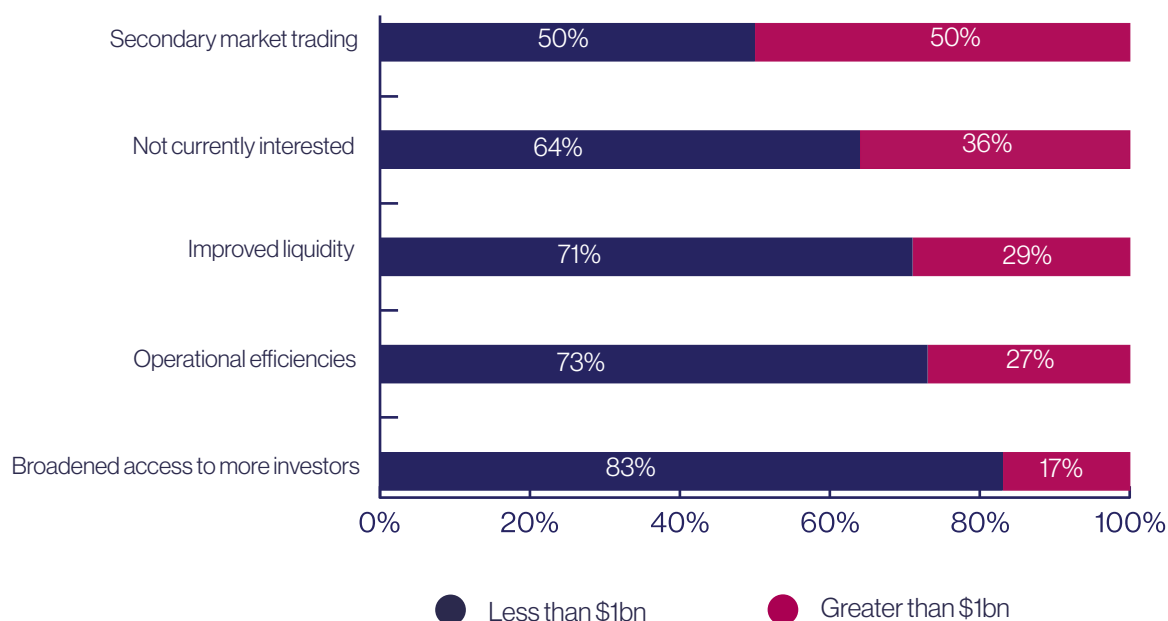
Smaller managers are more likely to explore tokenisation (37% vs. 24% of larger peers), with macro strategy managers showing the highest interest (67%). Among crypto fund managers, 16% are already tokenising fund units or plan to within the year, and 8% are allocating to tokenised real-world assets – suggesting earlier adoption within the crypto-native sector.

Figure 27: All hedge funds, by whether they are currently tokenising units of their hedge fund (2024 vs. 2025)



² See <https://www.aima.org/compass/insights/digital-assets/tokenizing-alternatives.html>

Figure 28: All hedge funds by AUM, by perceived fund tokenisation opportunities (2025)



Barriers to entry

Among the most prominent barriers to entry for adopting tokenisation include regulatory and legal uncertainty as well as a lack of investor demand (see Figure 29).

Figure 29: All hedge funds by region, by main barriers to fund tokenisation adoption (2025)



Clearly there are different market approaches being taken to varying models of tokenising investment funds and real-world assets, but restrictions on who can access particular securities or assets remain.

In the US, the SEC is encouraging firms to work with them on scrutinising different models and how securities laws apply, but ultimately it will be up to the market if tokenised securities and real-world assets take hold.

Expected further growth

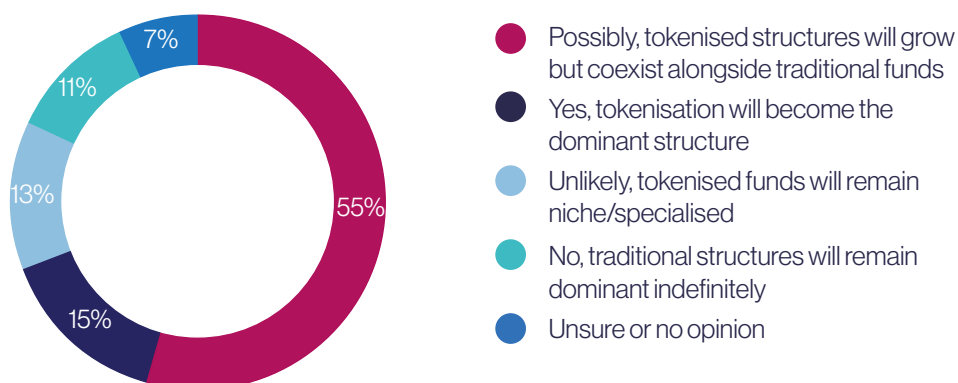
Looking ahead, 15% of managers expect tokenised hedge fund structures to become the industry standard within the next decade (see Figure 30), a view most strongly held among North America-based managers. While this outlook remains relatively cautious, it may underestimate the potential for disruption. Tokenisation is already reshaping key aspects of fund operations - from client engagement (through real time NAV and yield visibility) to middle office functions, such as settlement, and back office processes, including on-chain corporate actions. Should regulatory clarity advance more quickly, adoption could accelerate beyond current expectations.

As shown in Figure 30, a majority of respondents (55%) anticipate tokenised and traditional fund structures will develop in parallel. Of the others, 13% that polled expect tokenisation will remain niche while 11% expect traditional structures to remain dominant indefinitely.



A number of major exchanges and market infrastructure providers are actively exploring or already implementing platforms to support tokenised assets (including securities, funds, etc.).

Figure 30: All hedge funds, by whether they expect tokenised hedge fund structures to become industry standard within the next decade (2025)



Concluding remarks

This year's survey highlights an industry at an inflection point. Once a niche allocation for a few risk-tolerant hedge funds, digital assets are rapidly becoming integral to the investment strategies of most hedge fund managers as well as a growing number of institutional investors.

Significant regulatory developments in the US under the second Trump administration stand out as a key catalyst. The SEC's "Project Crypto" led by Chair Paul Atkins marks a shift from enforcement-led oversight to framework-building boosting confidence, investment plans and participation. While uncertainty remains, particularly around tax treatment and cross jurisdictional coordination, the trajectory is toward clearer "rules of the road" and broader institutional acceptance.

Institutional-grade infrastructure maturity will be equally decisive. Custody services, trading infrastructure, compliance services and prime brokerage remain priority areas for improvements, with many managers indicating they would materially increase allocations if operational and legal risks were reduced. Tokenisation, though still in its early stages, is emerging as a potential structural shift, offering efficiency gains and broadened investor access but still constrained by regulatory and demand side hurdles.

Looking ahead, the convergence of regulatory clarity, infrastructure maturity and continuing technological advancements positions digital assets to play an even more significant role in hedge fund and institutional portfolios. The question is no longer if institutions will adopt digital assets but how quickly and at what scale will they reshape portfolio construction.



Momentum is further reinforced by rising allocations, greater use of diverse instruments and a gradual shift toward on chain and tokenised structures.

“

The last year has seen the global hedge fund industry's engagement with crypto and digital assets accelerate. Exposure to crypto assets by hedge funds in 2025 hit 55% – up from 47% in 2024.

As hedge funds look to generate long-term returns, hedge against risk, and diversify their portfolio allocations during lingering macroeconomic volatility and uncertainty, the rise in digital asset exposure highlights the impact of regulatory engagement in the last year. But while many leading financial centres have reformed their regulatory regimes, half of traditional hedge funds with no current crypto exposure continue to cite factors such as regulatory or tax uncertainty, and investment mandates, as a barrier to investing.

Albertha Charles, Global Asset & Wealth Management Leader, PwC UK

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In recent years, our research has identified regulatory uncertainty as a major barrier to greater institutional adoption.

This year's survey marks a turning point, with digital assets now moving from the margins toward the mainstream of hedge fund and institutional investing. As clearer rules and guidance emerge under the new US administration and market infrastructure continues to mature, confidence, capital and conviction in digital assets as an investable asset class are clearly on the rise.

Since 2017, AIMA has been a global leader in advancing digital asset initiatives. At the heart of this work is our Digital Assets Working Group, a strategic partner to the industry and a dynamic network of senior industry professionals spanning the institutional digital assets ecosystem.

James Delaney, Managing Director, Asset Management Regulation, AIMA

About AIMA

AIMA is the world's largest membership association for alternative investment managers. Its membership has more firms, managing more assets than any other industry body, and through our 10 offices located around the world, we serve over 2,000 members in 60 different countries.

AIMA's mission, which includes that of its private credit affiliate, the Alternative Credit Council (ACC), is to ensure that our industry of hedge funds, private market funds and digital asset funds is always best positioned for success. Success in our industry is defined by its contribution to capital formation, economic growth, and positive outcomes for investors while being able to operate efficiently within appropriate and proportionate regulatory frameworks.

AIMA's many peer groups, events, educational sessions, publications and practical tools like its Due Diligence Questionnaires and industry sound practice guidance available exclusively to members, enable firms to actively refine their business practices, policies, and processes to secure their place in that success.

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At PwC, we help clients build trust and reinvent so they can turn complexity into competitive advantage. We're a tech-forward, people-empowered network with more than 364,000 people in 136 countries and 137 territories. Across audit and assurance, tax and legal, deals and consulting, we help clients build, accelerate, and sustain momentum. Find out more at www.pwc.com.

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