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## **ADDX Launches Private Market Services For Wealth Managers; StashAway, CGS-CIMB Among The First On Board**

*Wealth managers can offer clients fractional access to a full suite of private market assets, helping them gain a competitive advantage over platforms with only public market products*

**SINGAPORE, 8 APRIL 2022** – Wealth managers can now introduce more of their end-investors to the world of private investments through a newly-launched institutional service on digital securities exchange ADDX. Corporate treasuries and family offices can also take part in the space via a corporate service to diversify their portfolios through private market products.

Both services fall under a new product line for businesses, called ADDX Advantage. Among some of the first institutions to come on board as partners include StashAway, Southeast Asia's fastest growing digital wealth manager, and CGS-CIMB, a leading securities brokerage in Asia.

Wealth managers utilising this institutional service can offer their clients fractional access to private market products, which better enhances portfolio diversification away from public markets exposure. This service is designed for brokerages, private banks, external asset managers and multi-family offices. Through a B2B2C<sup>1</sup> model, the service ultimately benefits the wealth manager's end-clients, who may be individual accredited investors<sup>2</sup> or corporate investors.

Currently, wealth managers looking to offer private market products to their end-clients have to negotiate deals with each issuer separately – a time-consuming process. Being on ADDX means an instant plug-in to a full suite of deals across multiple asset types. The use of blockchain and smart contracts on ADDX also enables the fractionalisation of opportunities down to a minimum of US\$10,000, from the US\$250,000 to US\$5 million typically required when going direct to private market issuers. The lower barrier to entry makes it possible for end-clients to manage risk by spreading their capital across a variety of products.

Depending on the regulatory licenses the wealth managers hold, they can choose between two types of institutional services. They can either execute trades and perform fund transfers on

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<sup>1</sup> Business to business to consumer

<sup>2</sup> The Singapore regulatory regime that ADDX operates under defines an accredited individual investor as an individual whose net personal assets exceed in value S\$2 million (or its equivalent in another currency), or whose financial assets (net of any related liabilities) exceed in value S\$1 million (or its equivalent in another currency), or whose income in the preceding 12 months is at least S\$300,000 (or its equivalent in another currency).



behalf of end-investors, or create sub-accounts in their end-clients' names and allow the clients to take control of their own activity on ADDX.

CGS-CIMB Group CEO Carol Fong said: "We believe that investments should be made more affordable to a wider group of investors. This means collaborating with platforms such as ADDX that allows more investors to access previously out-of-reach private investments with fractional ownership. This is a start to 'democratise' the private equity market to make it more inclusive."

ADDX's corporate service operates under a B2B<sup>3</sup> model and is designed for institutional investors, as well as businesses investing their own capital, such as corporate treasuries and family offices. For example, corporate treasuries with excess cash on hand may now benefit from short-term investment instruments that pay a higher return than bank fixed deposits. A three-month commercial paper with a yield of 2.3% p.a. by the SGX-listed ValueMax is currently listed on ADDX. Family offices, on the other hand, often have longer horizons and more sophisticated investment strategies. They may prefer a wider range of products, including opportunities with higher risk-reward profiles. For them, the lower minimum investment sizes on ADDX can help them build optimal portfolios, narrowing the handicap they traditionally face due to their smaller pool of investable capital vis-à-vis large institutional players like sovereign wealth funds and pension funds.

ADDX CEO Oi-Yee Choo said: "ADDX was founded with a vision of democratizing private markets for individual investors. Our B2C<sup>4</sup> experience has shown us how investors now have the platform to accumulate a diversified private markets portfolio powered by our technology. We would like to expand our approach to tailoring private markets for more efficient access to our partners in the wealth management space."

Ms Choo added: "Corporate investors and family offices too face serious pain points in the market. We had the solutions to these problems, having built an efficient platform for individual investors with a steady stream of deals. The last mile was building the technology to serve institutional and corporate investors, which required time and investments, as their needs are more complex – ranging from API connections to multi-user access."

"For ADDX, this latest move represents an important strategic pivot that strengthens the competitiveness of our exchange by expanding and diversifying our investor base. This will better equip us to attract high-quality issuers to list on ADDX, knowing there will be sufficient investor demand. As an exchange, our goal is to ensure a critical mass of both issuers and investors at the table, so that capital can find worthwhile investment projects, and vice versa. In launching private market services for wealth managers and corporate investors, we have made a long stride towards this goal," she said.

Established in 2017, ADDX uses blockchain and smart contract technology to automate manual processes that have thus far made it inefficient for private market securities to be distributed to a large number of investors. The efficiencies from tokenising these securities enables ADDX to

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<sup>3</sup> Business to business

<sup>4</sup> Business to consumer



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reduce minimum investment sizes to US\$10,000. Asset classes available on the ADDX platform include private equity, venture capital, private debt, real estate, hedge funds, cryptocurrency funds, and structured products. ADDX has listed 26 deals to date, working with blue-chip names such as Partners Group, UOB, Investcorp, CGS-CIMB, as well as Temasek-owned entities Mapletree, Azalea and SeaTown.

**Table 1: Comparison of Institutional and Corporate Service**

ADDX Advantage		
Service Type	Institutional	Corporate
Target Users	Wealth Managers (e.g. Brokerages, Private Banks, External Asset Managers and Multi- Family Offices)	Corporate Investors (e.g. Institutional Investors, Corporate Treasuries and Single-Family Offices)
Nature of service	B2B2C	B2B
How it works	Wealth Manager can invest and trade on behalf of end-client or allow end- client to take control of their own trades	Corporate Investors are investing their own capital

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### **About ADDX**

Founded in 2017, ADDX is a full-service capital markets platform with Monetary Authority of Singapore (MAS) licenses for the issuance, custody and secondary trading of digital securities. The financial technology company raised US\$50 million in its Series A round in January 2021. Its shareholders include Singapore Exchange (SGX), Temasek subsidiary Heliconia Capital and Japanese investors JIC Venture Growth Investments (JIC-VGI) and the Development Bank of Japan (DBJ)<sup>5</sup>. Individual accredited investors using the ADDX platform today come from 39 countries, spanning Asia Pacific, Europe, and the Americas (excluding the US). ADDX is owned and operated by ICHX Tech Pte Ltd. ICHX Tech has been approved by MAS as a recognised market operator (RMO). It also has a capital markets services (CMS) license to deal in securities

<sup>5</sup> Other ADDX shareholders include Korea's Hanwha Asset Management, Japan's Tokai Tokyo Financial Holdings and Thailand's Kiatnakin Phatra Financial Group.



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and collective investment schemes as well as to provide custodial services. For more information, visit [ADDX.co](https://www.addx.co).