


# Driving Digital Transformation in the Alternative Markets

## 01 Company Overview

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Corastone is a **fintech platform** built to streamline and digitize the alternative and private markets. By leveraging distributed-ledger technology, the platform enables market-wide digitization and transformation, lowering operational costs for all participants and empowering the growth of alternative markets.

A stylized icon representing a blockchain or distributed ledger, showing a series of interconnected nodes and lines.

**First live distributed-ledger** platform for digital asset securities

A stylized icon representing development or engineering, showing several interlocking gears.

Over **100 person-years** of development since 2018 to build out a comprehensive, end-to-end platform

A stylized icon representing a network or management team, showing a central node connected to several other nodes.

**Experienced management** team and broad industry network with traction in the market

## 02 Market Opportunity

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**Alternatives**, once considered optional in investors' portfolios, are becoming **essential**. Facing stretched valuations in traditional markets, limited correlation benefits between fixed income and equities, and low bond yields, investors are turning to alternatives in the pursuit of alpha, income and diversification. While **institutional investors** have increased allocation to alternatives substantially over the past decade, most **High Net Worth investors** are under-allocated to alternatives. Although model portfolios call for up to **10% allocation** to alternatives and real assets, the typical HNW investor **holds less than 3%** in these asset classes.



## Current Challenges

Growth of alternative markets is constrained by the lack of market-wide infrastructure, resulting in:

- ✘ *Complexity of the highly manual subscription processes*
- ✘ *Inability to hold most alternatives in advisory accounts*
- ✘ *Lack of transferability for most alternative funds*
- ✘ *High costs associated with distribution and transaction processing*
- ✘ *Inefficient processes for alternatives operations at broker-dealers, and RIAs and TA/FAs*

## Corastone Solution

The platform digitizes all aspects of the alternative markets, addressing the current challenges:

- ✔ *Digital subscription process eliminates complexity and improves the experience*
- ✔ *Secure record-keeping addresses critical custody requirements for advisors and broker-dealers*
- ✔ *Electronic transfers enable portability of alts*
- ✔ *Straight-through processing of transactions and all lifecycle events democratizes access to alts*
- ✔ *Digitization and process automation drives efficiency of alternative operations processes*

## 03 Solution Benefits

Corastone's **Digital Asset Securities** platform transforms alternative markets by seamlessly connecting Asset Managers, RIAs/BDs and Service Providers on a fully integrated platform, enabling broader access, distribution and efficient processing

01

Distributed ledger replaces the existing ecosystem by eliminating today's "spaghetti" network of point-to-point workflows with an **integrated, secure and reliable transaction and data platform**.

02

Smart Investment Contracts digitize alternative securities, **eliminating document/PDF** driven processes while enabling fully digital subscription and post-issuance management processes.

03

Integration of issuers, custodians and transfer agents enables **Straight Through Processing** from subscription through settlement to accounting/reporting, closing the gap with public market securities processes.



## 04 Differentiation

Early investment in distributed-ledger development provides Corastone with a unique differentiation and advantages over the market incumbents

### Incumbents

- ✗ *Digitizing existing paper-based flows without transforming the processing environment*
- ✗ *Building bespoke, point-to-point connections, resulting in reconciliations and manual processes*
- ✗ *Imposing additional costs through use of multiple layers of structures (e.g., feeder funds)*

### Corastone

- ✓ *Digitizing securities and redefining the transaction processing ecosystem*
- ✓ *Integrating all market participants around common record-keeping and data infrastructure*
- ✓ *Removing costs through automation and simplification of booking models*

## 05 Clear and Unique Value Proposition

### Asset Managers

- ✓ *Expand distribution of alternatives to a broader audience of investors*
- ✓ *Enable product innovation to meet rapidly evolving client needs and market dynamics*

### BDs and RIAs

- ✓ *Enhance the range of investment options and improve client service*
- ✓ *Achieve efficiencies, eliminate operational risks and lower support costs*

### Service Providers

- ✓ *Digitize alternatives processing services and achieve full STP*
- ✓ *Enable custody and processing of a broader range of financial instruments*

**Alternative Markets are being transformed, and Corastone powers the digital transformation**

For more information please visit <https://Corastone.us>