

The case is no longer if. It's how.

Regulatory clarity and institutional adoption have transformed digital assets into a legitimate asset class. Major financial players are deploying capital into blockchain, stablecoin, and tokenization infrastructure at scale. Pension funds can access this through liquid strategies or venture capital, where the quality of investment implementation, from manager to founder selection, determines outcomes. Early movers stand to benefit from a generational shift in financial infrastructure.



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The digital asset landscape has undergone a structural transformation. What was once a domain of speculation and technology enthusiasts has matured into an institutionally viable asset class, backed by regulatory clarity and growing adoption by the world's largest financial institutions. For pension funds seeking diversification and asymmetric returns, blockchain investments today are underpinned by strong fundamentals that make a compelling case for measured allocation.

This article sets out the investment case across two dimensions: the structural maturation of digital assets as an institutional asset class, and the practical pathways through which pension funds can gain exposure with the rigor their mandates demand.

I. THE INSTITUTIONALIZATION OF DIGITAL ASSETS

Regulation

For years, regulatory ambiguity was the primary obstacle preventing institutional participation in digital assets. That era is drawing to a close. Across the US and the European Union, a coherent regulatory framework is taking shape with a speed that would have seemed implausible just a few years ago.

In the European Union, the Markets in Crypto-Assets Regulation (MiCA)¹ is now fully in force, establishing for the first time a single, harmonized legal framework across all 27 member states. Digital asset service providers operating in Europe must now meet capital requirements, governance standards, and consumer protection obligations broadly comparable to those applied to traditional financial institutions — removing a foundational compliance barrier that had long prevented institutional participation at scale.

In July 2025, the GENIUS Act², the first major piece of federal crypto legislation ever enacted, was signed into law, establishing a regulatory framework for stablecoins with mandatory one-to-one reserve backing and explicitly excluding compliant stablecoins from the definition of securities, removing a foundational legal ambiguity that had long prevented institutional engagement at scale.

Shortly thereafter, the House passed the CLARITY Act³ with bipartisan support, resolving the long-standing jurisdictional dispute between the SEC and the CFTC by granting the CFTC exclusive jurisdiction over digital commodity spot markets and establishing a formal registration regime for exchanges, brokers, and dealers. The bill now awaits Senate approval.

The direction of US policy is unambiguously toward regulatory clarity and a framework designed to foster innovation rather than merely constrain it. Nowhere is this more apparent than at the SEC itself: Chairman Paul Atkins has made moving financial markets on-chain a stated priority, launching "Project Crypto" and declaring that "on-chain capital markets and agentic finance are on the horizon"⁴, a remarkable signal from the country's chief securities regulator. Atkins has stated publicly that US financial markets are "poised to move on-chain" and has directed SEC staff to update regulations accordingly, framing it as a generational opportunity rather than a risk to be managed.

For pension funds, this shift is consequential: it removes a foundational compliance objection and creates a regulated pathway for fiduciary exposure.

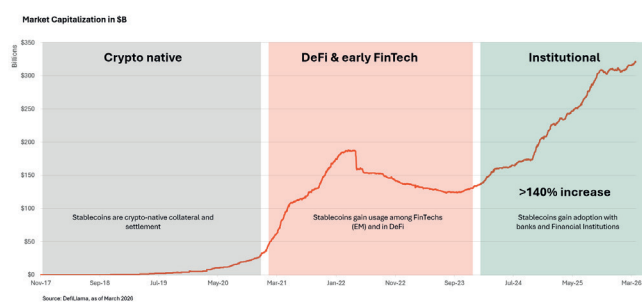


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Stablecoins and Tokenization

Stablecoins, digital tokens pegged to fiat currencies and settled on blockchain rails, are no longer a crypto curiosity. Underpinned by this regulatory clarity, the growth in stablecoin adoption has been striking. The stablecoin market exceeded \$300 billion market capitalization in 2025, and the infrastructure enabling them is being acquired by the world's largest financial institutions.

Acceleration in adoption – Stablecoins



Mastercard's agreement in March 2026 to acquire BVNK⁵, a stablecoin infrastructure firm, for up to \$1.8 billion makes the point sharply. BVNK operates at the intersection of traditional banking and blockchain-based money, enabling businesses to move between fiat currencies and stablecoins and manage compliance across more than 130 jurisdictions. When the world's second-largest payments network commits \$1.8 billion to blockchain infrastructure, that is not speculation. It is a structural response.

The implications extend well beyond developed markets. For the estimated 1.4 billion adults globally who remain unbanked, excluded from the formal financial system by geography, cost, or documentation requirements, stablecoins offer something no correspondent bank ever could: instant access to a stable currency, on a smartphone, without an account or credit history. The ability to send and receive money across borders in seconds, at a fraction of traditional remittance costs, opens access to a population that legacy infrastructure has never been able to reach, representing one of the largest untapped opportunities in global finance.

Tokenization, the process of representing real-world assets such as bonds, equities, and funds as digital tokens on a blockchain, is reshaping the architecture of financial markets. By moving assets on-chain, tokenization delivers tangible improvements over the current system: near-instantaneous settlement, continuous 24/7 trading, and the ability to program assets with embedded rules around compliance, distribution, and income payments. For institutional investors, the practical benefits are significant: reduced counterparty risk, lower operational costs, and access to fractional ownership of assets that have historically been difficult to access at scale.

The opportunity extends beyond incremental efficiency gains. Stablecoins are enabling a new generation of financial services companies to be built without the legacy infrastructure and intermediary layers that define

traditional finance, compressing costs and dramatically expanding the addressable market, particularly across emerging economies. More consequentially, the prospect of native on-chain issuance of bonds, equities, and funds points toward a fundamental re-plumbing of capital markets infrastructure. The numbers reflect the scale of what is at stake: the tokenizable asset universe is estimated at over \$100 trillion.

For pension funds with long investment horizons, this is not a peripheral development, it is a structural shift in how capital markets will operate.

A surge in M&A and IPO's

The maturation of the sector is further evidenced by a wave of mergers, acquisitions, and public market listings that reflects growing conviction from traditional capital markets. Strategic acquirers, from payment processors to custodian banks, are deploying significant capital to acquire blockchain-native businesses, while a growing pipeline of digital asset companies are accessing public markets through IPOs and direct listings.

This convergence between traditional finance and digital asset infrastructure is compressing the gap between the two worlds. As blockchain companies achieve public market valuations and become subject to the same reporting and governance standards as listed peers, the investable universe expands, and the risk profile of the sector as a whole improves.

For pension funds, this trajectory is significant: it suggests that exposure to digital assets is no longer limited to early-stage instruments, but increasingly available through regulated, liquid, and well-governed vehicles.

II. ACCESSING THE OPPORTUNITY

A critical distinction underpins any institutional implementation framework: Bitcoin is not a proxy for the broader digital asset ecosystem as it provides virtually no exposure to the technological innovation occurring across the blockchain landscape.

For pension funds seeking to capture the structural opportunity in blockchain, a dedicated exposure to the broader ecosystem is required.

Liquid strategies

The structural developments outlined above are translating into measurable economic results. On-chain transaction volumes have surged, driving a sharp increase in protocol and application revenues. Blockchain businesses are increasingly generating real, auditable fee income tied to activity, providing institutional investors with the fundamental anchor the asset class has historically lacked.

The most accessible entry point is through liquid strategies: open-ended funds investing in publicly traded tokens, offering diversified exposure across blockchain without multi-year lock-ups. Portfolio construction matters here. A multi-manager approach, combining distinct investment strategies, can provide the diversification and risk management framework required for institutional deployment.

Manager selection is everything. Digital assets remain an inefficient market where alpha is real but unevenly distributed, accessing it requires deep networks, established relationships, and the due diligence capability to distinguish genuine edge from narrative. Many of the most compelling opportunities are capacity-constrained and not widely accessible.

Operational rigor and transparency are non-negotiable. Custody arrangements, counterparty frameworks, and reporting standards vary significantly across managers, and institutional investors should demand the same scrutiny applied to any alternative allocation. In this market, operational due diligence is as important as the investment case itself.

While liquid token strategies offer accessibility, they carry venture-style risk by nature, some projects will fail while others may prove transformative, meaning that despite their liquidity, these investments demand a long-term conviction to fully capture their asymmetric return potential.

For pension funds new to the asset class, phased implementation through tranching subscriptions allows the portfolio to be built systematically while managing entry-point risk.

Venture capital

For institutional investors with illiquidity tolerance, blockchain venture capital offers a structurally differentiated opportunity that complements the liquid exposure.

A multi-manager approach anchored in specialized, early-stage VC managers remains an effective way to access this opportunity set. In this market, depth of network and proximity to founders are decisive advantages, as the best opportunities are rarely widely distributed. Complementing VC fund exposure with later-stage direct investments and secondary expertise adds meaningful value: it broadens the opportunity set, enhances the liquidity profile, and allows investors to acquire stakes in proven projects often at a discount with a clear path to exit.

Within this landscape, the most compelling segments for institutional allocators are decentralized financial infrastructure, the on-chain equivalents of clearing houses, custodians, and payment rails, and tokenization platforms enabling real-world assets to be represented on blockchain networks. Both areas have moved beyond proof-of-concept: product-market fit is demonstrable and institutional demand increasingly established.

Blockchain's convergence with artificial intelligence represents a distinct and still underappreciated opportunity. AI systems require trust, verifiability, and cross-organizational coordination that centralized infrastructure struggles to provide. Blockchain networks offer precisely this, programmatically executable, without reliance on a single trusted intermediary.

One of the most compelling, investable expressions of this is in agentic payments. As AI agents execute tasks autonomously, they need to transact on behalf of their principals, something legacy payment infrastructure, built around human-controlled accounts, was never designed for. Blockchain-native stablecoins fill this gap, enabling AI-driven processes to transact, settle, and manage liquidity in real time, without human sign-off at each step. Think of it as clearing infrastructure built from the ground up for a world where the counterparty may not be a person.

A nascent but maturing ecosystem is forming around this thesis. Venture-backed projects are developing the foundational layers, agent-specific wallets, autonomous payment protocols, and machine-readable identity frameworks, enabling AI systems to hold balances, execute transactions, and interact with counterparties without intermediary oversight.

For pension funds with long investment horizons, the implication is straightforward: if autonomous agents become significant economic actors, the infrastructure underpinning their activity is a structural layer of the emerging digital economy, not a speculative application. This convergence represents a rare entry point into the foundational infrastructure of two of the most transformative technological trends of our time, at a stage where institutional capital remains scarce and valuations have yet to reflect the full scale of the opportunity.

The current VC environment is compelling: many VCs are struggling to raise, reducing competition and improving deal terms; valuations have reset materially from the excesses of 2021–22; and the projects attracting capital today are characterized by real revenue and disciplined token economics.

III. CONCLUSION

Digital assets have crossed a threshold. Regulatory frameworks are in place, institutional infrastructure is operational, and the world's largest financial institutions are deploying capital.

The question for pension funds is no longer whether this asset class is investable, but how to access it with the rigor fiduciary responsibility demands.

Implementation requires discipline. Liquid strategies offer an accessible entry point; venture capital, structured through specialized managers with deep networks and complemented by direct and secondary exposure, offers structurally differentiated return potential. Across both, manager selection and operational discipline are non-negotiable.

For pension funds, the case is compelling and those who act early are likely to look back on this moment as a pivotal allocation decision.

¹Markets in Crypto-Assets Regulation (MiCA)

²Text - S.1582 - 119th Congress (2025-2026): GENIUS Act | Congress.gov | Library of Congress

³Text - H.R.3633 - 119th Congress (2025-2026): Digital Asset Market Clarity Act of 2025 | Congress.gov | Library

of Congress

⁴SEC.gov | Keynote Address at the Inaugural OECD Roundtable on Global Financial Markets

⁵Mastercard US | Mastercard to acquire BVNK to connect on-chain payments and fiat rails