

# SDAX CEO Explains why Tokenisation of Real-World Assets is a Business that is Catching on Big Time

SDAX is a Monetary Authority of Singapore regulated investment and trading platform providing multi asset securities and fund units. The platform fractionalises and tokenises institutional-grade real assets for trading on their blockchain-powered exchange, thereby aiming to democratise access into investments such as private funds, private equity, and private credit. Hubbis met with CEO Raymond Poh recently to learn more about the platform's capabilities and progress to date. He explained that the mission is to connect investors with uniquely curated opportunities in the private markets to drive sustainable growth for future generations. He reported how the platform has thus far raised SGD316 million in deals with SGD355 million worth of listings, and investors can start from as low as SGD1000. And he explained their vision to be a leading global digital investment ecosystem, empowering investors to access all types of financial and tangible assets that can deliver not only returns but also impactful wealth creation.

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**Raymond Poh**  
SDAX

**Raymond opens the** conversation by commenting that the concept is to bring a set of institutional grade investments to a wider base of investors. “Deals that might usually come in sizes of at least USD1-30 million can be fractionalised to bite sized investments for all types of investors,” he reports. “We focus on three core areas –real estate, corporate finance and ESG-centric opportunities. We can be seen as a WealthTech, or as an investment platform.”

### **A short but exciting journey to date**

He explains that SDAX obtained its licenses - Capital Market Services in 2017, and Recognized Market Operator Licence in 2021.

“We offer access to primary market and secondary market investments, to serve both investors and issuers,” he reports. “I worked in key roles at JPMorgan for many years, and during that time saw that access to many larger and interesting deals was not available to average investors, for example big-ticket opportunities in real

estate development, structured financing for corporates, structured financing for banks, and so forth.”

He says these generate very good returns for the risk profiles, so the mission is to democratise access to such deals. “At the same time, we have pared down a lot of the ancillary distribution and access costs to make these deals more appealing to our investors, with very competitive fees, far lower than what the banks are charging in total,” he adds.

Raymond is a Singaporean by birth and graduated in the US with a degree in Aerospace Engineering in 1989, then working for GE in Singapore. He then joined JP Morgan in 2001, where he worked for some 20 years, rising through the ranks to be head of sales for global North Asian corporates, based in Singapore, and also spending two years in Hong Kong. He took on the role as CEO of SDAX in June 2021.

**“There are roughly SGD1.2 trillion of short-term deposits here in Singapore, of which about half are private clients and half corporates, and that is a vast liquidity pool that has really never been tapped, other than through private banks. We are aiming to access a fraction of that pool, and make it work more efficiently for some of those depositors and also for the issuers we partner with.”**

### **Taking things seriously**

With a background in prominent roles at a blue-chip global bank, Raymond is highly focused on selectivity. He explains that their choice of deals and then due diligence process is at

institutional level. They have also partnered up with S&P to use their database and credit risk monitoring system to conduct due diligence, focusing on deals that are backed by real assets or cash flows.

As to differentiation, Raymond explains that they are delivering real world deals sourced from their financial ecosystem that includes key shareholders ESR, PSA, and Straits Trading. ESR describes itself as APAC’s largest real asset manager powered by the New Economy and the third largest listed real estate investment manager globally. PSA International is a major global port group (a Temasek company), with flagship operations in Singapore and Antwerp. Straits Trading is a major Singapore and global conglomerate founded in 1887.

### **Hard assets, easy to digest deals**

“Real estate is our first port of call as everyone understands it and

is asset backed, so our investors can see it, imagine it and feel they can rely on it,” Raymond reports. A highlight deal emerged in late October this year with the announcement that SDAX would list CR Global UK Social Housing Fund



II, a social housing fund managed by FXHB Asset Management Pte Ltd, a Registered Fund Management Company in Singapore, to help drive social impact in the UK. The second series of the GBP200M fund will be tokenised and be made available for trading on SDAX's platform, where the first series is being listed.

SDAX is partnering with CR Global Investments VCC to raise new funds in a fast, secure and cost-effective way through blockchain technology, tokenising the fund

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and making the investment accessible to investors through fractionalisation. “With the partnership and the technology of tokenisation, investors from both the first and second series of the fund are able to trade on SDAX's trading platform,” Raymond reports. “A private market fund like this would normally not be accessible to a typical investor from the wider public.”

### **Creating impact**

As this deal was designed to help create impact, this also leads naturally to Raymond's second key area of focus, namely, to promote deals that are ESG-centric.

“By using SDAX's ESG framework for issuers raising money through us, we can be assured that we are delivering deals that if they pass our rigorous review, they will be able to pass scrutiny from certifiers in the marketplace. This

is ultimately to give our investors a sense of assuredness when they invest in an ESG ‘stamped’ deal.”

He says that to pass their ESG muster, the company must demonstrate measurable positive impact at its current phase and future potential, while at the same time offer the right level of returns..

“ESG is gradually assuming a greater importance in the eyes of many, many investors,” Raymond adds. “Before, buyers were all focused on

returns, and now they increasingly realise the impact ESG has on their returns and risks.”

### **Plugging many corporate finance gaps**

The third area for sourcing deals is from corporates seeking to raise new funds. He reports that they are working with companies that have at least USD25 million in revenues and seeking funding of at least USD3 million. “These types of companies do not appear on the main SGX market here, so we are plugging the gaps for companies with roughly USD25 to USD100 million in revenues,” he explains. “It is almost like a pre-IPO funding.”

### **The private investor spectrum**

Raymond explains that the investors span from retail to accredited investors of all nationalities, particularly family offices in Singapore, and even

investors in the UK and Europe. “Motivations for them include higher returns for private assets, access to new and interesting deals they do not get through the banks, and tradability of the tokens, in other words liquidity of the security, which could be equity or convertible bonds or warrants, for example.”

### Taking it step by step

He also explains in some detail their rigorous process for curating and filtering deals, noting that during the phases of due diligence, approvals internally from a variety of teams, including the commercial and the credit risk committee, where they will sound out investors to gauge demand, prior to confirming the deal and size to the issuer.

“We treat each investor like an institutional buyer, working with them digitally but also through our RMs to deliver information and all the key metrics and parameters of any deal,” he explains.

### A track record in the making

Amongst the roughly SGD316 million of deals completed to date, the firm’s website lists completed deals such as ‘Project Crate’ for one of Singapore’s leading manufacturers and

### Key Priorities

A core objective for Raymond and his colleagues is to educate the actual and potential investor base on the types of deals the platform is offering in private markets to diversify their portfolio.

The other priority is to improve communication with would-be issuers so that more of them understand how they can work with the platform.

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His final comment is that the platform has plenty of deals in the pipeline to add to the roughly \$355 million worth of listings to date, and as the average deal size continues to rise, look to bring more unique investment opportunities such as alternatives in wine and art.

wholesale trader of sugar products and food commodities.

The SGD1 million loan had a 6-month tenor, net returns of 4.25% per annum and was tokenised down to SGD100 fractions for investors. Project Light was a SGD4 million working capital financing of a Singapore-based independent company in the solar industry, providing net returns of 6% annualised over the 6-month tenor, and came with a minimum SGD10000 investment.

Earlier in the year, a larger deal listed on the platform was Parc 1 wherein SDAX partnered with ARA Asset Management to launch a co-investment in institutional-grade asset with stable income stream of fixed rate returns. The deal has a tenor of 10 years (with a 3-month redemption option), offers net returns of 3.5% a year, and the KRW-SGD FX risk is hedged where noteholders invest in Singapore dollars only. ■

