

CHAPTER ONE

IT WILL NEVER WORK!

While this book is about the investment industry in general, not our company, the ideas and insights are rooted in our work here at GenTwo. For this reason, we thought it would make sense in the opening chapter to tell readers a bit about who we are and the background of the idea we would come to call assetization. In the chapters that follow we leave our company behind to look at assetization in general, along with what it means for you and the investment industry at large.

OUT OF STEALTH MODE

Our story begins on a summer night in 2018, as two of our authors, Patrick and Philippe, are about to be invited on stage at one of Zurich's premier nightclubs to announce the launch of their new business. They are not the main event that night. The club has been rented out to celebrate the

10th anniversary of one of Switzerland's premier structured products brokerages, a company with which Patrick and Philippe's fledgling startup will be partnering.

Nonetheless, they are more than a bit nervous. The atmosphere in the club, with its lush interiors and velvety décor, is electric, but also daunting. The room is filled to bursting with peers from the Swiss financial services community, most of whom are probably not expecting to see them up there that night—and all of whom, they are sure, will be surprised by what they have to say.

They are excited as well.

After a year of hard work building the company they call GenTwo, it feels good to be coming out of stealth mode to tell the world what they have been up to. In hindsight, the setting could not have been more appropriate for the launch of a new fintech company.

The club was located in the Seefeld area of Zurich, near the lake and the river Limmat. A ten-minute tram ride takes you to Paradeplatz and the heart of the Swiss financial center, putting them just downstream of the great Swiss banks and the country's long-established financial community, steeped in centuries of tradition and convention.

But being in Seefeld also means they are close to a tradition of creative disruption. At the end of his life, the pioneering modernist Irish writer James Joyce lived just around the corner from the club and is buried in a local cemetery up the hill. The avant-garde Dada movement started in the Cabaret Voltaire café, a short walk away. And Carl Jung, the revolutionary Swiss psychologist and psychiatrist, trained at the Burghölzli clinic, just 15 minutes away by car down the lake.

Not that Patrick or Philippe would ever consider themselves on the same level as those giants. But their work up to that point had convinced them that big changes were coming to the investment industry, and that they and others like them were onto something revolutionary—something that could significantly transform investing and, in its own way, the world.

TOOLMAKERS

To understand why they thought that way, you need to know something about Patrick and Philippe's history.

Patrick began in mathematics, attracted to the discipline's way of breaking problems down to their core. He was also intrigued by how abstract thinking could lead to practical solutions. His career took him from derivatives trading through financial engineering and process optimization to becoming the creator of Bank Vontobel's Deritrade platform, one of the first fully automated multi-issuer platforms for structured products in the world.

As he often says, he is the type of person who gets bored easily. When he worked as a trader, he was always inventing things to make his life easier—and many of those inventions ended up being used by others. For example, he developed a framework to retrieve pre-market stock prices, which was considered impossible at the time. Later, when he moved into structured products at Vontobel, he noticed how many manual processes were involved and believed there had to be a better way. So he and his boss sat down, bought some books on programming and SQL, and figured out how to automate many of the tasks their salespeople were doing. That experience planted the seeds for Deritrade. This theme has followed him throughout his career: finding ways to make things easier and more efficient. Once he has achieved that, he tends to move on to new challenges. He enjoys being a pioneer.

Philippe's path was different. He grew up in a banking family, absorbing the rhythms of the industry from an early age. He was never an academic like Patrick. Instead, he had a gift for connecting people and building relationships. He also speaks his mind. Once, after a heated exchange with American hedge fund pioneer Tony Forstmann, he was surprised to be offered the role of CEO of Forstmann's family office. What had seemed like bluntness turned out to be the kind of candor that earns trust.

Philippe takes pride in his ability to adapt quickly and learn fast. He considers himself lucky to have had many people around him from whom he could learn. His father, for example, taught him everything about banking, trust, and the financial industry, and was always a source of motivation.

Yet there is one major thing that Patrick and Philippe have in common: a desire to create tools that help others make a difference. Had they lived during the Gold Rush, GenTwo would have been a company selling shov-

“Had they lived during the Gold Rush, GenTwo would have been a company selling shovels.”

els, not a securitization platform. Both men share a passion for giving people the tools to make things happen.

The two had known each other from the Zurich securities trading scene, sometimes as rivals on opposite ends of a trade. Years later, they met again at a wedding. Patrick had been thinking about a new venture. Having learned from his experience creating Deritrade, which helped democratize the creation of structured products, he believed the same could be applied to financial products more broadly. He explained it to Philippe, who immediately saw its potential. Soon after, they decided to team up. The result was the founding of GenTwo.

RETHINKING SECURITIZATION

So, what exactly were they doing?

The goal from the outset was to democratize the creation of financial products through a new approach to securitization. Securitization is the practice of packaging assets into investible financial products or “securities,” typically to facilitate financing or create liquidity for illiquid assets.

It has been around for a long time and has been very successful. By transforming illiquid assets into tradable securities, it has made more types of investible assets available to more kinds of investors and provided new avenues for companies to raise capital. The problem is that, up to now, securitization has been the purview of large banks or specialist firms. It is generally costly and complex to accomplish and has traditionally been limited to high-volume transactions or fairly standardized underlying assets. In a nutshell, there is a lot of friction.

GenTwo set out to change this by rethinking the process and remixing the ingredients that go into it in order to remove that friction, make the tools of securitization available to a much larger clientele, and make the process efficient enough to be applied to any asset at almost any volume.

This was potentially revolutionary for a number of reasons. The most important of these is probably diversification. Harry Markowitz, the Nobel laureate American economist, famously said that “diversification is the only free lunch in investing.” What he meant is that the more varied the investment opportunities you have, particularly the more uncorrelated assets, the better the risk-adjusted returns of a portfolio can be.

Yet, as Patrick and Philippe saw, many wealth managers and investors at the time found the available options frustratingly limited. People felt stuck in the world of traditional, bankable investments and hampered by the limits of the traditional banking system: limits on the kinds of products available, limits on access to many of the more interesting opportunities and, frankly, limits to the imagination of many financial services providers. Above all, there was, in their view, an overly constrained idea of what could be considered an asset and where potential value might be hiding.

But what if it did not have to be that way? What if, with a mix of creative thinking, innovative financial engineering, technology, and hard work, you could create a platform and a network to provide even the smallest asset managers with the tools to turn any asset or creative investment strategy into a bankable security? And do so in a fully compliant way, using

well-known, standard financial instruments, but without the high costs, high-volume requirements, and constraints of using a bank for asset securitization? These were the kinds of questions they asked themselves as they conceived and started building the platform, and the answers had started to form in their minds.

Such a platform would give both asset managers and their clients more freedom, more choice, and so more chances for creativity and diversification. And if all the products were fully asset-backed, as in their approach they would be, it could dramatically reduce counterparty credit risk as well.

These would all be great things, but there was more. As they and their clients were aware, there is a whole universe of assets that at the time were hard, if not impossible, for most investors to access: things like private equity or hedge fund shares, or high-value tangible assets like art or fine wine. The kind of radically simple, efficient, and independent means of securitization they were espousing could be used as a key to unlock the door to these assets as well.

PUSHBACK

As Philippe and Patrick would discover on that opening night in Zurich, to which we now return, not everybody would share their enthusiasm or believe in this vision.

While Patrick and Philippe waited in the wings, the host of the evening—the CEO of the structured products brokerage firm—was on stage. In its first 10 years, his company had become the largest structured products broker in Switzerland, helping clients issue their own custom products by working with banks and other specialized issuers. Many representatives of those banks and issuers, whose support had fueled the firm's success, were in the audience that night.

Then the CEO started talking about the future. He said the company wanted to do more for its clients and planned to build its own issuance platform and become its own issuer, bypassing the banks it had relied on before. That grabbed the crowd's attention, and the room quieted down.

“As Philippe and Patrick would discover on that opening night in Zurich, not everybody would share their enthusiasm or believe in this vision.”

There was a shuffle of feet and a ripple of surprise and disbelief.

In hindsight, this was understandable. Imagine going to a cocktail party hosted by the local car dealership and hearing they were going to start manufacturing their own cars. It would not seem realistic. The same dynamic was in play here. Traditionally, only banks issued structured products; they had the expertise, the balance sheets, and the necessary licenses. How could a local broker hope to compete?

That was where GenTwo entered the picture. The host was about to announce—and Patrick and Philippe were about to confirm—that his company was not taking this step alone. It had outsourced the issuance part to GenTwo. Patrick and Philippe were about to tell the crowd that not only was it legally, financially, technically, and organizationally possible to do all this without a bank, but they were already set up and ready to go.

Many of their peers were supportive or at least polite enough to wish them well, but others were dismissive and even hostile. In some cases, the reactions were quite aggressive. One audience member shattered a wine glass on the floor and stomped out, vowing never to speak to Patrick and Philippe again. Later, they received several angry phone calls. It was not a pleasant experience.

Whether angry, incredulous, or jealous, the tone of the pushback was always the same: This will never work. Who do you think you are? Why would anyone choose your unknown fintech startup over the established

players and traditional methods? Patrick and Philippe were confident they had the answers, but the only way to prove it was to do it.

DISCOVERING ASSETIZATION

As it turned out, what seemed radical and unsettling that night in Zurich has become quite common today. We've seen that in the steady growth of our platform—client numbers, geographic reach, assets under service, and the variety of products we've helped create have all expanded well beyond what we initially expected. But we also see it in the explosive growth of similar platforms and approaches across the industry. Other firms were reaching the same conclusions, building similar tools, and finding the same demand. We were part of a broader shift.

It was Patrick's cousin Steven Loepfe, who had joined as head of marketing, who gave it the name *assetization*. The word is a portmanteau of “asset” and “democratization” and it captured what we were seeing at the time: the use of securitization to turn almost anything of value into a bankable, investible financial product.

Assetization became the catalyst for the first edition of the book you are reading. That initial book, which was self-published, was released in early 2024 and has since gone through three printings. That edition focused

“This showed that something larger was happening than simply ironing out frictions in the securitization process.”

mainly on one aspect of assetization: using securitization tools to make so-called “non-bankable” assets bankable and accessible to investors.

Since then, much has changed. Through our work and what we have seen across the industry, it has become clear

that assetization is far broader than we first described, and that the real story is the transformation of the investment industry through the democratization of access to assets and the tools of financial product creation. That is why we have written this second, fully reworked edition: to map assetization in its wider sense and to set out where we believe this new infrastructure is heading. We see this in terms of three distinct but overlapping waves:

- **Wave 1: The Democratization of Access.** Wave 1 marks the investment industry's shift from a seller's to a buyer's market, driven by the democratization of access to a wider range of assets. Previously, a handful of large institutions controlled the menu of available investment products, but this is changing as new platforms and tools open up private markets and other alternatives to a broader audience. This "streaming moment" for finance empowers investors to use new building blocks, from private equity funds to thematic ETFs, to curate their own portfolios rather than simply selecting from a pre-approved list. While this wave gives investors significantly more choice and control over their allocations, it has a critical limit: investors can access more, but they still depend on institutions to create the products.
- **Wave 2: The Containerization of Finance.** The second wave disrupts the industry's infrastructure to democratize the creation of financial products, a change comparable to how containerization transformed global trade by standardizing shipping. The complex machinery of product creation—structuring, issuance, and compliance—is being broken down into modular, digital services. This allows financial professionals to wrap any asset or strategy into a standardized "container," such as a security or a token, making the process faster and more cost-effective. By turning product creation into a series of accessible building blocks, this wave moves the capability out of large institutional factories and into the hands of a wider range of users, enabling advisors and wealth managers to shift

from being mere curators to becoming creators of bespoke investment solutions.

- **Wave 3: Radical Automation.** The third wave is the complete automation of the financial product lifecycle, enabling a “prompt to product” world where investment ideas can be transformed into live products in minutes. In this future, AI agents will orchestrate the entire value chain—from structuring and legal documentation to issuance and marketing—based on simple descriptive inputs. This will lead to the rise of open, digital marketplaces where these newly created products can be distributed and discovered, ultimately obliterating the distinction between the buy-side and the sell-side. As the barriers to creation fall, the ability to issue a financial product becomes accessible not just to financial professionals but to any entity with a verifiable asset or cash flow, expanding the investible universe to include almost anything of value.

In the chapters that follow, we unpack these shifts.

The investment industry is transforming

Patrick and Philippe founded GenTwo to solve a specific problem: the friction in traditional securitization. But they quickly realized their work was part of a much larger industry-wide shift. They call this “assetization”, a movement that is fundamentally reshaping how financial products get made and who gets to make them.

Chapter Summary

- Patrick and Philippe launched GenTwo in a Zurich nightclub to a skeptical crowd who told them “it will never work.”
- Their initial goal was simple: remove friction from traditional securitization, which was too slow, expensive, and exclusive.
- By rethinking infrastructure, they found a way to democratize financial product creation for non-banks.
- They soon realized they weren’t alone; a broader wave of innovators was already democratizing the entire value chain.
- This wasn’t just a technical fix for one company, but a structural change to the industry’s infrastructure.
- They call this collective movement assetization: democratizing both access to assets and the tools to create them.
- It is unfolding in three waves: Access (Wave 1), Creation (Wave 2), and Radical Automation (Wave 3).

“Assetization, powered by technological advancements and tokenization, is unlocking trillions in dormant value — not just expanding the global investment landscape, but redefining what we consider investible in the first place.”

**Dr. Martha Boeckenfeld, Board Member,
Generali Switzerland; Keynote Speaker &
Executive Educator, Human-Centric AI**

“Assetization is actually democratization. Finally, ordinary investors can access the same opportunities as the privileged few in the oak-paneled boardrooms of Wall Street and The City. The revolution has begun.”

**Damian Horner, Co-Founder of Vision
Creative Labs and Real Vision**