D A R C
by solus group

TradFi to DeFi

November 2025

Created by:

Solus Partners & KOLs

CONTENT

EXECUTIVE SUMMARY

Institutional on-chain adoption in numbers:

Institutional Flows Accelerating

RWA reached $35B (118% YTD)
tokenized treasuries $7.4B

Clear signal of institutional confidence in on-chain finance

DeFi Premium Widens with Risk

High-risk show 5-10% premium
(DeFi 15-25% vs TradFi 10-15%)

Attractive for sophisticated allocators willing to take on novel risks

Private Credit Boom

$18.6B active on-chain
$32.7B total originations, 9.8% avg APR

On-chain credit now represents largest non-sovereign cash-flow vertical

Disintermediation Premium

DeFi deposit yields 5% vs TradFi bank deposits <2%

Eliminates intermediary margin, passes yield directly to depositors

DeFi yields remain higher on average than TradFi yields (though with additional risks). The lower and mid parts of each DeFi range are reachable through organic sources alone, while the upper ends of the bands tend to assume additional token incentives or more complex strategies

Metric	TradFi net APY range (Q3 2025)	DeFi net APY range (Q3 2025)	DeFi yield composition (organic vs incentives)
Low-Risk APY	**3.0–5.5%** *short-term gov bills, AAA sovereigns, top-tier money market funds*	**3–6%** over-collateralized USD stablecoin lending; tokenized T-bill / money-market products	**Mostly organic.** Yield comes from borrower interest and T-bill coupons; incentives play a minor role at the upper end of the band
Medium-Risk APY	**4–8%** *investment-grade and high-yield corporate bonds; core real estate with leverage*	**8–12%** *on-chain private credit to institutions; stablecoin LP/ farming with incentives*	**Mixed.** Lower half of the range (≈8–10%) is largely organic credit spread; upper half often relies on liquidity-mining or bonus token rewards.
High-Risk APY	**10–16%** *distressed or EM debt; equity return targets in higher-beta sectors*	**15-25%** *DeFi structured products (options vaults, leverage strategies); yield farming; algorithmic trading vaults, etc.* ***(e.g. Syntetika's BTC Basis+)***	**Mixed, often incentive-heavy at the top.** Organic components include funding and options premia; the highest values usually require incentive-rich or concentrated strategies.

Syntetika's underlying **BTC Basis+** strategy (Hilbert Liberty Fund) received an allocation from a **$25B+ AUM** traditional investor in November 2025 and reports **+24% BTC net YTD 2025** with ~7% annualized volatility and a Sharpe ratio above 4

INTRODUCTION

This report examines the ongoing transition from TradFi to DeFi, with a focus on how institutional capital is adopting on-chain yields as of November 2025.

The scope spans:

- Institutional capital flows
- TradFi vs DeFi yield comparisons
- Risk frameworks
- Case study (Syntetika) that exemplifies bridging the two worlds with institutional level BTC-denominated yield

Methodology: We compare yields and capital flows using a mix of quantitative data and qualitative insights. Key metrics (APYs, AUM flows, etc.) are as of early Nov 12 2025, and any historical figures (pre-Q3 2025) are noted as such. All financial figures are in USD unless stated otherwise

Purpose: This report aims to inform institutional readers, analysts and researchers of how the yield logic in finance is evolving. We explore how market participants are navigating this landscape and what challenges remain before DeFi can become a mainstream extension of global finance

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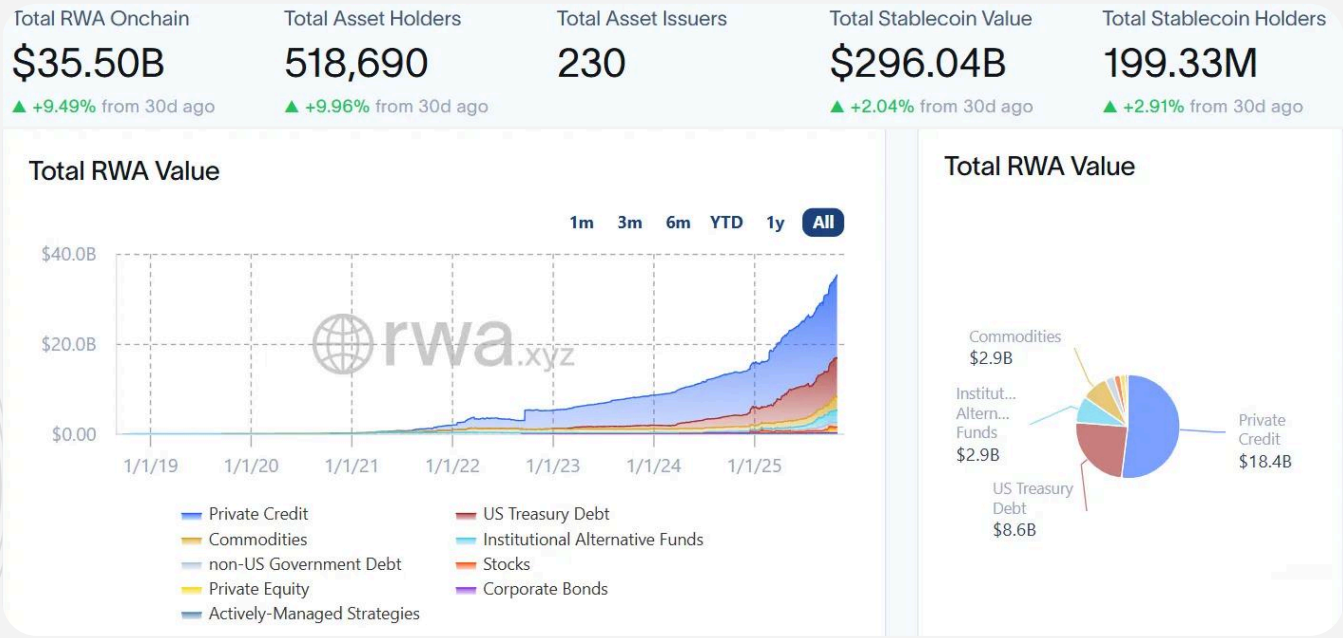
Section 1: Institutional Capital Flows Overview

RWA TOKENIZATION

Institutions in 2025 have firmly moved from exploring blockchain to executing tokenization strategies



Tokenized U.S. Treasury debt is a standout, driven by demand for on-chain fixed income: by mid-2025 tokenized treasuries outstanding reached **$7.4B (up ~80% since January)**. By late 2025, the broader RWA market (including tokenized credit, equities, commodities, etc.) on public blockchains is **estimated around $30–36B**

At this scale, **tokenized RWAs remain a very small fraction of the underlying fixed-income and credit markets**, where outstanding sovereign and corporate debt is measured in the tens of trillions of dollars. Current on-chain volumes therefore point to an infrastructure-building and product-market-fit phase rather than any displacement of traditional issuance

Marko Vidrih
Co-Founder and COO, **RWA.io**

With on-chain RWAs surpassing $35B, we have successfully proved the issuance model. We are now entering a new phase of orchestration, where connecting data and liquidity across chains will transform these impressive metrics into a robust, globally interconnected financial system

RWA TOKENIZATION

RANK	PRODUCT NAME	MARKET CAP	ASSET CLASS	30D CHANGE
1	BlackRock USD Insti (BUIDL)	$2.85B	U.S. Treasuries	+7.73%
2	Tether Gold (XAUT)	$1.55B	Commodities	+63.81%
3	Syrup USDC	$1.34B	Private Credit	+18.09%
4	Paxos Gold (PAXG)	$1.32B	Commodities	+16.76%
5	Janus Henderson AAA CLO (JAAA)	$1.01B	Institutional Funds	+27.98%
6	Circle USYC	$0.87B	U.S. Treasuries	+19.48%
7	Franklin OnChain BENJI	$0.85B	U.S. Treasuries	+18.77%
8	Ondo Short-Term OUSG	$0.79B	U.S. Treasuries	+8.70%
9	Syrup USDT	$0.74B	Private Credit	+155.80%
10	Ondo U.S. Dollar Yield (USDY)	$0.66B	U.S. Treasuries	+0.21%

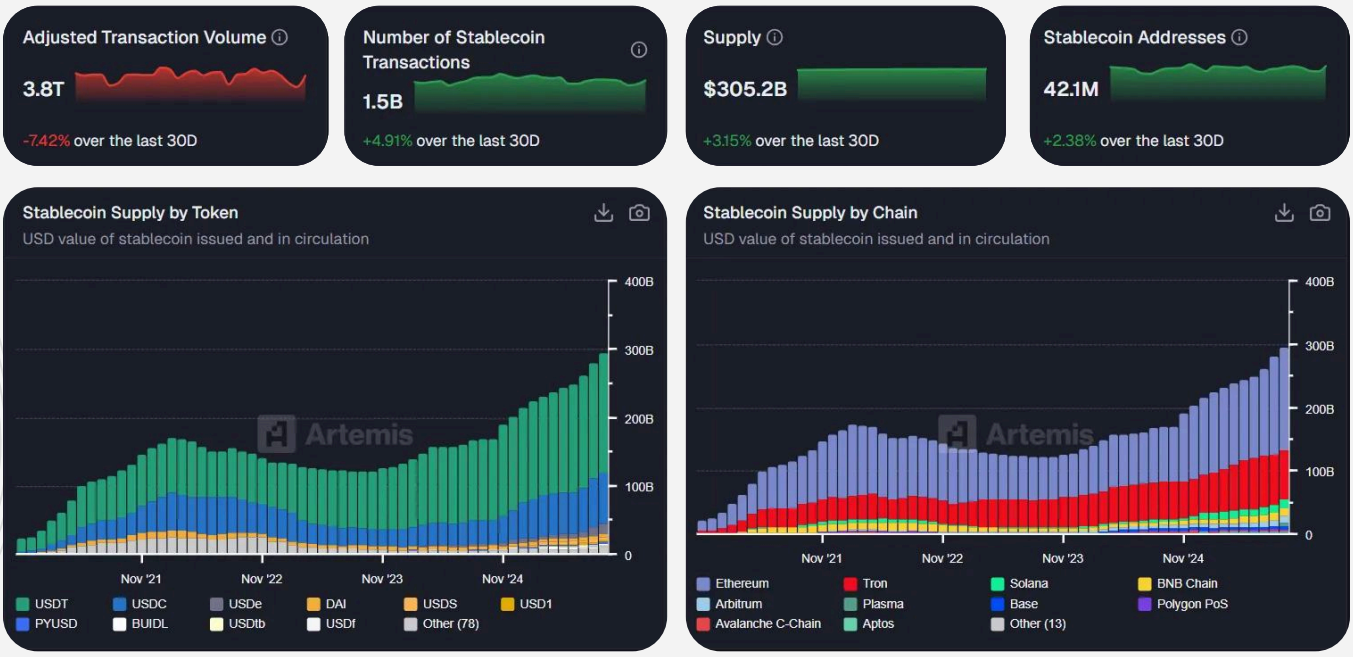
Top tokenized instruments by market value (as of Nov-2025): U.S. Treasuries, gold, private credit, and institutional funds dominate the on-chain RWA stack

- BUIDL ($2.85B) and a cluster of tokenized T-bill products (USYC, BENJI, OUSG, USDY) anchor the top-10, signaling that **cash management and duration-light exposure are the first institutional use cases**

- XAUT ($1.55B) and PAXG ($1.32B) show strong 30-day inflows, confirming demand for tokenized commodities alongside cash equivalents

STABLECOINS

Stablecoins continue to anchor on-chain liquidity and serve as the bridge currency between TradFi and DeFi. **The total stablecoin market cap hit $300B in Nov 2025** (up ~75% year-on-year)



Tether's USDT and Circle's USDC remain dominant, but 2024–2025 saw Ethena's USDe (a "yield-bearing" stablecoin using crypto-collateral) rapidly gain share.

Tron and Ethereum remain the dominant rails; Base and other L2s trend up, improving settlement cost/latency for institutional workflows

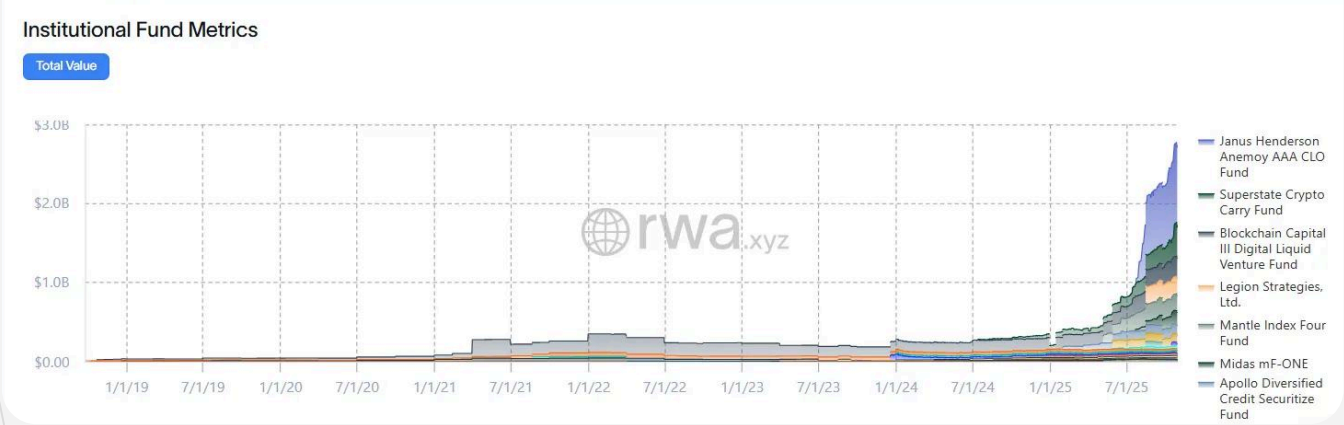
Importantly for institutions, regulators are crafting clearer rules: the U.S. recently passed the GENIUS Act establishing standards for stablecoin issuers, and advanced the broader CLARITY Act for digital asset markets. Likewise, Hong Kong and Singapore rolled out licensing frameworks treating tokenized securities and stablecoins within existing securities laws

Houdini Swap

We can't envision a world where crypto scales without privacy. If you take an Uber to your hotel in BA at devcon and transact using public crypto rails, you disclose your entire financial history to your counterparty (in this case your Uber driver). If you are sitting on hundreds of thousands or millions of crypto assets across your wallet(s), you put yourself at serious risk from a security perspectice. Houdini Swap solves this.

TOKENIZED INSTITUTIONAL FUNDS

Total Value	Monthly Active Addresses	Holders	Total Funds
$2.95B	18,706	117,569	33
▲ +21.01% from 30d ago	▼ 0.36% from 30d ago	▼ 1.61% from 30d ago	



Tokenized institutional funds reach ~$2.95B (+21% 30D), 33 funds, ~117.6k holders; monthly active addresses ~18.7k

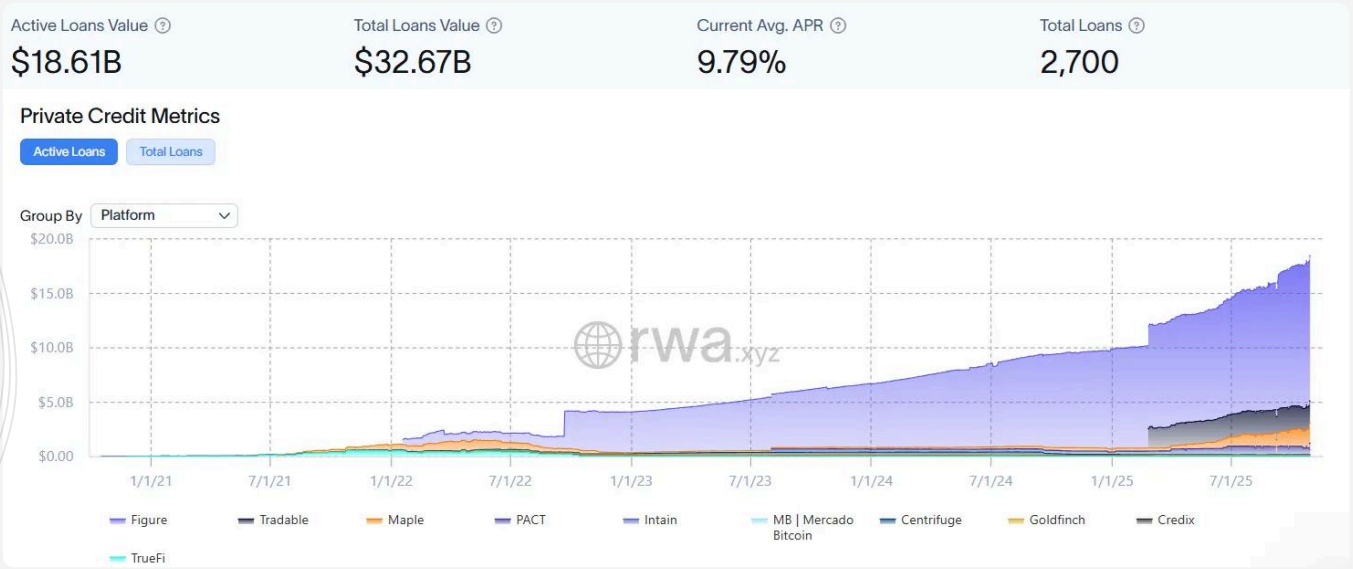
- **Growth led by credit and multi-strategy.** The surge is driven by AAA CLO exposure, crypto carry, and diversified credit - strategies with clear cash-flow models
- **Diversification on-chain.** Mix spans credit, venture, macro, and basis products indicative of portfolio construction beyond cash management

Institutional Funds (33 total)

Product Name / Issuer	Ticker	Platform	Networks	Market Cap	NAV	Holders
Janus Henderson Anemoy AAA CLO Fund Anemoy	JAAA	Centrifuge		$1,010,500,803 ▲	$1.01 ▲	10 ▲
Blockchain Capital III Digital Liquid Venture Fund Blockchain Capital III Digital Liquid Venture Fund	BCAP	Securitize		$404,957,288	$28.16 ▲	615 ▲
Superstate Crypto Carry Fund Superstate Asset Trust	USCC	Superstate		$392,689,486 ▼	$11.32 ▲	41 ▼
Legion Strategies, Ltd. Legion Strategies, Ltd.	LS	Tokeny	Avalanche	$217,928,797	$1.00	1
Mantle Index Four Fund Mantle Index Four	MI4	Securitize	Mantle	$211,756,057 ▲	$157 ▼	7 ▲
Midas mF-ONE Midas	mF-ONE	Midas	Ethereum	$167,830,579 ▲	$1.05 ▲	28 ▲
Apollo Diversified Credit Securitize Fund Securitize Tokenized Apollo Diversified Credit Fund	ACRED	Securitize		$128,134,054 ▲	$1,070 ▲	37 ▲
Onchain Yield Coin OnRe	ONyc	–	Solana	$104,158,496 ▲	$1.04 ▲	2,702 ▲
Digital Macro Fund LTD Digital Macro Fund LTD	DMF	Tokeny	Avalanche	$66,043,591	–	1
Anemoy Tokenized Apollo Diversified Credit Fund Anemoy	ACRDX	Centrifuge		$50,155,842 ▲	$1.00	1
Nest Basis Vault Nest	nBASIS	Nest	Plume	$32,204,026 ▼	$1.02 ▲	13,675 ▲

TOKENIZED PRIVATE CREDIT

Comparing the active loan book with cumulative originations implies that **roughly half of all originated notional has already matured or been repaid**. This ratio indicates that the segment now carries a growing realized performance history rather than being dominated by very recent deployments, which is relevant for analysing default, recovery and seasoning effects



On-chain private credit: $18.6B active, $32.7B total originations; APR ~9.8%.

Credit is now the largest non-sovereign cash-flow vertical on chain by outstanding notional

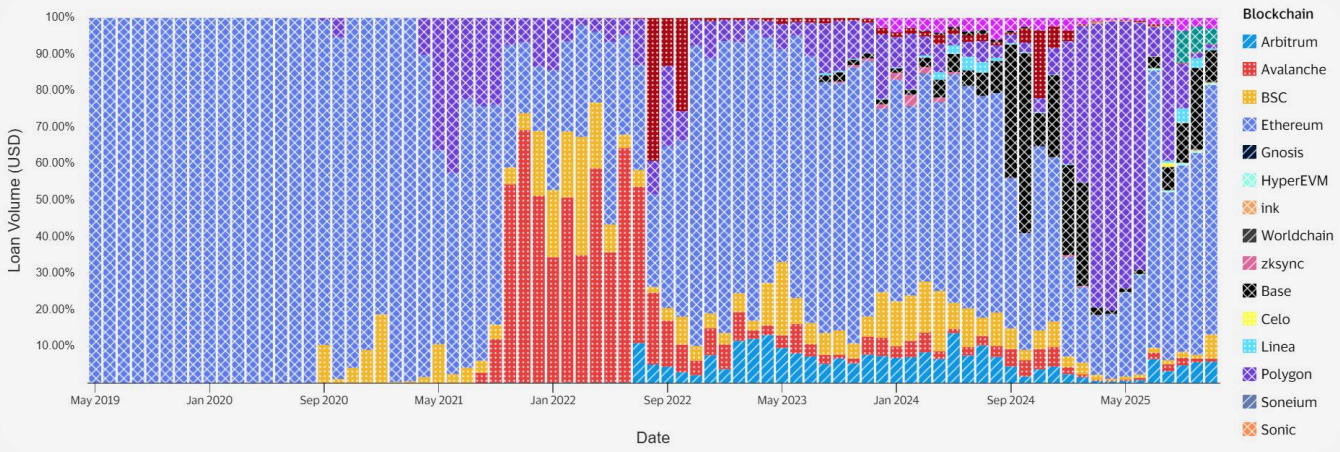
- ~10% base APR aligns with higher policy rates plus credit spread; dispersion across platforms reflects underwriting quality and borrower mix
- **Figure carries the largest tranche of active loans**, showing that dedicated rails for asset origination can outcompete general-purpose chains

PROTOCOL	AVG APR	TOTAL LOANS ($B)	ACTIVE LOANS ($B)	RISK LEVEL
PACT	**29.19%**	$1.90B	$0.61B	High
Credix	18.78%	$0.05B	$0.01B	High
MB Mercado Bitcoin	15.75%	$0.32B	$0.16B	Medium-High
Goldfinch	12.42%	$0.17B	$0.06B	Medium
Tradable	11.08%	$5.10B	$2.07B	Medium
Maple	9.24%	$5.30B	$1.81B	Medium
Centrifuge	8.71%	$0.62B	$0.07B	Medium
Figure	N/A (Enterprise)	$17.03B	$13.34B	Low-Medium

LENDING

The main drivers of growth are:

- Polygon + Compound + USDC
- Ethereum + Aave + USDT + USDC
- Base + Aave + USDC



Stablecoin	Blockchain	Protocol	Loan Volume (USD)	Loan Count
USDC	Polygon	Compound	$194.9B	304.6k
USDC	Ethereum	Aave	$109.5B	338.5k
USDT	Ethereum	Aave	$107.3B	265.3k
USDC	Base	Aave	$48.9B	658.7k
USDC	Ethereum	Compound	$47.4B	138.9k
USDC	Polygon	Aave	$29.6B	1.2M
USDT	BSC	Venus Finance	$21.7B	262.2k
USDC	Avalanche	Aave	$21.3B	252.2k
USDC	Avalanche	Banker Joe	$15.9B	48.5k
USDT	Ethereum	Compound	$14.1B	45.0k

It’s a golden period for Aave: over the last three months its volume has stayed stable in the $25–26B range

In contrast, Compound is going through a mild crisis: after May, when its volume reached $44B, by October it was down to about $2.7B

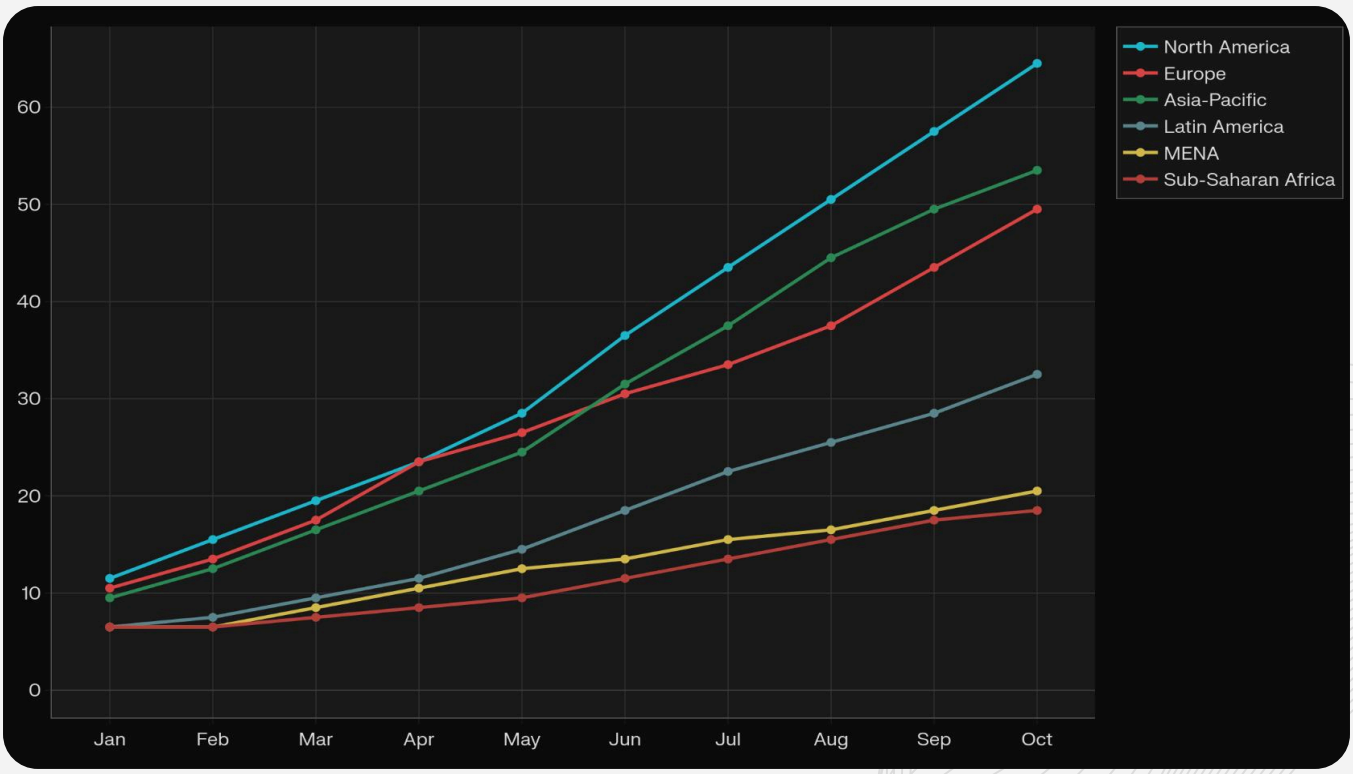
Younger projects like Fliud are also growing fast, with October volume around $12.8B

MMFS AND BANKS

Traditional money market funds have started issuing tokenized share classes to provide clients intraday liquidity and composability. Franklin Templeton's on-chain government fund, as noted, proved that large MMFs can operate on Ethereum with daily liquidity

Banks, for their part, are exploring both issuance and usage of stablecoins: multiple U.S. banks have plans for bank-issued stablecoins or deposit tokens (Morgan Stanley, JP Morgan, etc)

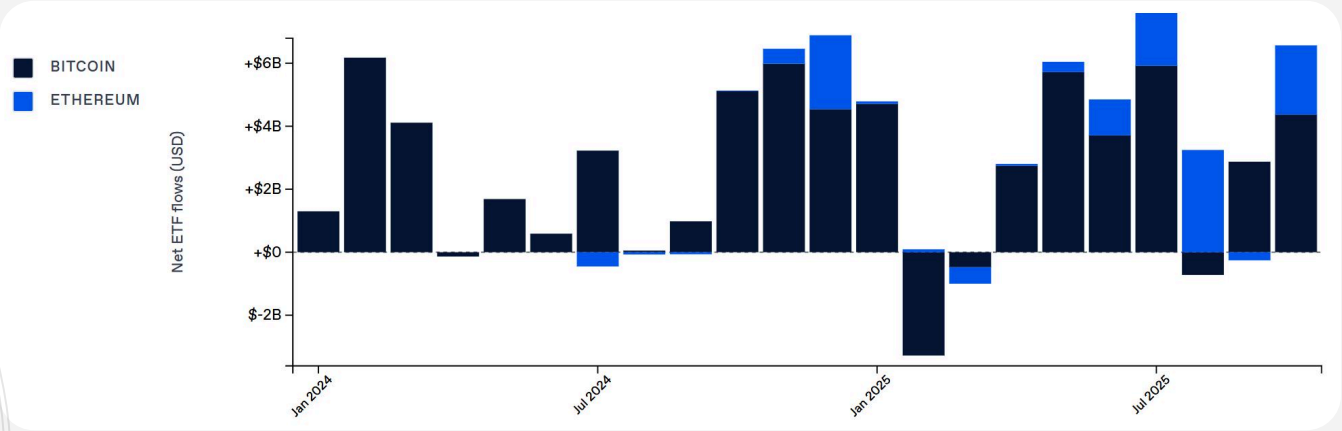
Globally, banks in regions like Hong Kong and UAE are partnering with fintechs to pilot tokenized deposit systems for institutional clients



Cumulative Number of Banks Declaring Crypto Integration (Jan–Oct 2025, by Region)

ETFS

Since the spot BTC ETFs launched (2024), monthly flows were mostly positive, punctuated by a sharp outflow early-2025 (profit-taking/liquidity shock). Inflows resumed into mid-/late-2025, and ETH ETFs started contributing meaningful bars



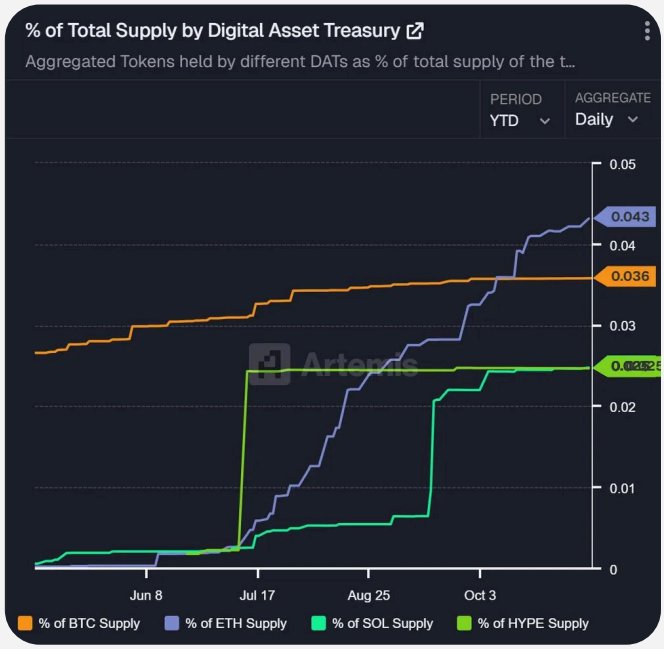
AUM is highly concentrated. IBIT $92.7B dominates liquidity; FBTC $23.7B and GBTC $19.8B follow. **The top BTC funds together control ~$150B+** in assets, meaning secondary-market pricing and hedging flows are largely set by a small group of issuers

Symbol	ETF Name	Asset Class	Total Assets ($MM)	YTD Price Change	Avg. Daily Volume
IBIT	iShares Bitcoin Trust ETF	Currency	$92,662	21.56%	49,625,644.0
FBTC	Fidelity Wise Origin Bitcoin Fund	Currency	$23,715	21.46%	4,449,132.0
GBTC	Grayscale Bitcoin Trust ETF	Currency	$19,779	20.26%	3,093,627.0
ETHA	iShares Ethereum Trust ETF	Currency	$16,861	20.96%	51,570,280.0
BTC	Grayscale Bitcoin Mini Trust ETF	Currency	$5,556	20.16%	1,481,805.0
ARKB	ARK 21Shares Bitcoin ETF	Currency	$5,013	21.42%	2,754,317.0
BITB	Bitwise Bitcoin ETF Trust	Currency	$4,764	21.55%	1,742,135.0
ETHE	Grayscale Ethereum Trust ETF	Currency	$4,293	18.45%	6,666,262.0
FETH	Fidelity Ethereum Fund ETF	Currency	$3,183	N/A	N/A
ETHU	2x Ether ETF	Currency	$3,111	-17.72%	6,211,918.0

DATCS AND RESERVES

Publicly traded Digital Asset Treasury Companies (**DATCs**) **now hold ~3-4% of BTC and ~3-4% of ETH supply**, with sharp step-ups in 2H25 as new treasuries and share-issuance programs came online. SOL holdings by DATCs also climbed toward ~2-3%

"Pure-treasury" names (e.g., MSTR, miners) cluster around ~1–3× mNAV; operating businesses with token treasuries (e.g., COIN, TSLA) show very high mNAV multiples driven by core business value, not the crypto stack - so treasury size is not a reliable proxy for equity value



A small set of issuers accounts for most of the supply held by DATCs; additions come in step changes tied to board approvals or capital raises, suggesting programmatic and persistent demand rather than short-term trading

Institution	Assets	Cost Basis	Today's Holdings Value	Stock Price	Realized mNAV	Realistic mNAV	Max mNAV
1 Strategy, Inc. (Formerly: ...		$47.48b	$71.485b	$275.36	1.1	1.18	1.39
2 BitMine Immersion Techn...			$13.08b	$49.76	0.66	0.75	0.84
3 Marathon Digital Holdings...			$5.56b	$18.88	1.26	1.31	1.78
4 Twenty One Capital, Inc.			$4.852b	$19.22			
5 Metaplanet Inc.		$3.942b	$4.026b	$0			
6 SharpLink Gaming, Inc.			$3.384b	$13.61	0.76	0.8	0.8
7 Cantor Equity Partners I, I...			$3.349b	$10.51			
8 Bullish Inc.			$2.677b	$52.57	2.87	2.87	2.87
9 The Ethereum Machine (F...			$2.543b	$10.46	0.091	0.091	0.091
10 Galaxy Digital Inc.			$2.368b	$36.43	2.65	5.79	5.79

BTC TREASURIES

353 entities now hold BTC on balance sheet; the U.S. leads by entity count. Yet holdings are top-heavy: the top-100 public BTC companies hold ~1.05M BTC, with Strategy/MSTR ~641k far ahead of peers

Category	# of BTC	Value Today	% of 21m
ETFs	1,531,177	$158.45 B	7.291%
Countries	517,296	$53.53 B	2.463%
Public Companies	993,341	$102.80 B	4.73%
Private Companies	426,337	$44.12 B	2.03%
BTC Mining Companies	120,120	$12.43 B	0.572%
Defi	267,236	$27.66 B	1.273%

Spot ETF creations/redemptions dominate flow; combined with sovereign and corporate treasuries, this produces a steady base of non-speculative demand that interacts with funding/basis markets and affects yield opportunities

Structural holdings in spot ETFs, sovereign balances and corporate/DATC treasuries convert a growing share of BTC and ETH into slow-moving or semi-locked supply. As long as there is persistent derivative demand for leverage, this reduction in freely circulating float is consistent with the positive futures basis and funding premia observed on CME and major exchanges in 2024–2025.

BTC TREASURIES

Top 100 Public Bitcoin Treasury Companies

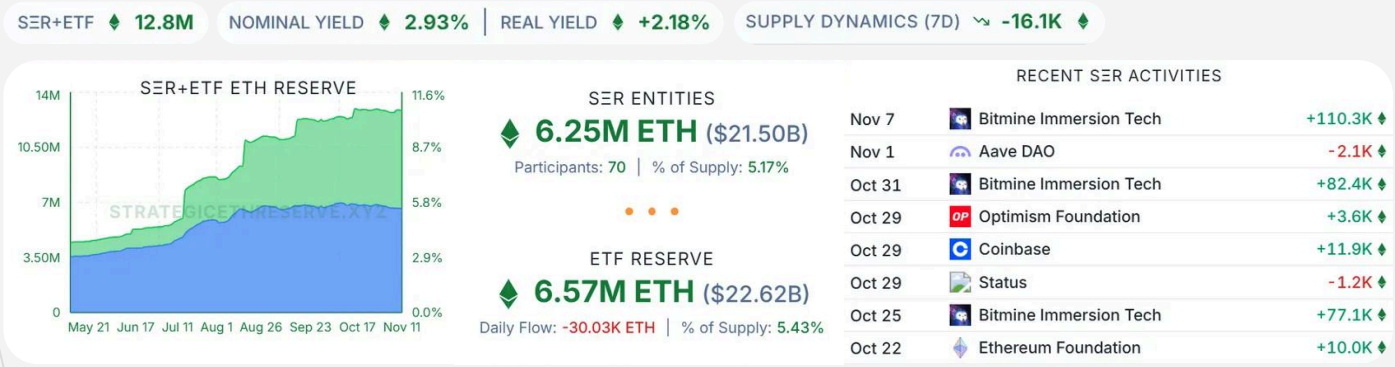
	BITCOINTREASURIESNET		Ticker	Bitcoin
1	Strategy ↑	🇺🇸	MSTR	640,808
2	MARA Holdings, Inc.	🇺🇸	MARA	53,250
3	XXI	🇺🇸	CEP	43,514
4	Metaplanet Inc.	🇯🇵	MTPLF	30,823
5	Bitcoin Standard Treasury Company	🇺🇸	CEPO	30,021
6	Bullish	🇺🇸	BLSH	24,300
7	Riot Platforms, Inc.	🇺🇸	RIOT	19,287
8	Trump Media & Technology Group ...	🇺🇸	DJT	15,000
9	CleanSpark, Inc.	🇺🇸	CLSK	13,011
10	Coinbase Global, Inc.	🇺🇸	COIN	11,776
11	Tesla, Inc.	🇺🇸	TSLA	11,509
12	Hut 8 Mining Corp	🇺🇸	HUT	10,667
13	Block, Inc.	🇺🇸	XYZ	8,692
14	GD Culture Group	🇺🇸	GDC	7,500
15	Galaxy Digital Holdings Ltd	🇺🇸	GLXY	6,894
16	Cango Inc ↑	🇨🇳	CANG	6,258
17	Strive ↑	🇺🇸	ASST	5,958
18	Next Technology Holding Inc.	🇨🇳	NXTT	5,833
19	KindlyMD, Inc.	🇺🇸	NAKA	5,765
20	Semler Scientific	🇺🇸	SMLR	5,021
21	ProCap BTC	🇺🇸	CCCM	4,951
22	GameStop Corp.	🇺🇸	GME	4,710
23	Boyaa Interactive International Lim...	🇭🇰	0434	4,091
24	Empery Digital	🇺🇸	EMPD	4,081
25	Gemini Space Station Inc	🇺🇸	GEMI	4,002
26	American Bitcoin Corp ↑	🇺🇸	ABTC	3,865
27	OranjeBTC ↑	🇧🇷	OBTC3	3,708
28	Bitcoin Group SE	🇩🇪	ADE	3,605
29	Sequans Communications S.A.	🇫🇷	SQNS	3,234
30	Capital B	🇫🇷	ALCPB	2,818
31	The Smarter Web Company PLC	🇬🇧	SWC	2,660
32	DeFi Technologies	🇨🇦	DEFI	2,452
33	Microcloud Hologram	🇦🇺	HOLO	2,353
34	HIVE Digital Technologies	🇨🇦	HIVE	2,201

	BITCOINTREASURIESNET		Ticker	Bitcoin
35	Bitdeer Technologies Group ↑	🇸🇬	BTDR	2,180
36	Exodus Movement, Inc	🇺🇸	EXOD	2,123
37	Core Scientific	🇺🇸	CORZ	2,116
38	BITFUFU	🇸🇬	FUFU	1,959
39	NEXON Co., Ltd.	🇯🇵	3659	1,717
40	Canaan Inc.	🇺🇸	CAN	1,582
41	Cipher Mining	🇺🇸	CIFR	1,500
42	Fold Holdings Inc.	🇺🇸	FLD	1,492
43	Remixpoint	🇯🇵	3825	1,382
44	Bitfarms Ltd.	🇨🇦	BITF	1,166
45	Satsuma Technology	🇬🇧	SATS	1,149
46	Anap Holdings Inc.	🇯🇵	3189	1,111
47	Treasury	🇳🇱	$TRSR	1,111
48	DDC Enterprise Limited	🇺🇸	DDC	1,083
49	H100 Group	🇸🇪	H100	1,046
50	ZOOZ Power ↑	🇮🇱	ZOOZ	1,036
51	KULR Technology Group	🇺🇸	KULR	1,021
52	Nano Labs	🇨🇳	NA	1,000
53	USBC, Inc.	🇺🇸	USBC	1,000
54	Ming Shing Group	🇭🇰	MSW	833
55	AirNet Technology Inc	🇺🇸	ANTE	819
56	SOS Limited	🇨🇳	SOS	803
57	Bitcoin Treasury Corp	🇨🇦	BTCT	771
58	Figma Inc	🇺🇸	FIG	767
59	Aker ASA	🇳🇴	AKER	754
60	Convano Inc	🇯🇵	6574	665
61	Méliuz	🇧🇷	CASH3	605
62	MercadoLibre, Inc.	🇦🇷	MELI	570
63	bitmax	🇰🇷	377030	551
64	Alliance Resource Partners, L.P.	🇺🇸	ARLP	541
65	Samara Asset Group	🇨🇾	SRAG	540
66	Phoenix Group PLC	🇦🇪	PHX	514
67	DigitalX	🇦🇺	DCC	502
68	CIMG Inc	🇭🇰	IMG	500

	BITCOINTREASURIESNET		Ticker	Bitcoin
69	Bit Digital, Inc.	🇺🇸	BTBT	418
70	Neptune Digital Assets	🇨🇦	NDA	410
71	Virtu Financial, Inc.	🇺🇸	VIRT	410
72	3U Holding AG	🇩🇪	UUU	358
73	Net Holding A.S.	🇹🇷	NTHOL	352
74	Consensus Mining & Seigniora...	🇺🇸	CMSG	340
75	DMG Blockchain Solutions Inc.	🇨🇦	DMGI	324
76	LM Funding America	🇺🇸	LMFA	305
77	POP Culture Group Co., Ltd.	🇨🇳	CPOP	300
78	S-Science	🇯🇵	5721	296
79	The9 Limited	🇨🇳	NCTY	285
80	Prenetics	🇦🇺	PRE	268
81	LQWD Technologies Corp.	🇨🇦	LQWD	253
82	Advanced Bitcoin Technologie...	🇩🇪	ABT	242
83	Coinshares International Limit...	🇯🇪	CS	236
84	WEMADE	🇰🇷	112040	223
85	Rumble Inc.	🇨🇦	RUM	211
86	Genius Group	🇸🇬	GNS	200
87	BitMine	🇺🇸	BMNR	192
88	Bitcoin Treasury Capital	🇸🇪	BTCB	187
89	Coinsilium	🇬🇮	COIN	182
90	The Brooker Group	🇹🇭	BTC	165
91	FRMO Corp.	🇺🇸	FRMO	159
92	Hyperscale Data	🇺🇸	GPUS	150
93	Parataxis Korea	🇰🇷	288330	150
94	Sixty-Six Capital Inc	🇨🇦	SIX	149
95	B HODL	🇬🇧	HODL	148
96	K33 AB	🇳🇴	K33	141
97	Vaultz Capital	🇬🇧	V3TC	135
98	Horizon Kinetics Holding Corp	🇺🇸	HKHC	131
99	Bitplanet Inc ↑	🇰🇷	049470.KQ	120
100	Vanadi Coffee, SA ↑	🇪🇸	VANA	119
	Total of top 100			**1,048,686**
	Total of all public companies			**1,051,374**

ETH TREASURIES

71 participants dominate entity holdings; recent 30-day flows show large additions from Bitmine Immersion Tech, Optimism Foundation, and Coinbase, indicating both corporate and ecosystem treasuries are active

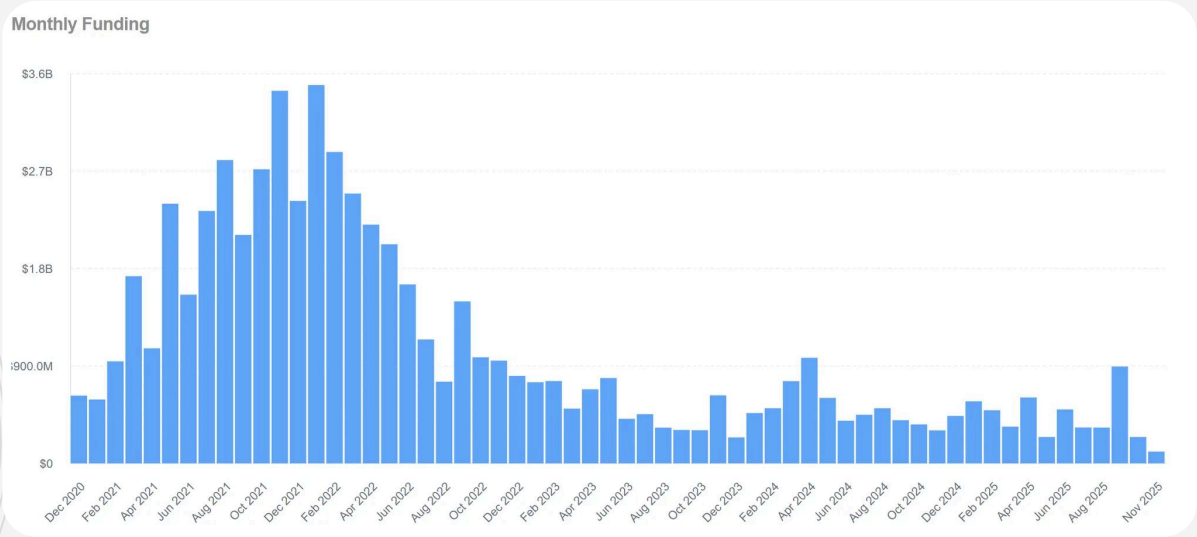


ETH-heavy miners and focused DATCs sit near ~0.8–2.0× mNAV, while diversified operators (e.g., COIN) display triple-digit mNAV multiples, again signaling that treasury size and equity valuation are decoupled when core businesses drive value

#	NAME	TICKER	ETH	USD	30D	MCAP	%SUP	MNAV	CASH	EPS
1	Bitmine Immersion Tech	BMNR	3.51M	$12.06B	15.6%	$11.27B	2.90%	0.94	$398.0M	189.1%
2	SharpLink Gaming	SBET	859.40K	$2.96B	2.5%	$2.27B	0.71%	0.83	-	98.5%
3	The Ether Machine	ETHM	496.71K	$1.71B	0.0%	$171.1M	0.41%	0.08	$367.1M	-
4	Ethereum Foundation	-	230.37K	$792.7M	3.4%	-	0.19%	-	-	-
5	Bit Digital	BTBT	150.24K	$517.0M	0.0%	$948.2M	0.12%	1.83	-	-
6	Coinbase **	COIN	148.72K	$511.7M	8.7%	$69.36B	0.12%	135.55	-	-
7	Mantle *	MNT	101.87K	$350.5M	0.0%	-	0.08%	-	-	-
8	Golem Foundation	GLM	100.68K	$346.5M	0.5%	-	0.08%	-	-	-
9	ETHZilla Corporation	ETHZ	93.79K	$322.7M	8.3%	$269.3M	0.08%	-	-	15.8%
10	BTCS Inc.	BTCS	70.03K	$241.0M	0.0%	$140.8M	0.06%	0.58	-	67.5%
11	Gnosis DAO *	GNO	66.59K	$229.1M	0.0%	-	0.06%	-	-	-
12	U.S. Government **	-	60.03K	$206.6M	0.0%	-	0.05%	-	-	-
13	FG Nexus	FGNX	50.77K	$174.7M	0.0%	$4.0M	0.04%	0.82	-	0.0%
14	Lido DAO	LDO	38.15K	$131.3M	1.3%	-	0.03%	-	-	-
15	Ethereum Name Service	ENS	26.81K	$92.3M	3.3%	-	0.02%	-	-	-
16	Arbitrum DAO	ARB	23.74K	$81.7M	1.3%	-	0.02%	-	-	-
17	Frax Finance *	FRAX	23.21K	$79.9M	0.0%	-	0.02%	-	-	-
18	Optimism Foundation *	OP	21.50K	$74.0M	20.1%	-	0.02%	-	-	-
19	GameSquare Holdings	GAME	15.63K	$53.8M	0.0%	$51.4M	0.01%	1.05	-	0.0%
20	Onchain Foundation	LSK	14.31K	$49.2M	27.3%	-	0.01%	-	-	-

FOS AND HEDGE FUNDS

Family offices and traditional hedge funds are increasingly active in crypto, often via venture investments or specialist crypto funds (though not so active comparing to 2021-2022)



However, 2025 saw more of these players directly seek yield opportunities on-chain. Surveys indicate family offices view digital assets as a diversification play; a subset now allocate to yield-generating strategies like liquidity pools or lending to enhance portfolio returns

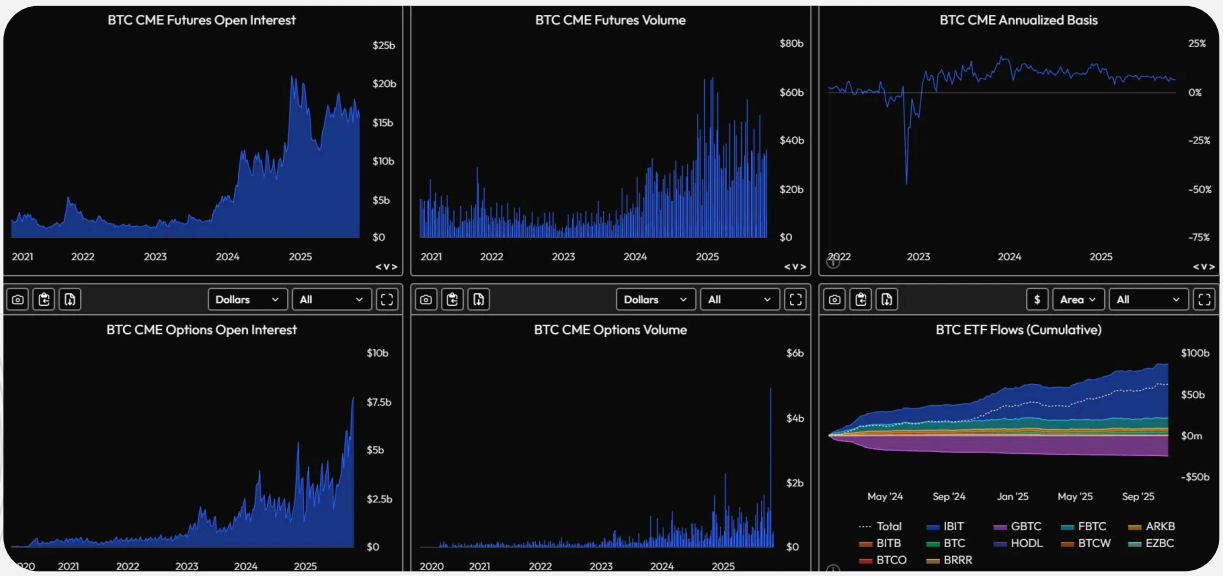
The **Keyrock report** highlights that **discretionary onchain strategies grew 738% YTD** (many run by ex-traditional hedge fund managers), reflecting how hedge fund talent is flowing into DeFi

Otos Crypto Fund Benchmarks	Oct. 2025	3mth	6mth	YTD	12mth
All Liquid Funds	-0.22%	2.55%	24.28%	10.49%	40.37%
Fundamental Funds	-4.83%	-0.34%	36.87%	6.42%	48.75%
Quantitative Funds	1.90%	3.29%	23.88%	12.47%	42.54%
Market Neutral Funds	3.31%	4.63%	7.22%	10.51%	19.17%
BTC+ Funds	-1.27%	-0.48%	0.58%	0.21%	5.13%
ETH+ Funds	-0.40%	1.43%	3.88%	5.14%	9.97%
SMAs	-9.70%	-7.97%	11.71%	-10.69%	27.06%
Fund of Funds	-9.91%	-6.47%	12.39%	2.48%	22.10%
All Emerging Liquid Funds	-0.67%	2.32%	23.80%	6.01%	36.73%
Emerging Fundamental Funds	-3.65%	0.75%	32.83%	0.72%	41.98%
Emerging Quantitative Funds	2.25%	3.54%	24.15%	10.48%	40.15%
Emerging Market Neutral Funds	1.75%	3.97%	7.58%	9.12%	16.54%

A concrete example of this type of allocation is Hilbert Group's BTC Basis+ Strategy. In Nov 2025, ***Hilbert Group reported an allocation to Basis+ from a long-term institutional investor managing more than $25B*** *in assets. The mandate is implemented via Hilbert's Liberty Fund structure and uses a market-neutral BTC basis approach, so the investor accesses digital-asset yield through a regulated fund vehicle rather - [source]*

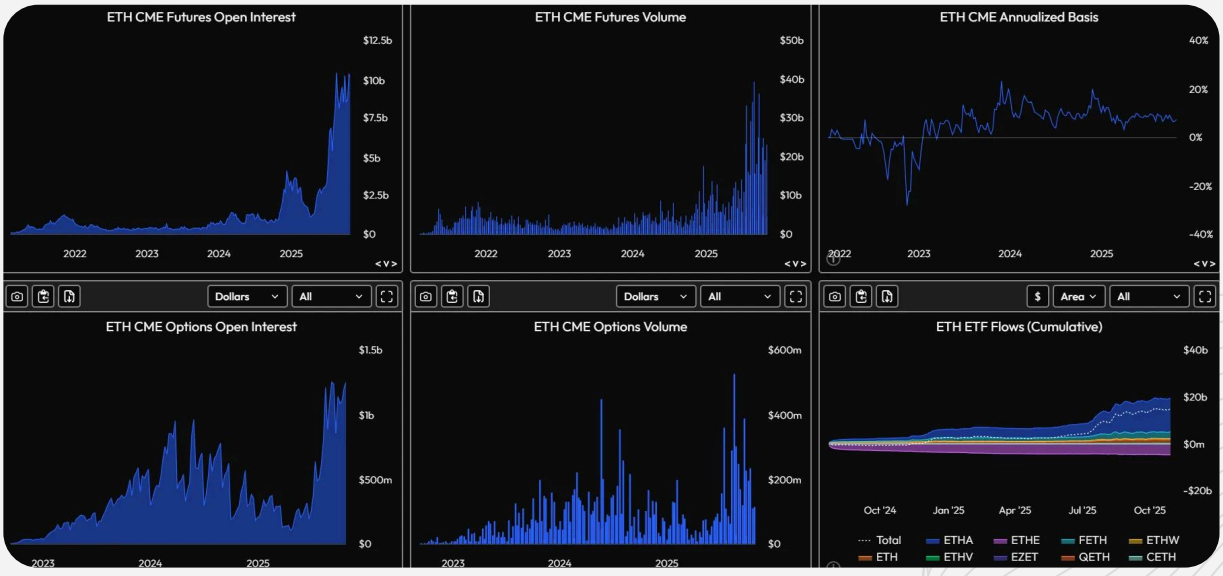
TRADFI METRICS

CME futures OI and options OI are at or near cycle highs (tens of $ billions for futures; multi-$ billions for options), confirming BTC as an institutionally hedgeable asset



- Futures/options volumes continue to trend up, matching the growth of spot ETF AUM; the hedging ecosystem scales alongside ETF creations
- The annualized basis stayed positive through most of 2024–2025, compressing during outflow months

Post-ETF approval, ETH CME futures OI surged to its highest range on record and options OI crossed the $1B mark, closing the liquidity gap with BTC



- Futures and options volumes show sustained growth, indicating that institutions are now comfortable hedging ETH exposure systematically
- The annualized basis has remained consistently >0% through 2025, though more variable than BTC, creating periodic carry opportunities

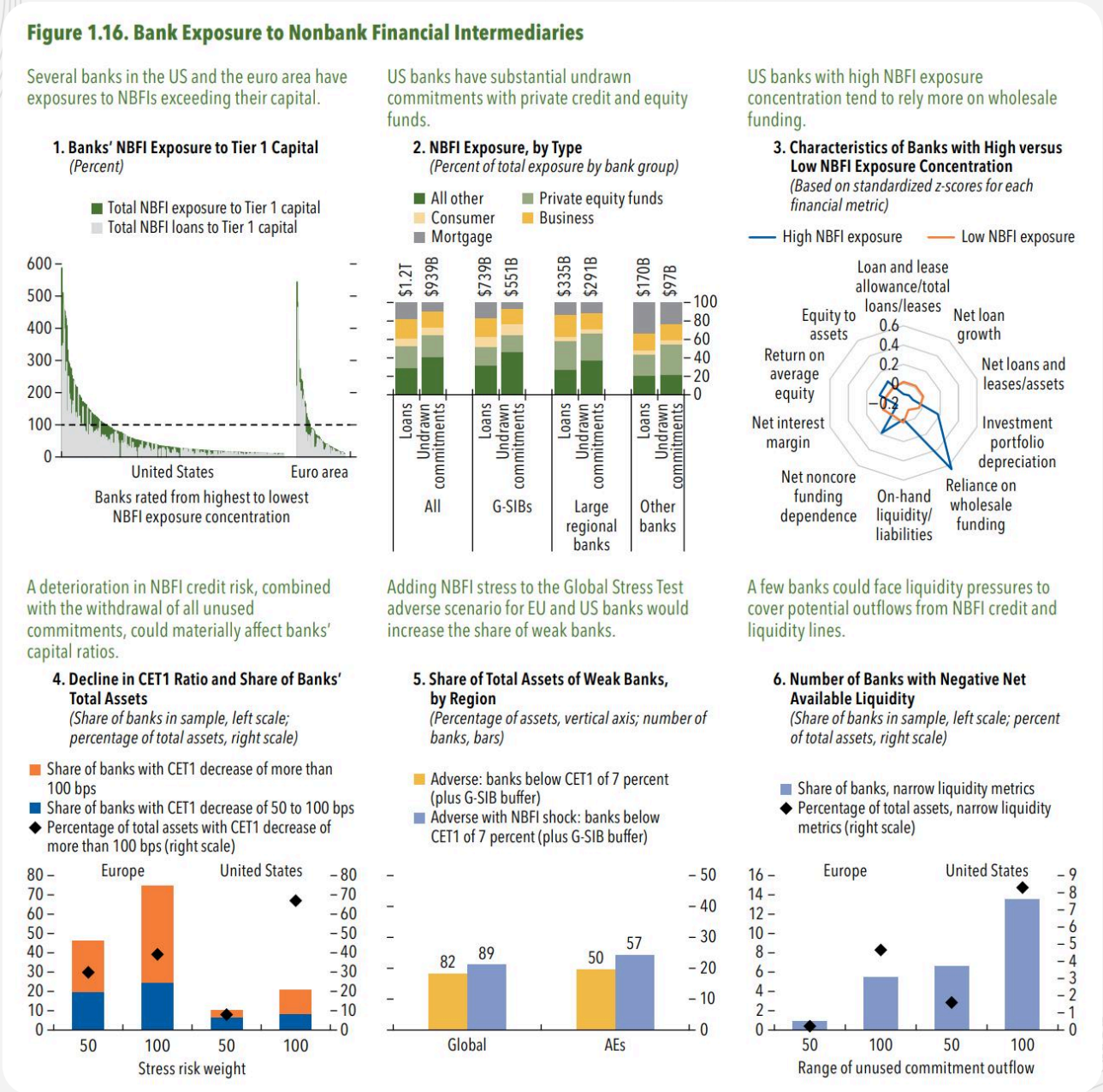
Rubiks

Synthetic Shadow Banking: How Non-Bank Leverage Flows Through DeFi Rails

Up to this point, we've only focused on who is holding crypto, how much is deposited in spot ETFs, DATCs, sovereign treasuries, tokenized funds, and private credit pools. The missing layer, in my opinion, is who upstream of many DeFi yields are and what they pay for when those yields appear on-chain.

A growing part of the answer lies in non-bank financial intermediaries and the way they use leverage.

Non-banks At The Core Of Global Risk [source]



Rubiks

Since the global financial crisis, assets managed by non-bank financial intermediaries, including hedge funds, private credit funds, money market funds, and other market-based vehicles, have expanded rapidly. The IMF and the FSB now estimate that these non-banks account for almost half of global financial assets, and that their footprint, leverage, and linkages to banks have all increased.

Research from the BIS and central banks shows that this part of the system relies on synthetic leverage rather than borrowing only through simple loans: Non-banks stack repo, derivatives, and structured products to amplify positions. When margins are low and liquidity is ample, this structure supports large books of risk, and when margins rise or liquidity evaporates, the same structure forces rapid deleveraging.

In other words, a large pool of non-bank balance sheets is constantly borrowing short, leveraging through derivatives, and seeking outlets to deploy capital, both traditionally and on-chain.

How Leverage Leaks Into DeFi Yields

This is where DeFi stops being a separate world and becomes the visible end of a longer chain.

Tokenized U.S. Treasuries have exceeded $7.3B in assets under management, and the tokenized RWA world is currently near $30B, led by treasuries, private credit, and Gold. These instruments are built on the same government bond, repo, and credit markets that non-banks already use. There are three leverage leaks into DeFi yields:

1. Derivatives Funding and Basis

Hedge funds and other non-banks that want levered BTC or ETH exposure will rather use futures or total-return structures than holding spot, and they pay a funding cost to do this. On CME and major venues, this cost shows up as positive basis and funding rates, especially when ETF inflows, speculative flows, and dealer positioning drive demand for leverage. Basis and funding strategies running on-chain, or through tokenized fund wrappers, collect this spread

2. Tokenized Fixed Income and Credit

Tokenized treasury funds and money-market-style products hold traditional assets, but can be financed or hedged using the same repo and derivatives chains that non-banks already rely on. The yield that appears on-chain reflects not only the underlying coupon, but also how these structures are used by levered players seeking collateral or carry

3. On-chain Private Credit

Tokenized private credit caters to the same global hunt for yield that has driven the expansion of private credit funds off-chain. Non-banks can use these pools as another way to originate, distribute, or tranche risk. The spreads that investors see in these pools are part compensation for default risk and part compensation for taking the other side of levered structures behind the scenes

DeFi As The Last Mile Of A Longer Funding Chain

Seen this way, DeFi is less a parallel universe and more the last mile of an existing shadow-banking chain. There are three cases

- A tokenized treasury fund on Ethereum is still anchored in the traditional government bond and repo market. It depends on dealers, custodians, and fund managers that also serve banks and non-banks
- An on-chain private credit vault is another interface into private debt markets, already dominated by non-banks and their bank relationships
- A basis or structured-yield vault on the other side of funding trades is, in effect, plugged into the same derivatives ecosystem supporting ETF hedging, macro trades, and relative-value strategies

In each case, DeFi does not create on-set risk. What it does is receive and repackage risk that originates in bank and non-bank balance sheets, then expose it in a transparent, programmable way.

From “High APY” To Shadow-Banking Coupons

Global regulators are explicit that the mix of leverage, opacity, and regulatory gaps matters for financial stability. The IMF, FSB, and other bodies have warned that rapid growth in non-bank finance, combined with uneven crypto rules and data gaps, can magnify shocks when markets turn. For institutional readers, the practical takeaway is to think of some DeFi yields as shadow-banking coupons:

- In low-risk RWA tokens, the coupon is the traditional yield on government or high-grade credit, with a small wrapper premium
- On a higher-octane basis, structured and private credit products, the coupon increasingly reflects the cost of leverage non-banks are willing, or forced, to pay somewhere else in the chain.

This reframes the DeFi view, making it less about a headline APY and more about **who is on the other side of the trade, how they are financing themselves, and how funding cost migrates across balance sheets into on-chain.**

RWA.io

The numbers in this report tell a clear story of maturity: **on-chain RWAs hitting $35B and private credit active loans reaching $18.6B** signals that institutions have moved from exploration to execution. However, as capital flows accelerate, we are hitting a new bottleneck - **fragmentation**.

> *Right now, liquidity is siloed across disparate L1s, L2s, and isolated protocols. For an institutional allocator, managing positions across ten different chains with fragmented data standards is an operational non-starter*

The next phase of the RWA market won't just be about tokenizing more assets - it will be about orchestration. We need infrastructure that connects these isolated pools of liquidity and data into a unified environment. To compete with TradFi efficiency, on-chain finance must provide a single, consistent view of risk, performance, and lifecycle management, regardless of the underlying blockchain. The winners of this cycle will be those who can bridge these silos and provide clear, aggregated paths to liquidity.

SECTION 1 SUMMARY

In summary, **institutional capital flows into DeFi in 2025 are characterized by rapid growth in tokenized RWAs and stablecoins**, and the early participation of diverse allocator types, from crypto-native funds to the fringes of traditional credit and banks

However, **participation often comes via structures that mirror TradFi norms** (regulated funds, permissioned platforms) as institutions balance opportunity

Country-level adoption remains limited but the momentum in regulatory clarity and pilot programs suggests that DeFi's institutionalization will continue in the coming years, potentially accelerating if macro conditions (e.g. high interest rates, demand for dollar liquidity) persist

Permute

TradFi moving on-chain is a natural progression, it's real product-market fit in the true sense. Add privacy-preserving execution, and you get a less centralized, less exposed market structure, the early shape of a universal exchange layer connecting TradFi and DeFi

D A R C
by solus group

Section 2: Yield Levels By Asset Class

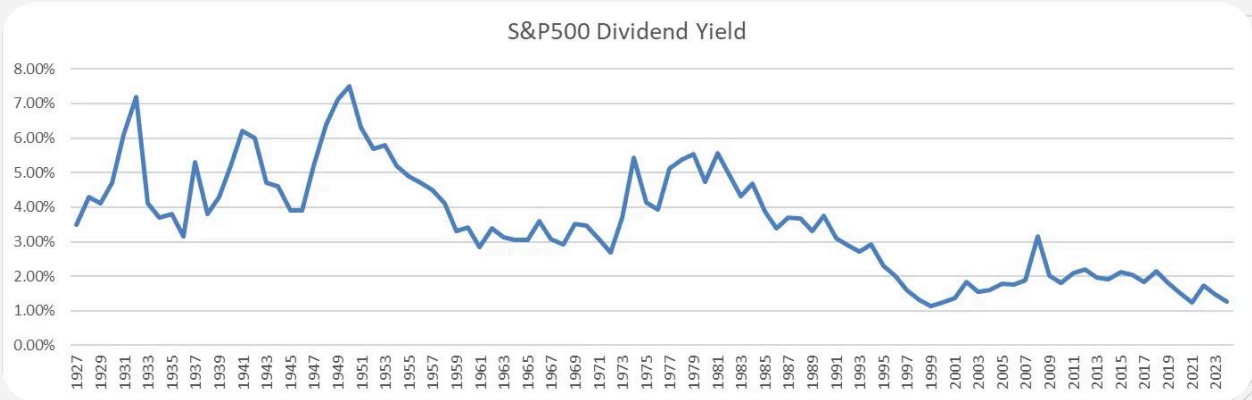
TRADFI YIELD

After a decade of ultra-low interest rates, traditional finance yields have risen by late 2025 – altering the baseline for all investors. Key yield benchmarks include:

- **Government Bonds.** The U.S. 10-year Treasury yields around **4.1%** (up from ~1.5% in 2021), 5-year T-bill **~3.6%** and the 3-month T-bill **~3.5%**. High-quality sovereign yields in Europe and Asia are lower (e.g. German 10Y **~2.5%**), but global investors can access U.S. yields easily

- **Corporate credit.** Investment-grade corporate bond yields range **~5–6%**, while high-yield ("junk") bonds yield about **7–8%** on average (ICE BofA index) – levels that compensate meaningfully above inflation

- **The S&P 500 dividend yield** is only **~1.5–2.0%** (still quite low by historical standards, reflecting rich valuations), so income from equities mainly comes via share buybacks (**reach 3.3%**) and earnings growth rather than dividends. However, the total return on equities (dividends + price) has been strong in 2023–25, with the S&P 500 returning double-digits annually



TRADFI YIELD

- **Real estate and alternatives.** Yields on core real estate (cap rates) are in the **4–5%** range in many markets. **Infrastructure debt or specialized funds might yield mid-single digits**. These are relevant for pensions and endowments seeking stable income

- **Money market funds and bank deposits.** Prime **MMFs yield ~5%** (tracking Fed policy rates). Banks have been slower to pass on rates – many large-bank deposits still yield **<2%**, leading to significant migration of cash to higher-yield vehicles

Institutional Funds (33 total)

Asset/Year	1928-2024	1975-2024	2015-2024
S&P 500 (includes dividends)	8.55%	9.54%	10.85%
US Small cap	14.11%	11.61%	3.63%
3-month T. Bill	0.34%	0.59%	-1.16%
10-year T.Bonds	1.80%	2.84%	-2.23%
Baa Corp Bonds	3.85%	5.16%	0.90%
Real Estate	1.28%	1.68%	3.85%
Gold	3.48%	3.60%	$4,764

TRADFI YIELD (LAST 5 YEARS)

S&P 500
15.88%
Std Dev: **17.31%**
Sharpe: **0.92**
Range: **-18.0% to 28.5%**

Gold
12.04%
Std Dev: **12.03%**
Sharpe: **1.00**
Range: **-3.8% to 26.0%**

SMALL CAP
9.37%
Std Dev: **19.42%**
Sharpe: **0.48**
Range: **-23.4% to 34.7%**

Real Estate
8.97%
Std Dev: **5.37%**
Sharpe: **1.67**
Range: **4.2% to 18.9%**

3-Month T-Bill
2.49%
Std Dev: **2.17%**
Sharpe: **1.15**
Range: **0.1% to 5.1%**

Corp Bonds
1.37%
Std Dev: **9.08%**
Sharpe: **0.15**
Range: **-15.1% to 10.6%**

10-Year T-Bond
-1.74%
Std Dev: **9.68%**
Sharpe: **-0.18**
Range: **-17.8% to 11.3%**

Asset Correlation Matrix

	S&P 500	Small Cap	10-Year T-Bond	3-Month T-Bill	Corporate Bonds	Real Estate	Gold
S&P 500	1.00	0.76	0.71	0.16	0.83	0.35	0.34
Small Cap	0.76	1.00	0.85	-0.39	0.84	0.55	0.41
10-Year T-Bond	0.71	0.85	1.00	0.01	0.98	0.10	0.68
3-Month T-Bill	0.16	-0.39	0.01	1.00	0.09	-0.79	0.43
Corporate Bonds	0.83	0.84	0.98	0.09	1.00	0.16	0.59
Real Estate	0.35	0.55	0.10	-0.79	0.16	1.00	-0.53
Gold	0.34	0.41	0.68	0.43	0.59	-0.53	1.00

ETFs

Rank	Symbol	Name	5-Year Return	AUM ($M)	3-Mo Avg Volume	Sector
1	**URA**	Global X Uranium ETF	+42.82%	$5,478M	5,129,331	Uranium
2	**GBTC**	Grayscale Bitcoin Trust ETF	+41.54%	$19,779M	3,093,627	Digital Assets
3	**URNM**	Sprott Uranium Miners ETF	+39.75%	$1,850M	767,879	Uranium
4	**ETHE**	Grayscale Ethereum Trust ETF	+36.95%	$4,293M	6,666,262	Digital Assets
5	**SMH**	VanEck Semiconductor ETF	+33.16%	$36,081M	7,983,687	Semiconductors
6	**XME**	SPDR S&P Metals & Mining ETF	+32.88%	$3,145M	2,365,177	Metals
7	**FCG**	First Trust Natural Gas ETF	+32.27%	$347M	463,805	Energy
8	**VDE**	Vanguard Energy ETF	+30.52%	$7,076M	420,655	Energy
9	**NLR**	VanEck Uranium and Nuclear ETF	+29.82%	$3,878M	665,938	Nuclear

TRADFI METRICS

Equities Dominated

S&P 500 delivered a 105.8% total return over 5 years, compared with 48% for small-cap equities. Performance was concentrated in large-cap growth stocks (e.g. Tech)

2022 Correction

Stocks and bonds declined together in 2022 (S&P 500 -18.04%), breaking the usual diversification of a 60/40 portfolio

Commodity Rally

Broad commodity indices gained 21% over the most recent 3-month period, driven mainly by energy and metals. Uranium-focused ETFs recorded 40%+ 5-year returns alongside rising interest in nuclear energy

Bond Headwinds

The 10-year U.S. Treasury delivered about -0.4% total return over 5 years as rising rates reduced bond prices. Current yields around 4.0–4.8% are materially higher than for most of the previous decade

Tech Dominance

The semiconductor ETF SMH was among the top 5 performers, with a 5-year total return of 33.16% and assets of about $36B

Dividend Yields

Average broad-equity dividend yields are around 1.5–2%. Preferred stocks yield about 6.5%, and high-yield corporate bonds are in the 8–9% range, offering higher cash distributions than broad equity indices

DEFI YIELD

By 2025, DeFi yields have normalized and stratified across a spectrum of strategies, but they remain competitive – often exceeding TradFi yields for comparable risk profiles. Key categories include:

- **Stablecoin Lending Yields.** On major platforms like Aave, Compound, and Curve pools, lending out stablecoins (USD-pegged) yields on the order of **4–6%** APY in late 2025. Some newer protocols boost stablecoin yields via incentivized programs, pushing yields higher (**8–10%**), though such incentives are not permanent

Symbol	MC	Yield/30d YPY	Yield source	Primary chain share	Reserve composition
USDC (Circle)	$66.6b	**4.1%**	Coinbase	ETH ~64%	46.7% T-bills; 43.2% reverse repo; 10% cash & bank deposits
PYUSD (Paxos)	$1.21b	**3.7%**	PayPal & Venmo	ETH 68.5%; SOL 23.3%	97% T-bills; 3% cash
sUSDe (Ethena)	$5.58b	**7.2%**	85% perp-funding; 15% staked ETH	ETH 96%	42% stablecoins; 22% spot BTC/ETH; 6% staked ETH; 29% perp futures; 1% excess reserves
sUSDS (Sky)	$1.82b	**4.5%**	90% T-bill coupons; 10% stability fee	ETH 90%	85% crypto collateral; 15% tokenized treasuries
sDAI (Maker)	$449m	**2.0%**	100% DSR	ETH 84%; Polygon 9%	85% crypto collateral; 15% tokenized treasuries
sUSDf (Falcon)	$319.6m	**11.4%**	Market-neutral strategies; basis-rate arbitrage; altcoin staking	ETH 100%	54.1% BTC; 39.1% custodial wallets; 4.4% stablecoins; 2.4% alts
BUIDL	$2.4b	**4.5%**	T-bill coupons	ETH 90%	100% T-bills
BENJI	$765m	**4.13%**	T-bill coupons	XLM 57%; ETH 13%	99.5% T-bills; 0.5% cash
USDY	$685m	**4.29%**	T-bill / bank-deposit yield	ETH 64%; SOL 26%	80% T-bills; 20% bank deposits

> ***Galaxy Digital's*** *research shows that tokenized money-market tokens pass through 3-5% T-bill yields to holders - so DeFi has replicated the low-risk yield product on-chain. Net of fees, DeFi stablecoin vaults still beat traditional bank deposit rates significantly (by hundreds of basis points), although they are in line with money market funds [source]*

DEFI YIELD

Staking and native yields. Many blockchain networks offer staking rewards for securing the network. Ethereum's staking yield is around **2–5%** in ETH terms. Liquid staking derivatives (LSDs) like staked ETH (stETH) allow investors to earn this yield while retaining liquidity. [source]

Asset	MC	APR	Staked Ratio	$ Staked	Token Inflation	Real Yield %
ATOM	$2b	**18%**	59%	$1.18b	10%	**8%**
DOT	$5.8b	**11%**	56%	$3.25b	7.78%	**3.22%**
XTZ	$840m	**10%**	68%	$571m	5.5%	**4.5%**
AVAX	$9.7b	**7%**	58%	$5.6b	3.9%	**3.1%**
APT	$2.9b	**7%**	78%	$2.6b	7%	**0%**
SOL	$93b	**7%**	67%	$62.3b	4.68	**2.32%**
TRX	$32b	**5%**	47%	$15b	1.6%	**3.4%**
ETH	$466b	**3%**	28%	$130b	0.75%	**2.75%**
ADA	$27b	**3%**	62%	$130b	2%	**2.75%**
SUI	$13b	**3%**	77%	$10b	0%	**3%**
HBAR	$10.8b	**0.2%**	44%	$4.8b	0%	**0.2%**

*Compared to TradFi, a **5% yield on a volatile asset like ETH may not entice a conservative investor when risk-free USD is 4%**; however, for those already holding ETH or wanting exposure, the staking yield is a pure bonus (and it exceeds the S&P's dividend yield). Other layer-1 protocols offer higher staking APYs (often 8-15%) but typically that reflects higher inflation rates of the token*

DEFI YIELD

- **DeFi Lending/Borrowing.** Beyond stablecoins, DeFi lending markets for assets like ETH, wBTC, etc., generate yields that depend on demand to borrow those assets. For instance, lending out ETH might yield **1–3%** APY, and lending wrapped Bitcoin (WBTC) similarly **0.1-2%**, because these assets are often in surplus on platforms

Protocol	MC	Asset	Asset type	Lend APY	Borrow APY %
Aave v3	Ethereum (core)	USDC	Stablecoin	**4.43%**	n/a
Aave v3	Ethereum (core)	USDT	Stablecoin	**4.29%**	**5.58%**
Aave v3	Ethereum (core)	WETH	ETH	**1.30%**	**2.08%**
Aave v3	Aave UI – v3 market	WBTC	BTC	**0.02%**	**0.19%**
Compound Blue	Polygon (Earn UI)	USDC	Stablecoin	**15.55%**	n/a
Compound Blue	Polygon (Earn UI)	USDT	Stablecoin	**8.95%**	n/a
Compound Blue	Polygon (Earn UI)	WETH	ETH	**2.47%**	n/a
Morpho V1	Ethereum	mcWETH	ETH	**2.36%**	n/a
Morpho – Vaults	Ethereum	USDC	Stablecoin	**10.58%**	n/a

- **On-chain credit protocols** that make unsecured or secured loans (Maple, TrueFi, Goldfinch) opened a new frontier: they offer higher yields (often **8–12%** range) by lending to market makers or real-world businesses (APR table provided in the Section 1)

DEFI YIELD

- **Liquidity provision (AMM yields.)** Providing liquidity to decentralized exchanges (AMMs like Uniswap) can generate yield from trading fees and incentives. These **yields vary from a few percent to 20%+ on volatile or incentivized pools**. These are not risk-free yields: LPs face impermanent loss (effectively market risk if asset prices move)

AMM / protocol	Main chains	TVL (approx)	Pools tracked	Avg LP APY
Uniswap V3	Ethereum + L2s	$2.22B	1298	**≈49.4%** (across all tracked pools)
Curve DEX	Mostly Ethereum + EVM L2s	$2.04B	624	**≈5.3%**
PancakeSwap (v2)	BNB Chain	$2.0B	64	**≈7.1%**
SushiSwap (V3)	Multi-chain	$143M	173	**≈7.2%**
Raydium AMM	Solana	$1.56B	2000	**≈102%** (heavily skewed by high-incentive pools)

- **Yield stacking and leverage**. One hallmark of DeFi is composability, enabling "yield stacking." For instance, an institution could deposit USDC in Aave to earn base interest, use the deposit token as collateral to borrow ETH, stake that ETH for staking yield – layering yields (albeit with increased risk from leverage)

DEFI YIELD

- **Structured DeFi products.** Available structured yield products mostly **mirror TradFi structures like options strategies and fixed-income derivatives**. Protocols like Ribbon and StakeDAO offer covered call vaults on ETH or BTC that yield a premium (often **10-14%** APY) by selling call options. These structured products can produce double-digit yields if certain market conditions hold (e.g. range-bound volatility)

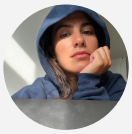
Protocol	Strategy	Underlying asset	TVL (approx)	Lend APY
Syntetika	Market-neutral BTC-denominated yield	BTC	$391m AUM	**18-24%** actual APY
BounceBit CeDeFi Yield	CeDeFi basis + U.S. Treasuries	USD[2]	$420m	**19%** projected average APY
Solstice USX	Basis / delta-neutral vault	USX	$300m	**11–15%** (docs ~11.5% avg; press cites ~15.4% APY)
Superstate USCC	Basis trading on Treasuries + futures	USCC	$490m	**8–12%**(DefiLlama avg 11.8%; recent 30-day ~8.35% APY)
Pendle	Yield-tokenization / fixed-income style	sUSDe	$118m	**11.2%** APY (30-day avg)
Falcon Finance	CeDeFi basis / fixed-income style	USDf	$200m	**9.3%** APY (30-day avg)
Resolv	Basis trading	USR	$310m	**8.1%** average APY across pools

CHANGING EXPECTATIONS AND MARKET GAPS

One clear shift between 2020 and 2025 is in **expectations around transparency, access and control**. In many traditional products, investors see the yield on the wrapper (a bond fund or structured note) but only receive delayed or partial information about the underlying positions. DeFi vaults and protocols, by design, usually expose real-time positions, flows and parameters on-chain, and often combine this with faster entry and exit.

Market gaps that still exist in 2025 include:

- **Regulatory clarity for yield-bearing digital assets**. In some jurisdictions (U.S. especially), it's still unclear how certain DeFi yields are treated legally. *Are yield vault tokens securities? Are lenders in DeFi platforms protected in any way?* This **uncertainty keeps more conservative money out**
- **Volatility and hedging**. The higher yields in DeFi often come with exposure to crypto market moves. The crypto derivatives market has grown (CME futures, on-exchange options), but hedging DeFi exposures isn't always straightforward As these tools develop (some startups offer DeFi insurance or structured hedges), institutional comfort will increase
- **Custody and insurance**. For many institutions, a 6-7% DeFi **yield might internally be discounted heavily for risk** – *if there's a 1% perceived chance of smart contract failure, that mathematically knocks down the expected return.* To meet expectations, the industry is moving toward SOC2-certified custodial platforms that can participate in DeFi and insurance pools that pay out on exploits
- **Operational simplicity.** Traditional allocators are used to plug-and-play products (buy an ETF and you're done). 2025 saw major improvements: institutions can access yields through aggregators and interfaces that abstract away Metamask and command-line frictions. *Sommelier and Morpho allow one-stop access to multiple yield sources with one interface, and protocols are offering institutional share class.*



Emma

We're selling defi wrong. for most tradfi allocators 'defi' is still a scary word. Something like 'tokenized private credit at 8-10% with a real track record' works much better. the transparency matters more than the apy: where the yield comes from, what can break and how it sits in their existing portfolio.

D A R C
by solus group

Section 3: Syntetika As A Solution Layer

SYNTETIKA

Syntetika directly **tackles the yield access gap – particularly the example of idle BTC on corporate balance sheets** (*MicroStrategy holds 150k+ BTC with zero yield*). A company like that could allocate some BTC into Syntetika's product to earn yield, without converting to USD or taking on altcoin exposure, and still maintain a BTC position

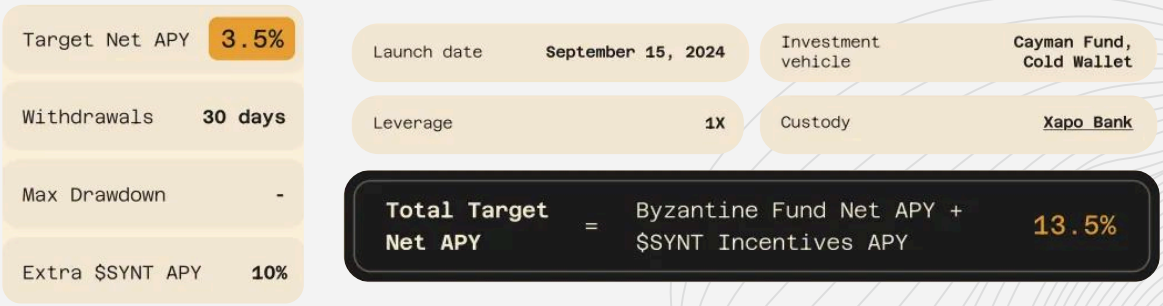
Syntetika is built in partnership with **Hilbert Group**, a regulated digital asset fund manager. Hilbert Group (listed on Nasdaq First North) provides the asset management expertise and already manages ~$1B+ in strategies

Compliance is reinforced through entities like **NordArk Bank** (a regulated virtual asset service provider for custody/clearing) and **Galactica** (a Layer-2 network with built-in privacy/compliance).

Strategies break down and traction

Byzantine BTC Credit Fund

An actively managed **Bitcoin lending strategy** aiming for **~3.5–5%** annual yield in BTC. Strategy deploys BTC to high-quality lending opportunities (e.g. providing secured loans to market makers, or yield farming with BTC collateral) to generate a relatively low-risk return [source]



SYNTETIKA

BTC Basis+ Strategy (NET)

A **market-neutral strategy captures futures basis and funding spreads**. Reported since-inception performance: **22.9%** annualized net, **5.5%** volatility, Sharpe **~4**, based on manager fact sheet. [source]

Annualised Net Return	**22.90%**	Max Drawdown*	**-0.36%**
6 Mo Rolling Return	**21.17%**	Annualised Risk	**5.55%**
3 Mo Rolling Return	**9.41%**	Sharpe Ratio	**4.12**
Year to date	**19.69%**	Skewness	**0.80**
% Months Positive	**95.00%**	Kurtosis	**-0.01**

Launch date	**1 Dec 2023**	Average Duration	**0.25-12 months**
Investment vehicle	**Cayman Fund**	Max Leverage	**1x**
Liquidity	**Monthly**	Currency Exposures	**BTC/USD**
Fees	**Syntetika 20****	Asset Classes	**BTC**
Auditor	**MGS**	Minimum Investment	**20 BTC**

> *In November 2025,* ***Hilbert Group reported that a long-term institutional investor with more than $25B in assets under management had allocated capital to the Basis+ Strategy*** *via the Hilbert Liberty Fund. In the same update, Hilbert reported 2025 year-to-date performance of about +30% USD net and +24% BTC net for Basis+, with roughly 7% annualized volatility and a Sharpe ratio >4. These figures refer to the fund implementation of the strategy and complement the data cited above.*

Net monthly performance

Net	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2025	4.28%	1.92%	3.08%	4.15%	1.54%	3.13%	0.18%						**19.46%**
2024	2.42%	1.53%	2.18%	-0.36%	1.03%	0.47%	0.22%	0.04%	0.05%	1.36%	0.71%	5.45%	**16.03%**
2023												1.53%	**1.53%**

SYNTETIKA

ETH Basis+

Now Syntetika extends to **ETH, SOL** and **Starknet** [source]

Annualised Net Return	**18.53%**	Max Drawdown*	**-0.81%**
6 Mo Rolling Return	**11.89%**	Annualised Risk	**5.00%**
3 Mo Rolling Return	**3.13%**	Sharpe Ratio	**3.71**
Year to date	**8.74%**	Skewness	**0.76**
% Months Positive	**78.95%**	Kurtosis	**0.70**

Launch date	**1 Dec 2023**	Average Duration	**0.25-12 months**
Investment vehicle	**Cayman Fund**	Max Leverage	**1x**
Liquidity	**Monthly**	Currency Exposures	**ETH/USD**
Fees	**Syntetika 20****	Asset Classes	**ETH**
Auditor	**MGS**	Minimum Investment	**300 ETH**

Net monthly performance

Net	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2025	4.28%	1.92%	3.08%	4.15%	1.54%	3.13%	0.18%						**19.46%**
2024	2.42%	1.53%	2.18%	-0.36%	1.03%	0.47%	0.22%	0.04%	0.05%	1.36%	0.71%	5.45%	**16.03%**
2023												1.53%	**1.53%**

In sum, Syntetika is a concrete example of solving the "last mile" problems for institutions in DeFi:

- It creates a product institutions want (yield on BTC) that didn't exist in TradFi
- It packages it in a form that meets compliance and risk standards (regulated manager, transparency, defined strategy, not a black-box.
- It ensures liquidity and composability, aligning with the expectations set by DeFi
- It addresses both sides of the equation: those with excess capital (wanting yield) and those needing capital (trading firms, etc., who provide the yield via payments), acting as the intermediary on-chain

D A R C
by solus group

Section 4: Final Yield Comparison

BY RISK LEVEL

Risk Level	TradFi APY	DeFi APY
Low-Risk (quasi risk-free)	**3.0–5.5%** short-term government bills, AAA sovereigns, top-tier money market funds	**3–6%** over-collateralized USD stablecoin lending; tokenized T-bill / money-market products
Medium Risk (quality credit)	**8–12%** *investment-grade and high-yield corporate bonds; core real estate with leverage*	**8–12%** *on-chain private credit to institutions; stablecoin LP/farming with incentives*
High Risk (equity-like or speculative)	**10-20%** *distressed or EM debt; equity total-return targets in higher-beta sectors*	**15-25%** *structured products, leveraged strategies, volatile-pair farming, algorithmic / basis vaults (**e.g. Syntetika's BTC Basis+ ~20%**)*

Low-risk yields in DeFi (roughly 3-5%) now closely match traditional safe yields, indicating yield parity in stable assets. As risk rises, DeFi still offers a premium (e.g. double-digit APY where TradFi high-yield is ~8%), reflecting compensation for novel risks and market inefficiencies. High-risk DeFi strategies can far outstrip TradFi yields, but come with corresponding volatility or complexity

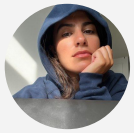
Electron

On-chain markets are finally aligning with institutional expectations: real yield, predictable cash-flow products, and ETF-driven liquidity are now setting the pace. What used to be a speculative ecosystem is turning into a structured financial layer that competes directly with TradFi

BY PRODUCT TYPE

Product Type	TradFi APY	DeFi APY
Cash Management (short-term liquid)	**0–5.1%** 0–2% bank deposits; ~4–5.1% prime money-market funds	**3–6%** stablecoin deposits on major lending protocols; tokenized T-bill / money-market tokens
Government/High-Grade Bonds (intermediate duration)	**3–5%** *10Y U.S. Treasury ~4.1%; IG corporates ~5%; EU/JP gov bonds ~1–3%*	**4–7%** *tokenized Treasuries passing through ~5%; staking on major PoS networks ~2–7% in native terms*
Corporate Credit (loans, HY bonds)	**6–8%** high-yield indices ~7–8%; leveraged loans ~8%; private credit ~8–10% gross, lower net after fees	**8–15%** *on-chain lending to market-makers / fintechs; credit vaults that may add liquidity-mining rewards*
Equities & Dividends	**1–3% + upside** *Developed market equities dividend yield ~1.7% (S&P 500) to 3% (FTSE 100); upside from earnings growth and price appreciation (historically ~6–8% annual)*	**2-5% + upside** *staking yields (e.g. staked ETH ~2.8–5% in native terms) plus token price movement; fee-sharing tokens (e.g. ~10% from protocol fees)*
Structured Products (options, derivatives)	**10-20%** *structured notes and covered-call funds in benign markets; principal-protected notes lower (~5%)*	**15-25%** *DeFi options vaults, basis trades, and variable-rate strategies*

By product type, DeFi has created parallels to almost every TradFi yield product. Money market and government bond yields are nearly one-to-one between TradFi and DeFi (since both ultimately draw from the same rate environment). In credit and structured products, DeFi often shows higher APYs – partly due to taking on more idiosyncratic risk and partly due to eliminating intermediaries



Emma

A lot of defi yield is already good enough for family offices and funds. what's missing is a translation layer between onchain complexity and offchain investment committees

BY ISSUER TYPE

Product Type	TradFi APY	DeFi APY
Government/ Treasury	**3-5%** Yield on 3-month U.S. Treasuries (backed by gov't faith) – a baseline risk-free rate	**4–7%** Staking yield on major L1 blockchain (e.g. ETH 5% inflation+fees, quasi "protocol risk-free") – provides base crypto yield
Bank (depository institution)	**0.5–2%** Interest on savings account or bank CD (banks often pay less than market rates, depending on competition)	**4-6%** *Interest on stablecoin in DeFi (effectively earning what banks earn on your deposit); can be seen as "disintermediated" bank yield to depositor. Some crypto-friendly banks also offer ~4–5% on stablecoin deposits*
Asset Manager Fund (mutual fund, ETF)	**4–13% net** *Yield from a managed bond fund or income-oriented fund after fees (gross ~5–7% minus fees ~0.5–1%). bond ETF yielding 8-13%*	**6–16% net** *Yield from a crypto yield aggregator vault after fees (gross ~8–10% minus protocol fees ~1–2%). Yearn vaults, for instance, net ~6.45% vs 4.59% in comparable TradFi funds. The higher net reflects higher gross yields and automation offsetting fee drag*
Hedge Fund / Active Manager	**10-20%** *10–20% (target) – Returns from an active credit or macro hedge fund in TradFi; highly variable, with significant fees (2% management, 20% performance). Top quartile funds might deliver >15%, but industry average is lower in recent years*	**15-25%** *Returns from a DeFi active strategy or structured vault (e.g. Syntetika's Basis strategy ~20% net with low volatility). Performance fees may apply but often lower overhead. On-chain discretionary funds achieved hedge-fund-like performance (~10% +) in 2025, proving competitiveness*

Banks vs DeFi shows how DeFi passes most of the interest to the end-user rather than keeping margin (5% vs near 0% at some banks). Traditional asset managers charge fees that DeFi automates away; DeFi vaults can therefore deliver a bit more yield to the end investor (albeit with smart contract risk). Hedge fund style returns are achievable on-chain, often with greater transparency and liquidity for investors

OUTLOOK

Growth Trajectory of DeFi Yields and AUM

Scenario A – Continued Growth

In this scenario, existing trends in on-chain finance broadly persist. On-chain asset management AUM reaches roughly $90–120B by late 2026, implying a 2–3× increase from current levels. The main drivers are:

- Tokenized RWA expansion
- Ongoing stablecoin adoption, consistent with projections (Morgan Stanley) that place potential supply in the $500–750B range over the next few years
- Growth of institutional DeFi funds that allocate to basis trades, staking, tokenized T-bills and on-chain credit

Scenario B – Accelerated Adoption

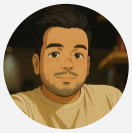
Institutional participation scales faster than in Scenario A and AUM moves above the $120B area by late 2026. Key enabling factors include:

- Major regulatory greenlights
- A decline in policy rates, which makes additional yield premia in on-chain strategies more relevant
- Wider integration of tokenized assets and stablecoins into existing TradFi infrastructure

Scenario C – Challenges and Risks

Of course, there are scenarios where progress stalls:

- Regulatory setbacks (e.g. restrictive treatment of stablecoins, tokenized funds or DeFi protocols in key markets)
- A large-scale security or insolvency event (e.g. a protocol failure or exploit with losses in the order of $10B or more)
- Persistently high TradFi yields or a recessionary environment in which investors prefer very simple, regulated instruments over newer structures



Vinny

The market is entering a phase where the fundamentals actually matter: credit, liquidity, and yield mechanics are driving more growth than hype cycles. It's the healthiest the ecosystem has looked in years

KALEDORA OSTIUM

TradFi and DeFi are merging, and the most predatory parts of TradFi will be the first to be consumed by DeFi.

One of the most promising opportunities today is the fusion of two markets and core growth drivers: the rising demand from crypto natives for access to traditional markets through perpetuals as a primitive, and the disruption of the offshore broker market where CFDs dominate retail derivatives. This model is being replaced by transparent, onchain infrastructure that puts control back in the hands of traders.

The CFD industry will be completely upended over the next five years. Onchain perpetual swaps will turn the CFD broker business model on its head and increasingly replace existing legacy structures with onchain alternatives.

REMAINING CHALLENGES

Despite optimism, several challenges remain for the transition:

Regulatory Arbitrage vs. Harmonization

There is a risk that inconsistent regulation leads to a fragmented market – some jurisdictions fully embrace on-chain finance while others restrict it. Institutions might then be constrained to only operate in certain pools or networks

Interoperability and Fragmentation

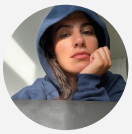
The proliferation of Layer-1s and Layer-2s means liquidity is spread out. An institution doesn't want to manage 10 different blockchain accounts. Solutions like cross-chain bridges and unified custody must mature so that institutions see the on-chain world as one integrated market rather than many silos

Data and analytics

Institutions rely on rich data (ratings, research, analytics) in TradFi. DeFi data is all on-chain but not in an easily digestible format. Companies like Nansen, Dune, etc., provide some analytics, but more institutional-grade tools (think Bloomberg terminal for DeFi) are needed

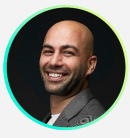
Human capital and understanding

A softer factor is simply education and talent. Many institutional investors are still learning how DeFi works. Conversely, not all DeFi builders understand the requirements of institutions



Emma

We don't have a yield problem, we have a messaging problem. the strategies are getting institutional, but the way we talk about them is still degen, which can be repulsive for traditional players.



Andrea Varriale

Institutions aren't avoiding DeFi because they dislike crypto — they're avoiding it because the data is too noisy for traditional risk models. AI is the missing interpretability layer. Once AI begins standardizing on-chain behavior into institution-ready insights, the TradFi-to-DeFi shift becomes inevitable.

CONCLUSIONS

Institutional Flows Accelerating

RWA reached **$35B** on-chain, up **118% YTD**; tokenized treasuries $7.4B

Clear signal of institutional confidence in on-chain finance

Convergence in Low-Risk Assets

Low-risk **DeFi (4-6%)** and **TradFi (3-5.5%)** yields nearly identical

Institutions can choose DeFi for superior liquidity and composability at same yield

Hedge Fund-like Returns in DeFi

Syntetika BTC Basis+ achieved **24% net**, with **7%** annualized **volatility** and a **Sharpe ratio >4**

Institutional-grade yield strategies now accessible on-chain

DeFi Premium Widens with Risk

High-risk strategies show **5-10%** premium (DeFi 15-25% vs TradFi 10-15%)

Attractive for sophisticated allocators willing to take on novel risks

Private Credit Boom

$18.6B active on-chain, $32.7B total originations, 9.8% avg APR

On-chain credit now represents largest non-sovereign cash-flow vertical

Disintermediation Premium

DeFi deposit yields **5%** vs TradFi bank deposits **<2%**

Eliminates intermediary margin, passes yield directly to depositors

Regulatory Frameworks

EU MiCA, US GENIUS Act, Singapore/ Hong Kong licensing frameworks

Regulatory clarity reducing institutional friction and risk premiums

Staking Diversity

Smaller L1s offer **10-18% APR** while major networks **3-7%**, though with higher volatility risks

Risk/reward opportunities for differentiated yield strategies

CONCLUSIONS

Metric	TradFi net APY range (Q3 2025)	DeFi net APY range (Q3 2025)	DeFi yield composition (organic vs incentives)
Low-Risk APY	**3.0–5.5%** *short-term gov bills, AAA sovereigns, top-tier money market funds*	**3–6%** over-collateralized USD stablecoin lending; tokenized T-bill / money-market products	**Mostly organic.** Yield comes from borrower interest and T-bill coupons; incentives play a minor role at the upper end of the band
Medium-Risk APY	**4–8%** *investment-grade and high-yield corporate bonds; core real estate with leverage*	**8–12%** *on-chain private credit to institutions; stablecoin LP/farming with incentives*	**Mixed.** Lower half of the range (≈8–10%) is largely organic credit spread; upper half often relies on liquidity-mining or bonus token rewards.
High-Risk APY	**10–16%** *distressed or EM debt; equity return targets in higher-beta sectors*	**15-25%** *DeFi structured products (options vaults, leverage strategies); yield farming; algorithmic trading vaults, etc.* ***(e.g. Syntetika's BTC Basis+)***	**Mixed, often incentive-heavy at the top.** Organic components include funding and options premia; the highest values usually require incentive-rich or concentrated strategies.
Cash Management (short-term, liquid)	**0–5.1%** *0–2% bank deposits; ~4–5.1% prime money-market funds*	**3-6%** stablecoin deposits on major lending protocols; tokenized T-bill / money-market tokens	**Primarily organic.** Returns track policy rates via T-bills and repo; occasional incentive programs can lift stablecoin lending toward the top of the range.
Government / High-Grade Bonds	**3–5%** *distressed or EM debt; equity return targets in higher-beta sectors*	**4-7%** *tokenized Treasuries passing through ~5%; staking on major PoS networks ~2–7% in native terms*	**Organic / protocol-native.** Tokenized bonds are coupon-driven; staking returns come from protocol issuance and transaction fees rather than marketing incentives.
Corporate Credit (loans, HY)	**6–8%** *high-yield indices ~7–8%; leveraged loans ~8%; private credit ~8–10% gross, lower net after fees*	**8-15%** *on-chain lending to market-makers / fintechs; credit vaults that may add liquidity-mining rewards*	**Mixed.** On-chain private credit (≈8–10%) is mainly organic credit spread; double-digit upper band often assumes token rewards or higher-risk borrowers.
Equities & Dividends	**1–3% + upside** *Developed market equities dividend yield ~1.7% (S&P 500) to 3% (FTSE 100); upside from earnings growth (6–8% annual)*	**2-5% + upside** *staking yields (e.g. staked ETH ~2.8–5% in native terms) plus token price movement; fee-sharing tokens (e.g. ~10% from protocol fees)*	**Mostly organic.** Yields are funded by protocol fees, block rewards or similar flows; token incentives are not the primary driver in the baseline examples.
Structured Products (options / derivatives)	**10–20%** *structured notes and covered-call funds in benign markets; principal-protected notes lower (~5%)*	**15-25%** *DeFi options vaults, basis trades, and variable-rate strategies* ***(e.g. Syntetika's BTC Basis+)***	**Primarily organic.** Yield comes from options premia, funding spreads and trading PnL; some products add governance-token incentives, which push realized APY toward the upper band.

AUTHORS

Nick Smohorzhevskyi

Chief Investment Officer (CIO) of Solus Group & Solus Partners

Maksym Kovalenko

Analyst & Research at Solus Group & Solus Partners

Obchakevich

KOL. Research

Rubiks

KOL. Research

Crypto Miners

KOL

Macky DΞFi

KOL

BallerDeGreat

KOL

Zenbirb

KOL

The Learning Pill

KOL

ZORD CRYPT

KOL

Want to collaborate?

Contact us

AUTHORS

Andrea Varriale

CEO AIxBlock

Emma

Marketing for @TokenizedEnergy, @nodeshiftai, @CUDOS_, @GeniusyieldO, @OfficialGeniusx

kaledora

OstiumLabs

Vinny

Lead, Growth & Marketing

Barath Kanna

Cyborg Network

SOLUS PARTNERS

SOLUS AGENCY

STARKNET

STARKWARE

RWA.io

SYNTHETIKA

BOB

CHAINSECURITY

HOUDINI SWAP

AIxBlock

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Electron

Cyborg Network

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