# What Is the Double Pedigree Investment Strategy? A New Approach to Tokenized RWA Investing

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The financial world is experiencing a paradigm shift with the rise of Real-World Asset (RWA) tokenization—a transformative development bridging traditional finance and blockchain technology. Investors are increasingly seeking strategies that merge the stability of traditional assets with the innovation and efficiency of blockchain-based tokenized assets.

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One such strategy is the *Double Pedigree Investment Method*, a novel approach designed to evaluate and optimize investments by comparing traditional assets and their tokenized counterparts. This method––proposed by Foretoken's founder, Jason Rowlett––provides a comprehensive, data-driven way to assess market opportunities by analyzing key factors such as liquidity, volatility, market cap, and supply mechanics.

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Let’s break down how this investment strategy works, its components, and why it presents a new model for risk-adjusted returns in the age of tokenized assets.

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## **What Is the Double Pedigree Investment Strategy?**

The Double Pedigree method leverages historical data and real-time market conditions to analyze both traditional and tokenized versions of an asset. The goal is to identify correlations, arbitrage opportunities, and risk-adjusted investment decisions by comparing how these assets behave in different market conditions.

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For example, an investor using the Double Pedigree strategy might analyze:

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* Gold (XAU) vs. Tokenized Gold (XAUT, PAXG, DGX)
* U.S. Treasury Bonds vs. Tokenized Treasury Securities (Ondo Finance, Matrixdock, [Backed.fi](http://backed.fi/))
* Corporate Real Estate vs. Tokenized REITs or Property Tokens (RealT, RedSwan, Landshare)

By analyzing price movement, liquidity, trading volume, and supply constraints across both asset forms, investors can make informed decisions based on historical resilience and emerging market trends.

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## **Key Components of the Double Pedigree Strategy**

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### 1. Liquidity: The Lifeblood of Market Efficiency

Liquidity refers to how easily an asset can be bought or sold without significantly affecting its price. In the Double Pedigree method, investors compare:

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* Traditional Market Liquidity: Traditional assets like gold, government bonds, and real estate often have deep liquidity pools and established markets, ensuring stability.
* Tokenized Asset Liquidity: Tokenized versions may have lower liquidity initially but could outperform traditional assets in speed of execution and market accessibility.

📊 Investment Insight: If a tokenized asset has growing liquidity relative to its traditional counterpart, it may indicate increasing adoption and price stability.

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### 2. Volatility: Understanding Market Swings

Volatility measures how much an asset’s price fluctuates.

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* Traditional Assets: Gold and Treasuries, for example, are historically low-volatility assets, making them safe-haven investments.
* Tokenized Assets: The blockchain-based equivalents may experience higher short-term volatility due to factors like early adoption stages, low trading volume, and speculative movements.

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📊 Investment Insight: If the tokenized version consistently mirrors traditional asset price action but with amplified movements, this could signal trading opportunities based on market inefficiencies.

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### 3. Market Capitalization: Gauging Growth and Stability

Market cap measures the total value of an asset in circulation.

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* Traditional Market Cap: Traditional assets have deep, well-capitalized markets with trillions of dollars in value (e.g., gold’s market cap is $13 trillion).
* Tokenized Market Cap: Tokenized RWAs still represent a fraction of their traditional counterparts but are experiencing exponential growth.

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📊 Investment Insight: A rising tokenized asset market cap that tracks its traditional version may suggest increasing investor confidence and institutional adoption.

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### 4. Supply Dynamics: Fixed vs. Elastic Models

Understanding an asset’s supply model is crucial for price predictability.

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* Fixed Supply: Physical assets like gold have relatively fixed supply, while tokenized versions maintain 1:1 backing to their real-world counterpart.
* Elastic Supply: Some tokenized assets offer fractionalized ownership, meaning supply can be expanded more easily to match market demand.

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📊 Investment Insight: A tokenized asset with a fixed-supply model, combined with strong demand, could lead to scarcity-based price appreciation.

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## **The Benefits of the Double Pedigree Investment Strategy**

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### ✅ Better Risk Management Through Diversification

By tracking the performance of both traditional and tokenized assets, investors hedge risk against market fluctuations in either category. If one market experiences a downturn, the other may provide stability.

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### ✅ Enhanced Yield Opportunities

Tokenized RWAs often provide higher yields through staking, lending, and DeFi mechanisms, unlike their traditional counterparts. Investors can use the Double Pedigree method to capture yield advantages while maintaining exposure to traditional financial safety nets.

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### ✅ Identifying Market Inefficiencies & Arbitrage Opportunities

Since tokenized assets are still relatively new, price discrepancies between traditional and tokenized markets can occur. Savvy investors can capitalize on mispricings for profitable arbitrage trades.

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### ✅ Increased Accessibility & Fractional Ownership

Traditional assets often require high capital investment (e.g., real estate, gold bullion). Tokenization enables fractional ownership, allowing investors to gain exposure to high-value assets with smaller capital commitments.

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### ✅ Stronger Data-Driven Decision Making

The strategy provides a clear, data-backed approach to investment, reducing speculation and improving long-term wealth-building potential.

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## **Conclusion: The Future of Tokenized RWA Investing**

The Double Pedigree Investment Strategy represents a sophisticated way to analyze and invest in tokenized RWAs. By assessing liquidity, volatility, market cap, and supply across both traditional and tokenized assets, investors can make better risk-adjusted decisions while leveraging the best of both worlds.

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As blockchain adoption grows, this method will become increasingly valuable for institutional and retail investors alike. By embracing the Double Pedigree strategy, investors position themselves at the forefront of financial innovation—merging the best elements of traditional stability with blockchain-driven efficiency.