



## **An Introductory Guide to Actively Managed Certificates (AMC)**

**Actively Managed Certificates (AMCs) are revolutionizing the investment landscape. This introductory guide will dive into what AMCs are, their advantages, and how they compare to traditional investment vehicles.**

### **What is an AMC?**

AMC stands for Actively Managed Certificate. It is a structured product that provides a “wrapper” for an investment strategy, idea or specific underlying. The certificate is sold to investors and the funds are used to implement the strategy. The investors then participate in the performance of the portfolio.

In this sense, AMCs are similar to mutual funds. Unlike funds, however, they are not legal entities in themselves but simply instruments issued by a financial institution, asset manager or other similar entity.

Unlike many structured products, which are typically tied to fixed asset compositions, AMCs are dynamic. The strategy manager can change the composition of the AMC as needed or desired within the pre-defined investment universe to reach the investment goals. This allows for great flexibility, for instance in reacting quickly to changes in market conditions.

Thanks to these attributes, AMCs are excellent vehicles for asset managers to bring their specialized, customized strategies to market.

### **What are the advantages of AMCs for issuers?**

An AMC has several advantages over mutual funds and other structured products.

**Adaptable strategies:** Asset managers have the freedom to tweak and adapt the investment approach in real-time, depending on market conditions and investor needs.

**Broad asset range:** AMCs can incorporate a variety of asset classes, from traditional equities and bonds to alternative investments like commodities and digital assets.

**Flexibility in custodian and broker selection:** Asset managers can choose their preferred custodian or broker, offering another layer of customization.

**High-Frequency Trading:** AMCs can accommodate strategies that involve frequent trading, providing asset managers with even more flexibility.

**No Balance Sheet Limitations:** With options to create AMCs that are independent of banks, asset managers are not constrained by balance sheet limitations.

### **What are the advantages of AMCs for investors?**

**Ideal for professional (accredited) investors:** Due to their flexibility and customization options, AMCs are particularly suited for professional and institutional investors who require specialized investment solutions.

**Ease of access:** AMC's can be accessed simply via your bank/ broker using the portfolio's ISIN number. AMCs by ISP Securities can be accessed via 600+ settlement lines globally, including most major banks.

**Smaller investment thresholds:** AMCs often allow for lower minimum investment amounts, making them accessible to a wider range of investors.

**Transparency and oversight:** The use of a bankable ISIN allows investors to track performance, providing clear and timely insights into how the investment strategy is performing.

**No issuer risk from banks:** Platforms like ISP Securities allow for the creation of AMCs independent of banks, removing the issuer risk commonly associated with bank-guaranteed investment products.

### **What types of investors are suited to AMCs?**

AMCs are particularly beneficial for professional (accredited) and institutional investors, asset managers and family offices. These investors often seek customizable, flexible, and rapidly deployable investment solutions that can be tailored to specific risk profiles and objectives.

## What types of assets can be included in an AMC?

AMCs can offer exposure to a wide array of asset classes in any combination within a portfolio. These can include public assets like equities and fixed income products as well as private assets like private equity and debt. They can also include niche categories like digital assets, passion assets like fine art or wine, non-bankable assets real estate, and in theory any other underlying asset that has a value.

## How is performance tracked and reported?

The performance of an AMC is usually tracked through the prices of the underlying assets in the portfolio. This allows for timely monitoring and provides both the asset manager and the investor with transparent insights into how the AMC is performing.

## What are some real-world applications of AMCs?

AMCs have a broad range of applications, including traditional asset management strategies, alternative investments in commodities or real estate, high-frequency trading strategies as well as digital assets like cryptocurrencies. They can be tailored to meet the specific needs of various types of investors.

## What is the outlook for AMCs?

The future of AMCs looks promising. Investors have an increasing need for customizable, flexible investment solutions. As financial markets evolve, AMCs are likely to gain more popularity for their ability to adapt quickly to changing investment landscapes.

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### **Areus Asset Management**

1 Sussex Street Barangaroo NSW 2000

admin@areusasset.management

[www.aureusasset.management](http://www.aureusasset.management)

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