

Chartered Opus

WITH CREATIVITY TO THE PERFECT SOLUTION

Asset managers can differentiate themselves and strengthen their offering by implementing their own investment strategies. By Axel Mielke, Chartered Opus

Independent asset managers, but also family offices, are often in need when it comes to the precise implementation of their strategies or those of their clients.

I'll go. There are indeed an infinite number of financial products such as funds, certificates, ETFs and other offers of all kinds. Despite this, many products often do not fit exactly into what the client, but also the asset manager himself, imagines. This is why the need for individual solutions is growing, which in many cases is not met by the offerings of banks and large fund providers. There's a lot of money in the bank.

the trend towards mass products - the kos- martini hardly takes up any time and ties up less capital. On the other hand, it is often the small dimensions that make a special solution unattractive.

Regulation increases demand for new products

With the introduction of the EU Benchmark Regulation in 2018, the requirements placed on certificate issuers for "Acquired" certificates have increased.

tive Managed Certificates (AMC) and other index certificates, as regulated EU benchmark administrators are now required for index management. In addition, by regulating exposure to assets such as alternative investment funds, private debt and private equity investments compared to other investors, private investors are protected from the risk of a loss in their investment portfolio.

how banks and insurance companies are generally disadvantaged. And not to forget: The current requirements - elaborated -

The new MiFID II solution - in the investment intermediation business and cost burdens have led to a change in private banking from individual advice to portfolio management products. All this leads to an ever-increasing demand for investment products that are tailored to the needs of asset managers and their clients.

Asset managers cooperate with issuers - expansion of business model

One possible solution: products initiated by the asset manager himself. These have considerable advantages. On



the one hand, the asset manager expands his product range and
and can expand its customer base, since it is independent of the

Axel Mielke works for the emission and production platform Chartered Opus, one of the leading specialists for certificates and structured products in Europe. Chartered Opus has over one billion euros of assets under management and is one of the leading providers of certification solutions. The company has already issued more than 150 certificates for asset managers and family offices.

an asset management contract creates customer loyalty to the product. The asset manager thus becomes the initiator. Examples of such an individual solution are active baskets of equities and bonds. Or quantitative trading strategies are implemented which are hardly realisable in a similar form in UCITS funds. In addition, alternative asset classes such as private equity and private debt must also be developed for its clients. However, not all strategies would have to be developed in-house, as there is a large and very good range of alternative investment funds (AIF). However, it is difficult for asset managers to invest in these funds in addition to tracking them down. The asset manager needs a solution that is suitable for custody, the provision of which represents a challenge.

Strategy indices as a "small fund solution

Although public AIFs and UCIT funds would often be the best choice

The ideal solution for packaging the liquid strategy of an asset manager. However, high circulation costs and a long time-to-market require a significant use of resources. Chartered Opus has set up an issue structure that enables product initiators to securitize strategy indices for their customers. In addition to the securitization of our own strategy, operational advantages such as the optimization of trading costs and efficient order management can also be realized.

There are significant hurdles for asset managers to invest in early stage ventures

In addition, the "Chartered High-Tech" division was established. Behind this are certificates trading under the title "Chartered High Tech Bond". This series was started to give a name to the start-up products.

But which companies are exactly behind these bonds? They're start-ups like ZSquare or Bitfury. All of these names are still little known today, but have the potential to become world leaders in their field. ZSquare has developed an endoscope that is particularly thin (0.45 millimeters) and can therefore be used better than comparable products for minimally invasive surgical procedures, but also for visual inspection of cavities that are difficult to access. Bitfury is already the largest blockchain service company in the world. The examples could be continued at will. With all our certificates, investors benefit from the increase in the value of the certificates. The underlying assets are shares that are not listed.

Private debt also often remains an unrivalled source of returns

Investments in Private Debt, a market that has shown rapid growth in recent years, are often ignored for asset management purposes. For regulatory reasons, it is hardly possible for asset managers to invest in individual financings, promissory note loans or credit products compared to institutional investors. Here, too, the asset manager needs a partner to make the investment investable.

However, this also offers the asset manager an opportunity, in addition to his expertise on individual asset classes, to propose targeted investments that the client would not be able to implement without him. His network and access to partners

offers another differentiating feature and justifies its position.

Investor protection should also be at the forefront of flexible solutions

Finally, a word on investor protection: This is already quite effective today, but in order to minimise the economic risks for customers, Chartered Opus uses the legal framework of the "compartment solution" in Luxembourg. A compartment is a sub-fund separated from the other assets of a company. This is for that purpose,

to meet investors' claims and to protect them even in the event of the issuer's insolvency. The sub-fund is legally and economically independent.

In addition, it is protected against access by the certificate issuer itself or its creditors. This means that there is a double hedge, which on the one hand does not restrict the creativity and freedom of issuers and asset managers, while at the same time protecting investors against a possible insolvency of the issuer.

Further information: www.chartered-opus.com

The securitisation specialist

CHARTERED OPUS - A SPECIAL CONNECTION

From a pure passive tracker to a complex active management approach, everything is possible.

Khow to link patriarchal family structures with Fintech? In Düsseldorf, the Chartered Opus, a small securitisation specialist and part of the Chartered Group, which operates primarily in Asia, and Eyal Agmoni, an Israeli self-made banker. With the financial crisis, Agmoni has seen the opportunity to build a competent team in Europe. Now a ten-strong young team is sitting in a loft-like office building in Düsseldorf Unterbilk and, according to their boss Daniel Maier, is serving customers from the Kö.

When an asset manager calls, it's usually securitisations. Chartered Opus is a platform that helps private wealthy people, family offices, asset managers, but also investment banks, real estate companies or industrial companies - the recent market leader for pallet logistics was there - to securitise a debt.

For asset managers, the main issue is likely to be the of white label certificates will be interesting. The demand for such products is growing after the Lehmann dent as well. It is not only the shock of bankruptcy and its negative image effects that gradually fades. Digitalisation also makes the production of such products simpler and cheaper. While it takes at least three months from the idea to the realisation of a fund, in the case of certification it takes perhaps four weeks until an approved product can be invested.

Maier describes his typical VV client as an experienced manager who perhaps already has his own mixed fund in which the majority of his client's money is invested and in which the bank's strategy is implemented. In addition, there is perhaps a riskier long-short strategy for which, for example, 40 customers with a total volume of perhaps 5 million euros could warm up. With MiFID II at the latest, this small-scale business with individual custody accounts has become extremely administration-intensive.

Chartered Opus builds the index for the administrator, a must for any certificate. From a pure passive tracker to a complex active management approach, everything is conceivable. The asset manager supplies the index values and determines his fees. One looks for the best broker and the suitable



Opus.

The private placement certificate will be available in a few weeks. If the customer wants to have a product approved for public distribution, it takes - via Luxembourg - a little longer.

With Chartered Opus, similar to Universal Investment or Hansainvest in the funds sector, the asset manager has a single contact person who coordinates the service providers, overlooks day-to-day business and charges everyone an all-in fee. In the above case, Maier said, the issuer would incur 50-75 basis points per year in costs. About the same margin is added again as a one-time setup fee.

Business is good. Since 2013, the Düsseldorf-based company has raised 150 securitisations with a total volume of more than one billion euros. In the beginning, according to spokesman Axel Mielke, the name Chartered and thus the banking background in particular helped the securitizers. In the meantime a loan from one of the other companies Eyal Agmonis could be repaid prematurely. Business picked up again with MiFID II. The connection's working.