THREE HORIZONS CAPITAL · RESEARCH

A Note With a Manager Inside

An Actively Managed Certificate puts a portfolio manager inside a bank note. It follows the logic of our structured products paper (decide the shape, then the wrapper) and adds a third decision: who runs the money after you buy. We read a live term sheet line by line, set its fee against 62 emerging-market bond funds, and traced where the AMCs listed in Europe are issued from.

1.75% a year

The all-in fee on a live emerging-market bond AMC: higher than 54 of 62 actively managed UCITS funds in the same market, whose median is 1.39%

370 days

The notice an investor gives to redeem that AMC. The issuer can end it on one month's notice

About 4 in 5

AMC-named instruments on the EU and UK registers issued from Luxembourg or Ireland: 116 of 146

THE FINDING IN ONE LINE

An AMC buys speed and a bespoke mandate, and pays for them in credit, exit and fee: read those three lines of the term sheet before the strategy.

Three Horizons Capital, Portfolio Construction. Follows our paper "How to Choose a Structured Product". Issuer documents dated 27 Feb 2023; fund data 9 Nov 2026; EU and UK instrument registers 10 Oct 2026. Research, not investment advice.

01 An AMC is a bank note with a manager inside, so the credit decision from our last paper still comes first

Our structured products paper made one point above all: choose the shape you want, then the wrapper, because the wrapper is where the risk and the cost live. An Actively Managed Certificate (AMC) keeps the wrapper and changes what is inside it. Legally it is a certificate issued as debt by a bank or a special-purpose issuer. Inside sits a basket of assets that a licensed manager keeps trading for the life of the product, within written guidelines.

Three parties sit on every AMC, and each can be in a different country.

PARTY	ROLE
The issuer	Usually a bank or an issuance vehicle. It issues the certificate, takes the subscriptions, and its credit stands behind the investor's money
The manager	A licensed portfolio manager who runs the basket within the guidelines set at issue: the one party making investment decisions after day one
The investor	Holds a certificate whose value tracks the basket, less fees, and receives a regular value and, on some platforms, the holdings

Set beside the two wrappers our last paper compared, the AMC shares its credit structure with the note and its active management with the fund.

	AMC	BANK NOTE (STATIC)	UCITS FUND
What it is	Debt, with a managed basket inside	Debt, with a fixed payoff formula	A regulated fund that owns the assets
What stands behind your money	The issuer's credit	The issuer's credit	Fund assets, held by a depositary
Who decides the payoff	A licensed manager, within guidelines	The formula, fixed at issue	The fund manager, within the prospectus
How you exit	Through the issuer, on the term sheet's notice	The issuer's bid	Daily dealing
Fee	Administration plus advisory, stated a year (1.75% in our example)	Built into the price	Ongoing charge, stated a year (median 1.39% for active EM bond funds)
Time to launch	Weeks	Weeks	Months
Term	Usually open-ended	Fixed maturity	Open-ended

In Switzerland, where the wrapper took hold, an AMC is classified as a Tracker Certificate (code 1300) on the Swiss derivative map. It is a security, not a collective investment scheme, so it is supervised as a security. The classification was built for baskets fixed at issue; an AMC's basket changes whenever the manager trades. That is the design working as intended, and it is why the term sheet, not a fund prospectus, sets every limit on the manager.

02 Banks lend the balance sheet, platforms build the wrapper and managers bring the strategy: about 4 in 5 AMCs on EU and UK registers are issued from Luxembourg or Ireland

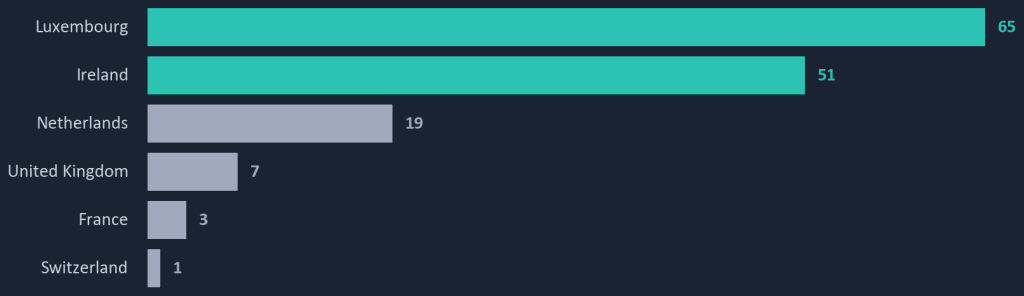
Two sales sit behind every AMC. The issuer sells shelf space: a balance sheet and an issuance platform that will wrap a licensed manager's strategy for an administration fee. The manager sells the strategy, usually an independent or boutique firm licensed to manage portfolios, for whom the AMC reaches investors in weeks rather than the months a fund takes to authorise.

Our view of the EU and UK instrument registers shows where those wrappers are booked. We screened both registers, as at 10 October 2026, for instruments whose registered name calls them an actively managed certificate. 146 instruments from 12 issuing entities came back.

EXHIBIT 1

About 4 in 5 AMCs on EU and UK registers are issued from Luxembourg or Ireland

Instruments named as actively managed certificates on the EU and UK instrument registers, by country of the issuing entity



146 instruments from 12 issuing entities: 5 bank and dealer issuance arms, 7 independent issuance vehicles.

Source: Three Horizons Capital analysis of the ESMA and FCA instrument reference registers, full file 10 Oct 2026. Name screen: products that call themselves AMCs.

- **Luxembourg and Ireland issue 116 of the 146.** The Netherlands follows with 19, then the UK with 7, France with 3 and Switzerland with 1.
- **Two kinds of issuer share the shelf.** Five bank and dealer issuance arms account for 94 instruments; seven independent issuance vehicles account for 52. The independent vehicles are the platforms that let a manager without a bank of its own launch a certificate.
- **The issuer's country is rarely the manager's or the investor's.** A certificate issued from Dublin can carry a Geneva manager's strategy for an investor booked in Zurich or Singapore. This is why the checklist in section 04 treats the issuer and the manager as two separate questions.

AMCs reach investors through three routes: private banks' own platforms, where the same desk often issues notes and AMCs; independent asset managers, who use a bank's or platform's issuance to package their own strategy; and family offices that book through their private bank's platform.

03 An AMC makes sense when you want an ongoing manager decision, fast, for a bespoke mandate; a fund fits better when you need assets held apart or a daily exit

The discipline from our last paper still applies, with one question added first: do you want an ongoing manager decision at all, or a fixed outcome? An AMC answers only the first.

YOUR SITUATION	DEFAULT ROUTE	WHY
A manager needs to bring a discretionary strategy to market in weeks	AMC	Launch speed and set-up cost are the commercial case; a fund licence and a management company are not needed
A private-bank client wants a bespoke, actively managed exposure below a fund's typical minimum	AMC	A certificate can be sized and tailored per client
The payoff you want is a fixed formula: a cap, a buffer, a coupon above a barrier	Bank note or listed fund (see our last paper)	The advisory fee pays for active decisions this payoff does not need
The mandate requires assets held apart under fund-level supervision	UCITS fund	An AMC is issuer debt; the fund's depositary structure meets this requirement
The investor needs to deal daily at a quoted price	Listed fund	AMCs are priced and redeemed through the issuer, on the notice the term sheet sets
The mandate requires a fixed maturity and a known payoff date	Bank note	AMCs are usually open-ended

> **THE TRADE STATED PLAINLY**
>
> An AMC is debt, not a fund, so a management company, a depositary and fund-level supervision need not be built before the first client subscribes. That is a real advantage in speed and cost. The investor, as with the note in our last paper, is a creditor of one issuer for as long as they hold it, and a strong strategy cannot strengthen the issuer's balance sheet.

04 Eight questions, run on a live term sheet

Asked in this order, the first two can settle the answer before the rest are read. Each question below is followed by what the term sheet of a live USD emerging-market bond AMC shows. It is issued by a Swiss private bank and advised by a FINMA-licensed manager in Geneva; we use the issuer's documents dated 27 February 2023, the latest published.

1 Who is the issuer, and what is its credit? An AMC is a direct obligation of its issuer. Check the legal entity and booking branch, the issuer's rating, and whether the certificate is collateralised: on SIX, collateral-secured structures are available for a fee.

In the example: the bank's Guernsey branch issues it, rated A1 by Moody's on the current document.

2 Who is the manager, and are they licensed? Name the adviser separately from the issuer. Check the licence, how long the firm has run money, and a real record: commentary, trades, drawdowns.

In the example: a Geneva firm on FINMA's list of licensed managers of collective assets, named as adviser on the term sheet.

3 What do the guidelines permit? Read them line by line: universe, concentration caps, credit floors, leverage, turnover, and who has the final say when a trade breaches a limit.

In the example: 15 to 300 holdings; no more than 7% in one holding (10% for structured products) or one issuer (up to 50% for the bank's own paper); no more than 40% in one country; average maturity of five years or less; leverage and short selling not permitted; up to 250 trades a year; at least 30% in BB- or better bonds plus cash. The limits were last changed in May 2019, so the guidelines are a living part of the document.

4 What is the total fee, and who gets what? AMCs usually charge an administration fee to the issuer and an advisory fee to the manager, accrued daily. Confirm the total, any performance fee, trading costs passed through, and any issue surcharge.

In the example: 1.75% a year, made up of 0.375% to the bank and 1.375% to the manager, accrued daily and paid quarterly. The total rose from 1.00% on 27 February 2023, by notice to holders: fees on an open-ended certificate can change after you buy.

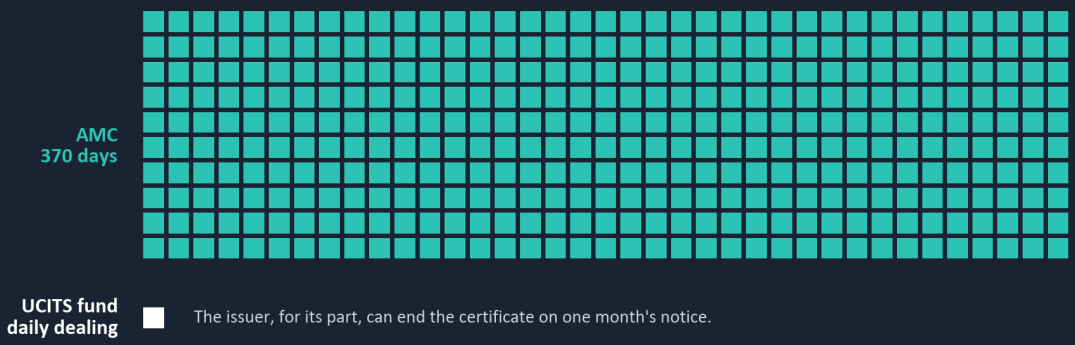
5 Which liquidity regime applies? Three exist: listed on an exchange, unlisted with the issuer making a market, and private placement. Check the redemption notice, the issuer's right to end the product, and how large trades are priced.

In the example: unlisted, with the bank as market maker and settlement through SIX SIS. Investors redeem on 370 days' written notice; the issuer can terminate on one month's notice. Above about USD 1 million, the issuer may pass on the price it achieves selling the bonds.

EXHIBIT 2

To leave the example AMC, an investor gives 370 days' notice

Each square is one day of notice. A UCITS fund deals daily.



Source: issuer Key Information document for the example AMC, 27 Feb 2023. Three Horizons Capital analysis.

6 How often are value and holdings published? Confirm how often the value is published and whether holdings are named by security or shown only in aggregate.

In the example: holdings are available from the issuer on request. Another AMC on the same bank's shelf, with a different adviser, published a monthly report naming all 32 of its bonds, which shows what full disclosure looks like.

7 What do the core terms say? Identifier, issue date, maturity, issue size and whether it can grow, governing law, and the product classification.

In the example: first issued in May 2014 at USD 50,000 a certificate, open-ended, up to USD 300 million and increasable, classified as a Tracker Certificate (code 1300).

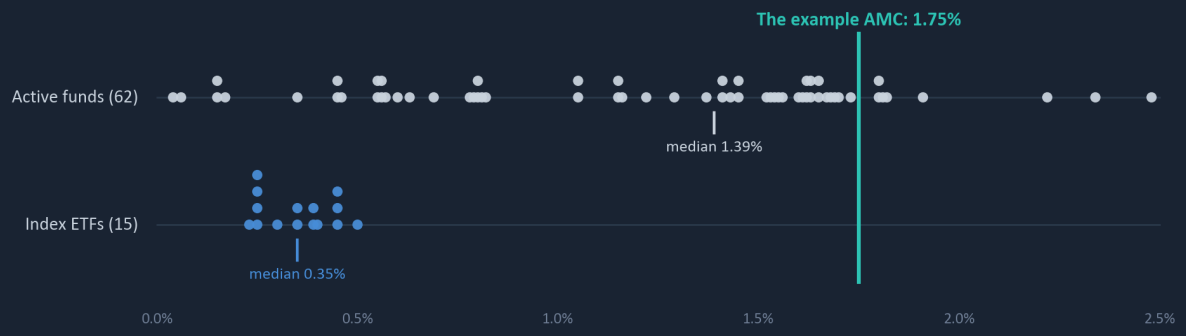
8 How does it compare with its peers? Compare with funds in the same strategy on cost and investor protection, with other AMCs on fee and guidelines, and with a benchmark if the manager names one.

In the example: at 1.75%, the AMC charges more than 54 of the 62 actively managed EM hard-currency bond UCITS funds we can price, whose median is 1.39%. Index ETFs in the same categories have a median of 0.35%.

EXHIBIT 3

The example AMC charges more than 54 of 62 active EM bond funds

Ongoing charge a year, emerging-market hard-currency bond UCITS funds (Luxembourg and Ireland), one dot per fund



Source: Three Horizons Capital analysis of fund data at 9 Nov 2026 (Morningstar categories Global Emerging Markets Bond and Corporate Bond); issuer fee notice, 27 Feb 2023.

READING THE EXAMPLE

This is a well-documented AMC: a licensed manager, tight and numeric guidelines, a fee split stated to the basis point, and a clear exit mechanism. What the investor pays for it is equally clear on the page: one bank's credit, a year's notice to leave, and a fee higher than 54 of 62 comparable funds. Whether a bespoke, actively managed sleeve is worth that is the investor's call. The term sheet gives them everything they need to make it.

05 If you have an AMC term sheet on your desk

Name the issuer separately from the manager, and price the issuer's credit as you would for any note: it is what stands behind the money. Read the guidelines for the limits that bind, not the objective on the cover. Confirm the fee split and the date it was last changed, how often holdings are published, and the redemption notice before assuming an ISIN means a daily exit.

IF YOU WOULD RATHER WE RAN IT

Send us the term sheet. We will work through the eight questions and come back with the issuer's credit priced as we price a note issuer's, the manager's licence and record, what the guidelines permit line by line, and the fee and exit set against the nearest funds and AMCs we can find. We can walk through it on a call in the coming weeks. Get in touch

06 What we measured

The worked example. The issuer's Key Information document and fee-change notice for a USD emerging-market bond AMC, both dated 27 February 2023, the latest published. The disclosure illustration in question 6 is a monthly report dated 10 September 2020 for a different AMC on the same bank's shelf. We do not name the products, the bank or the manager: the example illustrates the category and is not a view on them.

The fee comparison. Funds in the Morningstar categories Global Emerging Markets Bond and Global Emerging Markets Corporate Bond, domiciled in Luxembourg or Ireland, active at 9 November 2026, one row per fund. Actively managed open-end funds with a reported ongoing charge: 62, median 1.39% (exact median, computed twice). Index ETFs with a reported charge: 15, median 0.35%. AMC and fund fees are both stated a year; neither includes trading costs inside the portfolio.

GROUP	FUNDS	MEDIAN CHARGE	BELOW 1.75%
Actively managed open-end funds	62	1.39%	54
Index ETFs	15	0.35%	15

The register screen. The ESMA and FCA instrument reference registers, full files as at 10 October 2026, screened for instruments whose registered name says "actively managed" or "AMC", counted once per ISIN across both. We removed bonds of companies whose names contain AMC. The screen finds products that call themselves AMCs; it is a map of where those are issued, not a measure of the market's size.

ISSUING ENTITY'S COUNTRY	INSTRUMENTS
Luxembourg	65
Ireland	51
Netherlands	19
United Kingdom	7
France	3
Switzerland	1
Total	146

Source: Three Horizons Capital analysis; issuer documents; fund data at 9 Nov 2026; ESMA and FCA registers at 10 Oct 2026. Research, not investment advice. No product, issuer or manager referred to is recommended.

More research

- How to Choose a Structured Product: six payoff shapes, the wrappers they come in, and how to price the issuer's credit inside a note.