

CASE STUDY

Assenagon Shows Consistent Year-on-Year Growth



Fusion Invest has stood us in excellent stead during the downturn, and has even enabled us to grow during very difficult trading conditions.”

Vassilios Pappas
Co-founder, Assenagon

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FINANCE IS **OPEN**



At a Glance

Products

- Fusion Invest

Partner



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Vassilios Pappas

Co-founder, Assenagon

About Assenagon

Assenagon Asset Management S.A., based in Luxembourg and with offices in Munich and Zurich, manages over EUR 12 billion in client assets. The company employs approximately 60 people, managing funds in its own name as well as white label funds. The company focuses on generating returns with prescribed risk budgets for its investors. It also offers tailor-made services, which cover the whole asset management and risk management value chain—from evaluating risks, to analyzing risk/return profiles, identifying and seizing investment opportunities on regulated markets and managing collateral.

The Challenge

Assenagon is active in all asset classes, especially in equities, fixed income and credit. The strategies employed by Assenagon often use complex derivatives products to generate returns or to mitigate risks. Ensuring robust risk management across the business is essential to comply with regulatory requirements and to understand business exposure.

The Solution

The company's strategic solution partner DEVnet deployed Fusion Invest across the firm's front, middle and back office to cover equities, fixed income, credit, derivatives and swaps and to calculate exposures and risk parameters.

The Result

Due to the comprehensive cross-asset coverage and integrated approach of Fusion Invest, the company has securely delivered excellent performance during the downturn, and is one of Europe's fastest-growing asset managers.

assenagon.com



Our knowledge of the system meant we were confident that we had the tools at hand to manage accurate pricing, risk management and complex cross-asset portfolio management.”

Vassilios Pappas

Co-founder, Assenagon

The Challenge

The team at Assenagon manages trading and risk activities from its offices in Munich, while trade processing, middle- and back-office functions are performed from the Luxembourg office.

Among many other products and services, Assenagon runs two bond funds: Assenagon Credit Selection and Assenagon Credit SubDebt and CoCo, as well as a volatility strategy and several cross-asset funds.

The Assenagon Credit Selection fund invests in corporate bonds and credit derivatives. Strict risk management controls largely protect against existing interest rate and currency risks. Market price fluctuations are reduced by a derivative overlay (tail-risk hedging).

The Assenagon Credit SubDebt and CoCo fund generates continuous returns through credit risk premiums, interest rate and price gains by investing in an emerging new asset class—contingent convertibles (CoCos). CoCos are bonds issued mainly by banks which are subordinated to other debt instruments.

The complex and sophisticated nature of Assenagon's business requires a flexible and powerful buy-side platform that can grow with the company as business volumes and the number of asset classes traded increase over time.

Vassilios Pappas, Co-founder of Assenagon, explains: “There are actually very few choices when it comes to the level of risk management and sophistication that we are involved with.

“On the asset management side, Fusion Invest is the only solution known to us that contains the same tools that are used by investment banks on the sell-side. This capability is particularly useful for managing counterparty risk and for pricing.”

The Solution

Assenagon has purchased an integrated range of Fusion Invest modules to cover its equities, credit and exotic derivatives trading activities.

Robert Wendt, Head of Investment Solutions at Assenagon, comments: “When we began looking for a software platform, it became clear right from the start that we would be looking for one single platform to support all of our different trading styles, derivative types and traded products.

“Our founding partners were responsible for running an equity derivatives desk at an investment bank before they started Assenagon, and from that role they already knew the capabilities that Finastra solutions could offer in that space. As a result, Fusion Invest was the clear choice when it came to selecting the investment management solution for the new business.”

Assenagon needs trade upload and pricing across more than 50 exchange-traded funds (ETFs), which means that volume, accuracy and speed of data are all critical to business success. This requires the use of the flexible standard interfaces in Fusion Invest.

In addition, Assenagon uses FusionInvest's Software Development Kit (SDK) capabilities to extend the solution's standard interfaces to import specific market data via a fully automated process.

Rich Functionality in One Platform

Assenagon outsources the design, implementation and maintenance of all its technology to DEVnet, the asset manager's Germany-based strategic solutions partner.

Robert Wendt recalls, “To minimize our exposure to risk as the new venture began, we targeted an extremely short timeframe for the Fusion Invest implementation. We set up our first fund as soon as we founded the company, and we wanted to start trading from the software immediately.”

When implementing Fusion Invest, DEVnet's industry experience and expertise facilitated a smooth integration of the Finastra solution into Assenagon's existing architecture.

“With Fusion Invest, we can run all of our funds from one software platform,” explains Robert Wendt.

“We are trading in interest rates, equities and credits without having to use a second off-the-shelf platform either in the front or back office. Not only does this make it simple for us to launch new trading products, we also get the added safety, security and cost-efficiency benefits of straight-through processing.”

Assenagon Asset Management explains how Fusion Invest supports its continuing growth, since the formation of the company in 2007 just as the global recession started



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Robert Wendt

Head of Investment Solutions, Assenagon

Enabling Growth in Adversity

For Vassilios Pappas, the project with Fusion Invest has been successful for two main reasons.

The first is that the platform is able to support the varied and sophisticated activities undertaken by Assenagon, including cross-asset trading and the maintenance of multiple positions against the full range of ETFs. The second is that Fusion Invest helps Assenagon to fulfill regulatory compliance requirements and new legislation as it is introduced; for example, UCITS.

“The activities we undertake are far from being those normally associated with plain vanilla asset management companies,” says Vassilios Pappas. “A plain vanilla asset management solution would not have provided us with the platform we need to grow the different parts of our business, to manage a wide range of reporting requirements or to adopt different information exchange channels with our clients.

“Our knowledge of the system meant we were confident that we had the tools at hand to manage accurate pricing, risk management and complex cross-asset portfolio management.”

Robert Wendt adds: “We consider Fusion Invest to be our core trade-capture and position-keeping system.

“This ‘golden source’ of data allows us to reduce the cost of compliance by quickly generating new, accurate reports to support changing business requirements.”

Fusion Invest has helped Assenagon to thrive against the background of a major global recession.

“I think having a stable and adaptable IT platform like Fusion Invest really helped us capture the change in the market and come out as a stronger company,” says Robert Wendt.

“Even now, after the financial crisis seems to be mostly behind us, the effects of incoming regulatory changes are still reverberating throughout the industry. Having partners like Finastra and DEVnet is key to surviving a financial crisis like this. Because Fusion Invest is such a strong, flexible and agile solution, we can steer our business without any restrictions from our IT platform.”

Vassilios Pappas concludes, “Our adoption of Fusion Invest has stood us in excellent stead during the downturn, and has even enabled us to grow during very difficult trading conditions.”

About Finastra

Finastra unlocks the potential of people and businesses in finance, creating a platform for open innovation. Formed in 2017 by the combination of Misys and D+H, we provide the broadest portfolio of financial services software in the world today – spanning retail banking, transaction banking, lending, and treasury and capital markets. Our solutions enable customers to deploy mission critical technology on premises or in the cloud. Our scale and geographical reach means that we can serve customers effectively, regardless of their size or geographic location – from global financial institutions, to community banks and credit unions. Through our open, secure and reliable solutions, customers are empowered to accelerate growth, optimize cost, mitigate risk and continually evolve to meet the changing needs of their customers. 48 of the world's top 50 banks use Finastra technology. Please visit finastra.com

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