



Berenberg wins overlay mandate for EUR 1.6 billion

Hamburg. Berenberg's currency overlay team will actively manage the currency risks of the private markets portfolio of one of Germany's biggest pension funds. This mandate with a volume of EUR 1.6 billion underscores Berenberg's expertise in currency overlay management. In this segment, Germany's oldest privately owned bank manages a total of EUR 7.6 billion and is one of the world's biggest providers of active currency overlay management.

Matthias Grimm, Head of Investment & Risk Management Solutions at Berenberg, said: "Due to the lack of return on conventional liquid investments, institutional investors have substantially increased their foreign currency exposure, specifically by investing in illiquid markets such as private equity and private debt. Institutional investors are focusing more and more on currency management in 2019 as a result of the heightened uncertainty in the currency markets."

Currency overlay is used to protect investment portfolios against negative exchange rate effects. It can also be used to profit from positive developments. This is done by increasing the hedging rate in reaction to the depreciation of a foreign currency and decreasing it in reaction to the appreciation of a foreign currency. A systematic and transparent approach is applied for this purpose. Grimm said: "In the last few years, our approach to actively managing foreign currency risks has considerably reduced the high hedging costs in US dollars, which were sometimes more than three percent per year. In this environment, our strategy has proved itself and produced impressive results in the last few years."

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About Berenberg

Founded in 1590, Berenberg today is one of Europe's leading privately owned banks with its Wealth and Asset Management, Investment Bank and Corporate Banking divisions. Headquartered in Hamburg and led by managing partners, the bank maintains a strong presence in the financial centres of Frankfurt, London and New York.

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