

European Pensions AWARDS 2017



Currency Manager of the Year: Metzler Capital Markets

METZLER
Capital Markets

Currency plays an increasingly important and diverse role in pension portfolios today, both as part of a range of hedging strategies and in terms of obtaining returns.

This category highlights the currency manager who has displayed a capability and an expertise in this sector. Standing out from the crowd was this year's winner, Metzler Capital Markets.

Providing its services to pension funds throughout Europe and Asia, the private bank offers a currency overlay strategy that acts as an active hedging programme for single- and multi-currency exposures.

The firm makes active decisions to alter the hedge ratio systematically based on a proprietary quantitative trading system thus avoiding discretionary decisions.

Metzler Currency Overlay (MCO) represents an innovation in the industry. Choosing from a pool of 16 distinct currency models, the firm assigns an individual portfolio of five models to each overlay mandate.

Each client's setup is thoroughly recalibrated twice a year, allowing the overlay system to continuously improve by learning from a growing data set that includes the latest market developments. MCO is the first truly flexible currency overlay system currently available to European pension funds and it reduces the risk of a client being stuck with a static approach in times of rapidly changing market environments.

The current model setup for EUR/USD includes three technically driven

components that capture trend behaviour, a model based on interest rate differentials to capture the economic growth of the US relative to the euro area, as well as a market positioning model to detect changes in the sentiment of market participants.

The firm's outstanding track record is exemplary. Since 2014 MCO significantly outperformed passively-hedged benchmarks by returning 5.6% per annum for European clients.

From a pension fund perspective, it helps pension fund managers better understand the FX exposures inherent in their funds' assets and effectively isolates FX risks from the underlying investments.

To that end Metzler Currency Management unburdens pension fund managers from

having to monitor currency risks themselves and allows them to concentrate on their portfolios' asset allocation instead.

This proven MCO approach has also been incorporated into Metzler FX Protected Carry, an innovative product that enables investors to collect alternative risk premia from FX as an asset class, while providing an effective protection against extreme drawdowns.

The strategy enters into strategic long positions in high-yielding currencies and utilises the systematic MCO process to substantially stabilise returns.

According to the judges, Metzler Capital Markets showcased a strong client focus, including its code of ethics, resulting in quality whole-market work.

Congratulations to a standout firm.



The Currency Manager of the Year award went to Metzler Capital Markets. Receiving the award was Simon Wesch, (left) and Achim Walde, Metzler Capital Markets (second right). Presenting the award were Chris Connelly, Equiniti (right) and awards host Mark Watson (second left).



Award-winning performance you can trust since 1674

We are proud to have won the award “Currency Manager of the Year 2017”
from European Pensions.

An impressive testimony that our client-focused work in currency management not
only benefits institutional investors and corporations but – according to the jury –
sets professional standards as well.

How do we manage currency risks tailored to your individual needs? For first-hand
answers, visit our website at www.metzler.com or call our experts directly on
(+49 - 69) 2104 - 44 51.

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WINNER

Currency Manager of the Year



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