

dbOverlay Passive Currency Hedging

The all-in-one currency hedge from the world's No.1 FX House*

Passion to Perform

Do you have investments in international assets?

Set up an automated currency risk management program with Deutsche Bank via a simple, one-time contract neutralizing unwanted currency exposure.

dbOverlay Passive Currency Hedging explained

dbOverlay offsets the impact of FX movements on your investments in international assets.

dbOverlay is fully automated and completely transparent: all you need to do is provide your portfolio asset breakdown and specify how you want the hedges to be managed. We take care of the rest. dbOverlay calculates your FX risk each period and using the specified parameters, guarantees execution of the FX trades at independently verified currency market fixings.

Benefits

Operational efficiency and risk reduction

dbOverlay handles every stage of your currency hedging program: calculation, execution, risk management, settlement, documentation and reporting. All you need to do is provide the breakdown of portfolio assets.

Transparency

You know exactly what FX hedges you will get with dbOverlay. We use a clear, pre-agreed hedging strategy, with the guarantee that every hedge will be executed at the independently calculated and reported WM Fixing Rate, the defacto standard of the FX markets.

Cost effective

There are no set up or maintenance fees on dbOverlay. We charge a small fixed spread on the execution of the hedges.

Easy to set up

A single contract is all that is required for dbOverlay. Once this is in place, we provide on-going guaranteed hedging of all your currency risk and give you access to a website where you can track it.

Global protection

dbOverlay is available on all G20 currencies enabling you to hedge your currency risk globally via a single contract.

Ownership

You receive exposure to the hedge performance without holding the underlying positions, therefore all settlement risk is eliminated by dbOverlay.

Flexible

You can tailor every aspect of dbOverlay including (a) the target hedge ratio (b) the benchmark being tracked (c) hedging settlement dates (d) the tenor (e) NAV trigger thresholds.

Access

The solution can be accessed through a variety of instruments in both OTC and Securitised formats. Some examples are Swaps, Notes, Certificates and UCITS eligible format.

Partnership with No.1 FX Bank

Deutsche Bank has been voted the world's No.1 FX house* in key industry polls every year for the past eight years with a market share of over 14.57%. Dealing with the largest liquidity provider in FX, means that you will avoid intermediary / secondary market costs, and benefit from tight spreads.

World class collateral management

We provide best in class cash management services to clients. Using dbOverlay we offer advantageous collateral arrangements to minimise capital required.

Comprehensive reporting

We provide extensive on-demand risk reporting in a wide variety of formats tailored to your needs.



How does dbOverlay work?

1. You provide us with a breakdown of your portfolio assets.
2. DB works with you to identify the most appropriate hedging strategy. Details are specified such as type of hedge, frequency of rolling, frequency of settlement.
3. Choose from a variety of mechanisms to manage credit exposure.
4. We enter into a single agreement under which the returns made by the hedges are paid to you or we provide a credit / deposit facility, thereby giving you flexibility on deciding how to manage your cash.
5. DB automatically executes the hedges and manages the adjustments and rolling of hedges in line with the specified currency hedging program.

Why choose dbOverlay?

There are currently two main ways to hedge FX risk: do it yourself or pay your custodian to do it.

The DIY approach is time consuming and exposes you to a wide range of operational risks such as omission to roll over hedges, failure to manage timely execution. Done effectively, it requires significant investment in treasury staff and systems.

Meanwhile, many custodians do not offer full transparency on the hedges they implement on their clients behalf. On some occasions, this can result in clients receiving sub-optimal execution on their FX hedges.

dbOverlay takes away the operational risk of the DIY approach and provides the transparency missing from most custodial offerings.

dbOverlay Product Suite

dbOverlay Passive Currency Hedging is part of a suite of products which meet the diverse needs of our global investors, and provide solutions which using our expertise, technology and global reach, simplify the growing complexity of risk management. The dbOverlay products include:

- dbOverlay Portfolio Hedging
- dbOverlay Share Class Currency Hedging
- dbOverlay Passive Currency Hedging

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*Source: Euromoney FX Poll, 2005 – 2012

Marketing material

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