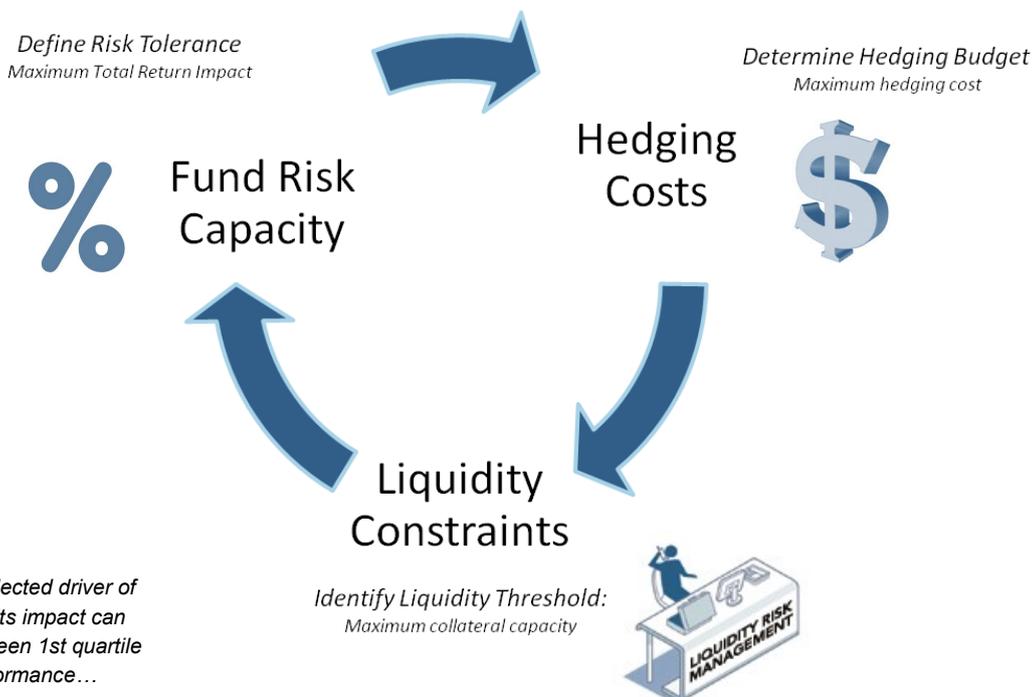


Validus works with private equity firms and their portfolio companies to manage the impact of FX, interest rate and commodity price risk...

Managing FX Risk on a Fund Level

A balancing act:



'FX Risk is often the neglected driver of private equity returns—its impact can make the difference between 1st quartile and 4th quartile performance...'

Validus has the experience and know-how to address the unique challenges facing private equity funds when managing this complex risk'

Professor Florin Vasvari

London Business School

Coller Institute of Private Equity Board Member

Author of "International Private Equity"

Private equity firms face a unique set of challenges when attempting to manage FX risk, including:

- **Long-dated exposures—with significant timing uncertainty**
- **Unknowable future exposure size—subject to prevailing underlying market conditions**
- **Limited access to credit / liquidity for hedging purposes**

This complexity can make the management of unwanted FX volatility a challenge for an internationally invested GP. Our approach, which begins with the construction of an intuitive model of the fund's risk profile, allows hedging strategies to be designed and calibrated through the optimization of the hedging instrument mix, hedge ratio and hedge duration. **This market-tested process enables us to overcome the barriers to hedging often experienced by private equity funds, allowing us to implement effective and innovative hedging strategies for a wide range of internationally invested clients.**

The Validus Currency Risk Advisory (CRA) Service

FX Hedging Programme Design and Analysis:

- FX Risk Quantification and Analysis
- Alternative Hedging Strategy Design
- Strategy Benchmarking and Selection

Hedging Implementation:

- Counterparty evaluation and selection
- Negotiation of FX facility and documentation
- Hedge Execution Support (Full price transparency)

Monitoring, Reporting, Recalibration:

- Regular analysis on hedge performance (LP reporting)
- Transaction Cost Analysis (TCA)
- Trade lifecycle management via RiskView™

Value Proposition

The CRA service has been structured to deliver exceptional value to private equity funds seeking to manage FX risk on a fund level. The tangible cost savings alone, generated by the reduction in hedging costs (average cost savings of 0.15% - 0.25% of notional exposure) will typically more than off-set the service fee.

The CRA service will ensure that funds have control over FX risk exposure, providing confidence to LPs, and delivering a sustainable competitive advantage during the fundraising process...

***The Currency Risk Advisory Service
will pay for itself through reduced
hedging costs...***

'The Validus team are very responsive and professional, and always go that extra distance to add value...'

'We value their expertise and insight when it comes to FX risk management in the private equity sector, and we find all their team members extremely supportive.'

Dom Marot
Coller Capital, London

Coller Capital
Secondaries Worldwide

Validus works with a broad range of private equity and alternative investment funds including:

- Debt / Mezzanine / Unitranche
- Fund of funds
- Infrastructure
- Listed Vehicles
- Mid-Market Specialists
- Real Estate
- Secondaries
- Sovereign Wealth Funds

'When Validus is involved in a hedging transaction, we know that our spreads need to tighten...'

Institutional FX Sales, Tier 1 Investment Bank



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Validus is authorized and regulated by the Financial Services Authority in the UK, FRN 555972