

PRESS RELEASE

Northcape and BNP Paribas launch new solution integrating foreign exchange and custody

An automated FX solution implemented by BNP Paribas Securities Services (BNP Paribas) for Australian fund manager Northcape Capital provides a new way for asset managers to manage foreign exchange (FX) transactions involving several financial services providers.

BNP Paribas was appointed by boutique manager Northcape Capital to manage the FX execution of a range of developed market currencies across their portfolio of middle office clients, complementing BNP Paribas's existing portfolio administration and custody mandate. In order to do this, BNP Paribas enhanced an existing proprietary FX service already in place for custody clients and expanded its Middle Office FX solution (MOFX) to Asia Pacific clients.

MOFX simplifies FX transactions for asset managers who interact with multiple custodian banks - typically appointed by asset owners or their clients – and have to manage different FX protocols (timing of FX execution, FX rate). MOFX enables asset managers to execute FX transactions earlier in the trade lifecycle - at the middle office level instead of custody level – to optimise execution and enhance controls. MOFX also comes with a customisable dashboard showing a real-time view of each deal lifecycle, leading to enhanced FX reporting.

Marie Charlotte Schmit, Global Head of Client Management, FX and Passive Currency Overlay (PCO) at, BNP Paribas Securities Services said:

“Northcape was seeking a fully integrated foreign exchange solution that would allow for ease of settlement for their funds and mandates held with several different custodians. In response, we expanded the MOFX model, a key innovation in AutoFX, which provides optimised, harmonised, transparent execution coupled with competitive FX rates and settlement across different global custodians.

“This fully automated FX solution allows the asset manager to focus on their investment strategy, knowing their FX needs and requirements are automatically taken care of. Foreign exchange plays a key role in executing successful trades and, as such, we are already seeing significant appetite among our buy-side clients for this new solution.”

Commenting on the partnership, Sean Cunningham, Head of Investment Operations at Northcape Capital, said:

“As an investor on behalf of funds and mandates, our focus was on ensuring we were providing the best result for our clients. The efficiencies realised with this new operational infrastructure saw a reduction in FX execution lag and an added degree of transparency in the granularity of transactional data received.

“We have been pleased with the implementation of the service given it spanned multiple custodians and global locations. We continue to be encouraged by the results of the programme and are optimistic for its future in our operation.”

BNP Paribas Securities Services offers a range of FX services, including automated FX, ‘upon request’ rates from any of its trading desks worldwide, and passive currency overlay services where BNP Paribas uses FX to hedge clients’ foreign currency risk.

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About Northcape Capital (<http://www.northcape.com.au/>)

Northcape Capital is an Australian based boutique fund manager fully owned by its staff. Specialising in managing concentrated high-quality equity portfolios for clients, its product range includes Australian Equities, Emerging Market Equities and Global Equities. Northcape has delivered significant value-added returns since its establishment in 2004 which has facilitated growth in funds under management to more than A\$13 billion.

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