



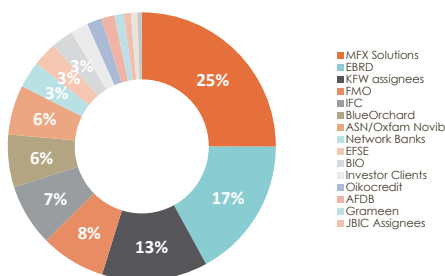
hedging frontier currencies

## The Currency Exchange Fund N.V.

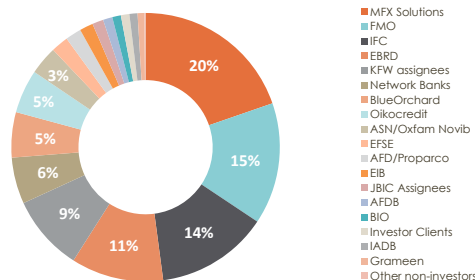
Monthly Report September 2019

TCX Derivatives Portfolio	Long local Currency	Short local Currency	Net Exposure (Long-Short)	Gross outstandings (Long+Short)	Net Exposure Dec-2018	Gross outstandings Dec-2018
By type of investment						
Primary	2,714	373	2,341	3,087	1,947	2,703
Trading	5	-	5	5	5	5
Hedging (LCY:USD)	-	659	(659)	659	(430)	430
<b>Total LCY portfolio</b>	<b>2,719</b>	<b>1,032</b>	<b>1,687</b>	<b>3,751</b>	<b>1,522</b>	<b>3,138</b>
Hedging (EUR:USD)	277	10	267	287	288	288
<b>Total TCX portfolio</b>	<b>2,996</b>	<b>1,042</b>	<b>1,954</b>	<b>4,038</b>	<b>1,810</b>	<b>3,426</b>

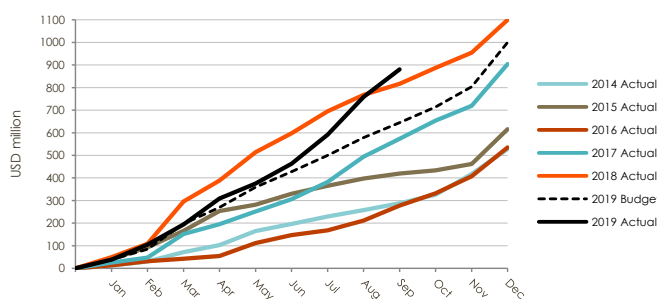
Primary production per counterparty, 2019 ytd (excluding bonds)



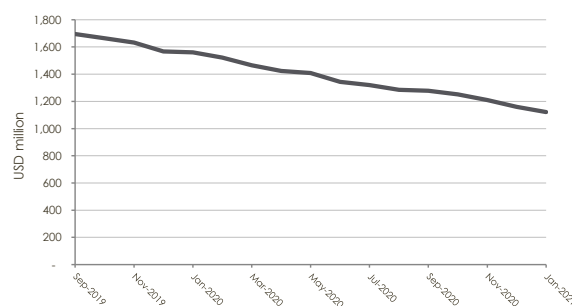
Primary outstandings per counterparty (excluding bonds)



Primary production 2014-2019 (excl. bonds)



Maturity Profile: net LCY portfolio



### Profit / Loss

	Sep-19 (USD million)	2019 ytd (USD million)	2018 (USD million)
Realized net interest income/loss on swaps/forwards	9.9	79.4	108.1
Realised FX result on principal for swaps/forwards	-6.5	-34.4	-38.3
Unrealised (MtM) income/loss on swaps/forwards	9.2	29.1	-100.0
Results on liquidity investments, incl. translation gains/losses	0.9	6.2	11.9
Results on other items, incl. translation gains/losses	-0.6	3.6	2.3
Operational expenses	-0.7	-8.7	-10.8
Other income / expenses (incl. interest on debt)	-0.6	-5.6	-5.2
<b>Net profit/loss realised</b>	<b>11.51</b>	<b>69.58</b>	<b>-32.0</b>

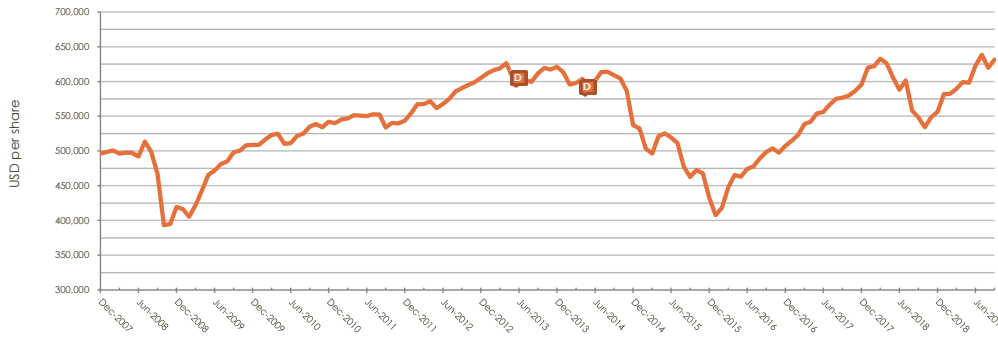
On a significant portion of its local currency derivatives portfolio (typically 20%-30%), TCX is short EUR as opposed to USD. This short EUR position is managed in two ways: first, through the purchase of EUR denominated securities (the 'liquidity' portfolio), and second through EUR:USD swaps. These instruments combine to create a matching long EUR position that is designed to neutralize the P&L impact of EUR:USD exchange rate movements. However, for IFRS reporting purposes, the derivatives and securities portfolios must be reported separately. Depending on the movements of the EUR:USD exchange rate, this can lead to reporting translation losses on the liquidity investments. Such losses are always offset by gains on the EUR leg of the local currency derivatives where TCX is short EUR.



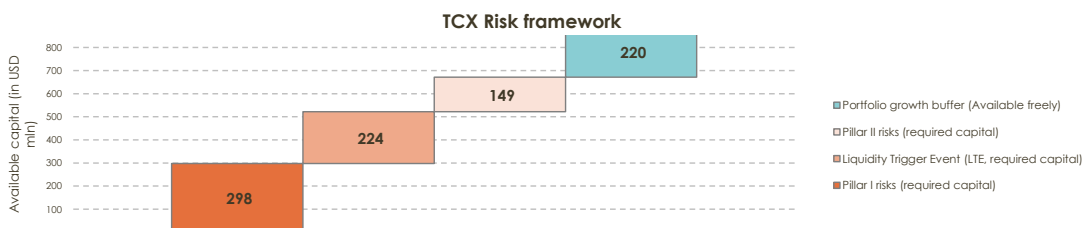
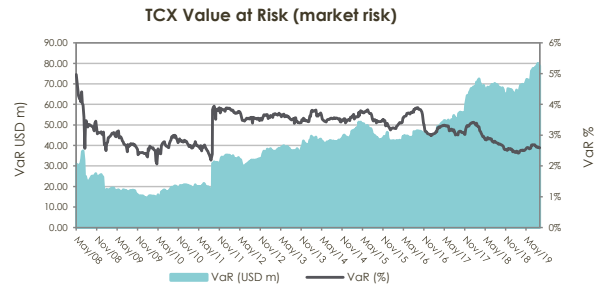
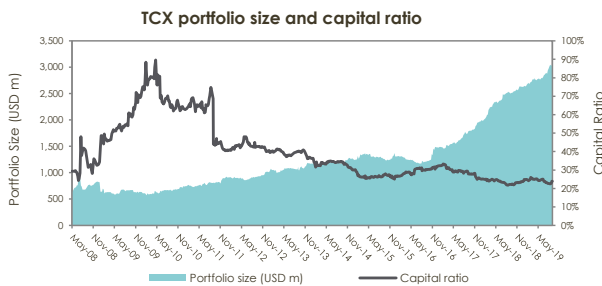
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**The Currency Exchange Fund N.V.**  
**Monthly Report September 2019**

**TCX Net Asset Value per A-Share**



NAV performance	Sep-19 (USD million)	2019 ytd (USD million)	Sep-19 (USD/share)
NAV at start of period	566.6	508.6	619,947
P/L in period	11.5	69.6	11,710
Issuance & redemptions in period	42.8	42.8	0
Distributions to shareholders	0.0	0.0	0.0
NAV at end of period	620.9	620.9	631,656
VaR and capital efficiency	Sep-19	Aug-19	Dec-18
Market risk exposure (USD million)	78.8	77.9	67.4
Market risk exposure (% of notional exposure)	2.9%	2.9%	2.9%
Available Capital (USD million)	891.3	836.4	746.0
Risk Weighted Assets (USD million)	3,727.5	3,678.2	3,174.0
Capital / Risk Weighted Assets (Capital Ratio)	24%	23%	24%
Diversified 12m FX stress test (USD million)	167.6	166.8	132.9
Available Capital/Diversified 12m FX stress test (USD million)	5.3	5.0	5.6
Undiversified 12m FX stress test (USD million)	557.2	549.6	482.2
Available Capital / Undiversified 12m FX stress test (USD million)	1.6	1.5	1.5
Ratio Undiversified/Diversified stress test	3.32	3.29	3.63





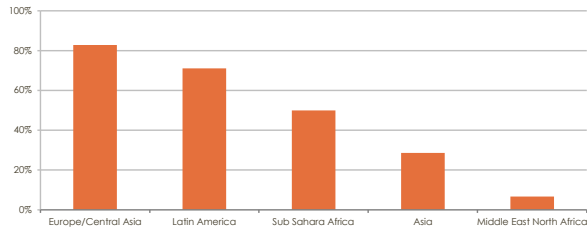
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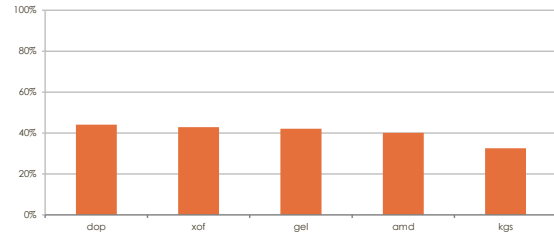
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**Currency exposures**

**TCX regional exposures (% of limit)**



**TCX largest currency exposures (% of limit)**



**Country Classification**

**Primary portfolio: country classification**  
(% of outstandings)

