



PRESS RELEASE – Amsterdam, 28 May 2020

2019 was a record year for TCX; 2020 is testing the Fund's resilience

The Currency Exchange Fund NV ('TCX') published its annual report for the year 2019, which has been a record-breaking year from several perspectives. However, March 2020 turned out to be record-breaking as well, this time in terms of testing the crisis resilience of the Fund.

- TCX's gross derivatives portfolio, the total of long and short positions, grew 32% in 2019, from USD 3.4 billion at year-end 2018 to USD 4.5 billion at year-end 2019.
- The Fund's annual long local-currency production has grown to USD 1,356 million in 2019 – up 5% compared to 2018 – across 448 transactions and 48 currencies.
- In cooperation with its shareholders, TCX structured and issued 37 local-currency bonds in 17 different currencies, for a total of USD 389 million, an increase of 109% compared to 2018. Together with the local-currency exposure that was sold to commercial banks, this caused the Fund's total short position to grow to 40% of the portfolio by end-2019, compared to 35% a year earlier. These activities free up capital for new business and at the same time catalyze the private sector.
- Through capital increases from existing and new investors, TCX added USD 169 million to its capital base over the course of 2019, the highest annual amount since inception of the Fund.
- TCX booked a profit of USD 114 million in 2019, which is also a record. Even though profitability is not a primary goal, a long-term positive return ensures the Fund's continuity and its sustainability through the cycle.
- Due to the COVID-19 crisis, almost all frontier-market currencies heavily suffered, on the back of massive capital flight. This led to a negative result in March 2020, in excess of the 2019 profit.

Ruurd Brouwer, CEO of TCX Investment Management Company BV, commented: *“2019 has indeed been a record year on many fronts. This gave us an excellent starting position, as we expect 2020 to be a challenging year, starting with record losses in March. But that is what we are for: transferring losses from vulnerable borrowers in emerging and frontier markets to the Fund, especially during volatile periods like now. Over the past years, TCX has proven to be sustainable; it has the strategies, capabilities and processes in place to overcome even the toughest challenges. In that regard, we are proud of S&P's confirmation, in April 2020, of TCX's single-A credit rating with a stable outlook, on the back of the Fund's adequate capital and liquidity situation.”*

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TCX's 2019 annual report can be found on <https://www.tcxfund.com/reports/>. For further information on this press release or on the annual report, please contact Jos Kramer: j.kramer@tcxfund.com.