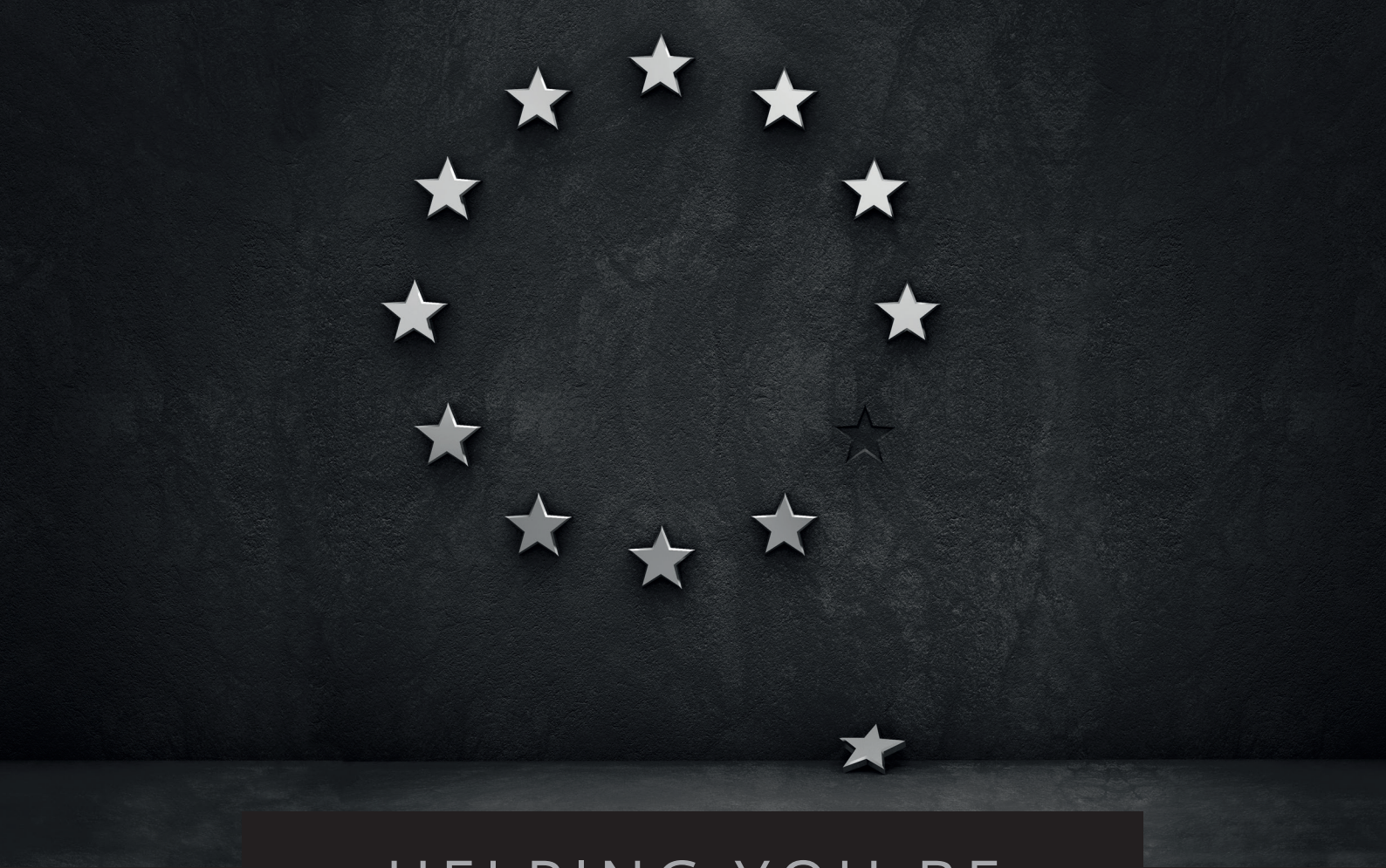

HELPING YOU BE BREXIT READY

CAXTON PREMIER

INTERNATIONAL SERVICES

CONTENTS

Supporting you through Brexit uncertainty
Are you really prepared?
Expect further volatility
What's next for sterling?
Tim's Story: Protecting his Investment
Be Brexit ready
Choosing the right product for you

CAXTON PREMIER

INTERNATIONAL SERVICES

SUPPORTING YOU THROUGH BREXIT UNCERTAINTY

To help determine the best course of action for you, Caxton has written a guide to help you understand the risks relating to Brexit, your international payment needs, and how to protect yourself from ongoing volatility within the FX markets.

Helping our customers every step of the way to protect their funds through Brexit and beyond is what we do best at Caxton Premier. For more information on helping you to deliver a simple but effective currency plan to minimise risk, please contact our Premier Account Management team directly on +44 (0) 808 250 2708

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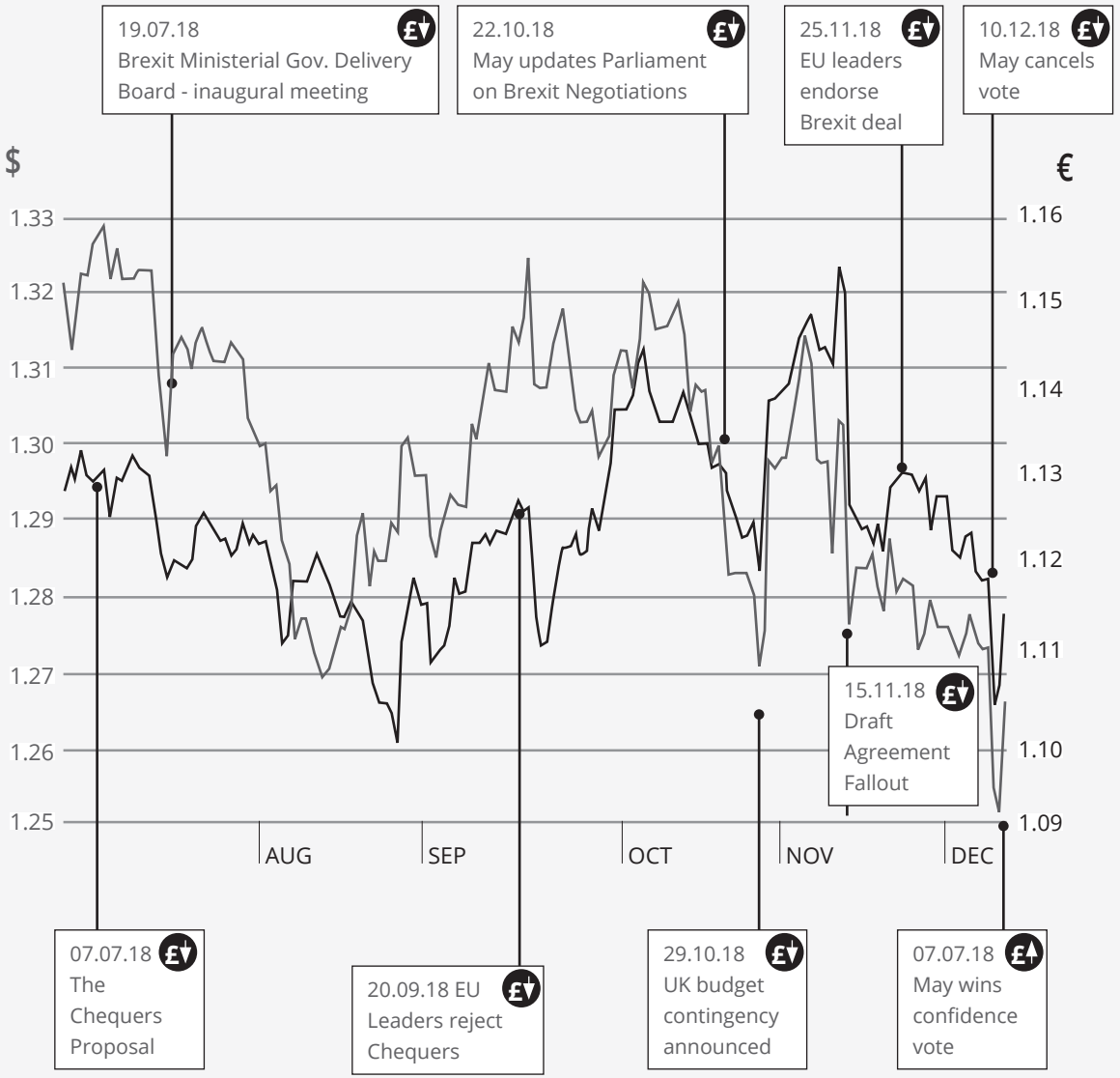
ARE YOU REALLY PREPARED?

Since the referendum, sterling has been extremely sensitive to economic data and political comments. This is set to continue even as the UK leaves the EU on 29 March 2019, as the two sides have agreed to a 21-month transition period to December 2020, during which time EU law will remain in the UK.

EXPECT FURTHER VOLATILITY

Yes, the initial doom and gloom was overstated, it was borne of a belief that there would be an immediate economic impact. However, the UK economy has remained resilient. The economy has NOT been the driving force behind currency volatility since June 2016, with political events, Brexit announcements, and market sentiment coming to the fore.

GBP/EUR AND GBP/USD VOLATILITY SINCE JULY 2018 WITH KEY DATES FOR POLITICAL EVENTS THAT MOVED THE FX MARKETS



WHAT'S NEXT FOR STERLING?

This is difficult to determine until we have certainty or sight of likely negotiated outcomes. Currently we have a market in a state of flux which is leaning towards political influences and reacts to statements, as opposed to the traditional and more rational technical and fundamental market data.

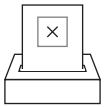
While the broad outline of a deal is expected to be agreed between October 2018 (the preferred deadline) and March 2019, sterling could still see uncertainty throughout the 21-month transition period as the final details are ironed out.

"In the current economic environment, if you're not hedging you may be speculating"

Rehan Ansari, Head of Options

BREXIT TIMELINE

PM Theresa May wins confidence vote



11 DEC

13-14 DEC

EU Council meeting

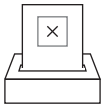
House of Commons Christmas recess

20 DEC 7 JAN

21 JAN

Deadline for UK Parliament vote on next steps including the postponed “Meaningful Vote”

EU Pariament Vote



FEB MAR

21-22 MAR

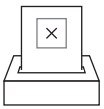
EU Council meeting

UK leaves the EU

29 MAR

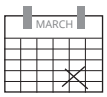
Transition period begins IF deal is agreed

20 MAY



European Parliament election

Transition period ends



31 DEC 2020

TIM'S STORY: PROTECTING HIS INVESTMENT

Tim had always dreamed of owning a property in Italy, and in 2015 he was finally able to fulfill that dream. Having finally saved up the funds for the purchase, Tim wanted to make sure that his foreign exchange risk was secure and minimised.

"We purchased an apartment in Italy in early Summer 2015. This in itself was stressful but added to this we had the uncertainty of the Brexit vote and its impact on the exchange rate looming over us. Knowing when to transfer funds was an added stress.

Caxton were invaluable – not only did they advise us at every stage regarding possible fluctuations, but they suggested spreading the risk by exchanging small lump sums over a period of time. In the end this was sound advice – if we had waited until after the Brexit vote we would have lost a great deal of money." – Tim Wooff, Caxton Customer

BE BREXIT READY

Due to recent volatility, people are realising that a key component of protecting their funds is the implementation of more thorough risk-management processes. Private individuals with exposure to foreign currencies are prioritising the cost of their foreign exchange and developing more flexible hedging strategies to effectively respond to the increased market volatility more than expected.

CHOOSING THE RIGHT PRODUCT FOR YOU

With the foreign exchange market preparing for extreme changes and unpredictability, there has never been a more imminent time than now to protect your global portfolio for the future. Currency exchange can seem like a complicated process, with a range of products vying for your attention. Your dedicated Account Manager is on hand to help you find the payment option that's right for you.

LIMIT ORDER

Identify a realistic target rate with your dedicated Account Manager, and should that rate become available at any time within the agreed time frame, Caxton will execute that trade, ensuring you didn't miss out.

+

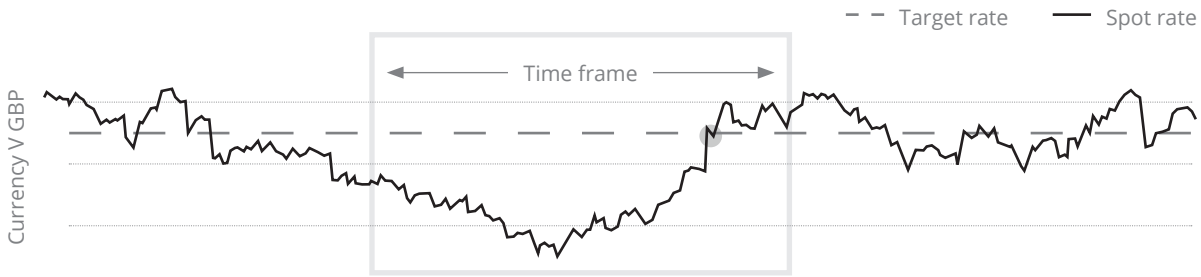
Control

Speed

Peace of mind

-

No guarantee of target rate



SPOT CONTRACT

Need to move money overseas quickly? We'll let you know the rate and the amount of foreign currency you'll get for your money. Once the trade is booked, you just need to get the agreed payment to us within four working days. Spot deals are simple, fast and effective.

+

Fast

Easy

React to fluctuations easily

-

Rate dependent on market

No control

FORWARD CONTRACT

Got some time before you need to make the payment? We can help you secure your foreign currency at the optimum exchange rate. Once you've paid a deposit, you can defer the final payment until a specific date in the future (say, when the property deal is scheduled to go through). This contract provides full protection against the depreciation of the spot rate, but will not be able to benefit should the spot rate in the currency pair appreciate.

+

Fixed Protection

Zero-cost

Able to budget

-

Deposit required

Obligation to convert

FLEXI-FORWARD CONTRACT

(sub-type of Forward contract)

Worried your deal won't go through on the agreed date? Why not give yourself a few weeks of leeway just in case. Flexi-forwards allow a degree of flexibility on the date you make the final payment. The rate won't match a forward contract deal, but for many it's a small cost for peace of mind.

+

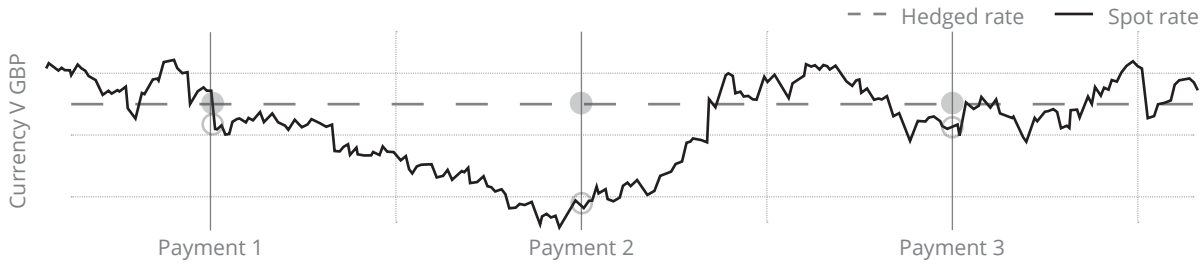
Withdraw all or part of the funds at any time

Fixed protection

-

Deposit required

Obligation to convert



CURRENCY OPTION

Not 100% sure the purchase will go ahead? This premium product gives you the right but not the obligation to purchase the foreign currency on the date agreed in the contract. Protect your downside rate and participate fully in any upside movement in the market.

If the market moves in a favourable direction you can choose to buy at that rate. If the market takes a turn for the worse, you know you have a better rate already locked in.

+

No obligation to convert

Benefit from upside

Fixed protection

Flexible

-

Upfront premium

Favourable market movement may not be enough to offset premium cost

CAXTON PREMIER

INTERNATIONAL SERVICES

For further information on how to implement a simple plan but effective currency plan to prepare your personal finances to protect you through the next 6-12 months of Brexit, please contact Ed or his team of Premier Account Managers.

FX Private Clients Team +44 (0) 808 250 2708 Caxtonfx.com/premier