

Private equity and enterprise funding for H2O Venture Partners

Client Overview

The business provides equity to create enterprises that alleviate poverty by improving smallholder agriculture and access to markets. They also manage the Chariot Fund, a first class, demand-led medical technology impact investment fund, focused on commercialising disruptive tele-medicine and point-of-care health technologies.

The third arm of the business works on environmental technologies across multiple sectors, such as waste treatment, energy efficiency, environmentally friendly pest control and carbon credits.



The Challenge

H2O Venture Partners are affected by the fluctuations in the USD exchange rate. They predominantly buy up to £500,000 of USD. They hedge on a contract to contract basis and therefore have to decide what they leave open to the Spot market. They are very risk adverse.

Prior to 2014 they had not used FX brokers for their international payments and had always used their bank, but due to a new contract they were conscious that the bank rate might not always give them the best deal. Their main aim was to get the best value for their Sterling.

Our Solution

H2O's dedicated Global Reach Dealer worked to understand the client, enabling him to put a strategy in place to suit the client and their upcoming contract needs. Whenever a contract was due, the Dealer talked it through with the client to decide on the best option, based on the market at that time. They worked together to decide on a realistic budget rate and hedged their requirement accordingly.

The Outcome

The client was able to take advantage of the Spot market as they had not over-hedged their position. However, if the market was trading below the forward rate the client still had the option to exercise the fully flexible Forward Contract.

“

We have a good relationship with our Dealer and he works hard at keeping me informed of changes in the Dollar. We have been very successful in our Forward trades to date, getting the deals in at the right time and therefore benefiting from good rates which have benefited the company well. It has been a good lesson in holding your nerve and so far it has paid off but the knowledge and professional attitude of Global Reach has helped in this achievement.

– Frances Thomson, Finance Manager

If you would like to speak to one of our currency experts please contact us on 020 3465 8200
020 3465 8200 | info@globalreachgroup.com