

PRESS RELEASE

With “Private Global Custody”, BHF-BANK’s services for substantial private portfolios are on a par with those offered to institutional investors

Frankfurt, 17 October 2005. Very large private securities portfolios place high demands on asset managers; all the more so as, in many cases, not just one bank but rather a number of experts from different financial services providers are involved in managing the securities. Administering a portfolio of this scale calls for more than merely issuing portfolio management mandates and making investment decisions. The portfolio management must be transparent, efficient and low in costs. Global custody, the centralised safekeeping of securities, aims to achieve a high degree of security, flexibility and cost-efficiency. These qualities, which are typical for services provided to institutional investors, are now also applied to substantial private securities portfolios. With its Private Global Custody services, BHF-BANK has now transferred the concept of separating portfolio management tasks, which is firmly established in institutional investor services, to the management of private securities portfolios.

Classic separation of functions in securities management

The administration of major private portfolios comprises tasks in the areas of asset management, securities trading and custody services. The different tasks are reflected in the classic separation of functions. In this model the tasks of the asset manager, broker and custodian/administrator are clearly defined and separated from each other. The resulting independence and specialisation allows the asset manager, broker and custodian to focus on their respective strengths to the benefit of the client. This separation has many benefits for the investor: greater flexibility, lower costs due to a higher degree of transparency and, as a result, a better return. Conflicts of interest can no longer occur if the tasks are separated – this is another clear advantage of this model.

Individual solutions due to a modular concept

The custody service provided for the client must adjust to the individual structure and organisation of the securities portfolio. The profile of the services expected from the custodian changes in accordance with the individual wishes of the asset owner. BHF-BANK's Private Global Custody service takes account of these requirements and has developed a three-step modular system that enables clients to compose their own customised service. The basic module offers all the functions relating to securities and derivatives custody and settlement. As a result of the separation of functions, the asset manager can freely choose which broker to use and can thus trade more efficiently. Using an additional module, the client can include further services such as general meeting services, price information and securities lending. The third module "investment controlling" offers comprehensive services in terms of portfolio analysis, management and controlling and thus ideally complements our Private Global Custody service.

BHF-BANK draws on 30 years of experience in catering for the depotbanking needs of investment companies and provides its Private Global Custody services via a state-of-the-art system platform.

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