

SmartHedge

VALUATIONS

The valuations risk

Things move fast in currency markets. Day-to-day trading hinges on a wide number of variables, some rational, some driven by speculation and herd mentality.

Each day, companies across the world lose millions to shifting valuations. Through no fault of their own, money seeps out the door as the real value of exposures shifts. Small and medium-sized companies often lack the infrastructure to hedge against all their liabilities, meaning time and focus is siphoned away from what really matters. Gathering, validating, and processing valuations data from different counterparties is a time-consuming process. What's more, relying on counterparties for accurate valuations can be a compliance risk and could leave you scrambling when financial year end arrives.

Your business's margins and cash flows are at risk to currency valuations, and that's not a unique problem. Coca Cola and Microsoft said the same when the US dollar was historically strong last year, as did British companies when the pound fought back. Major international corporations like these can absorb volatility and mark-to-market exposures, but the simple fact is most firms can't. If you're a smaller operation, you're probably unable to rely on endless lines of

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credit, something that could result in strained cashflow during times of volatility. If the last few years are anything to go by, we could well see more "black swan" events, those market-moving occurrences than materialise out of thin air and cause wild swings in exchange rates, and thus to your exposures.

Accurately quantifying your currency risk can be the difference between turning a profit and going under. Most firms lack the heft of major multinationals and rely instead on time-consuming, inefficient and ultimately risky valuation practices. Valuations are the single biggest issue for the majority of our clients, and it's little wonder given their impact on margins and cashflow.

Is there a better way?

We think so. After listening to our clients, we developed SmartHedge with the aim of eliminating valuation uncertainty and managing risk along every step of your currency payments.

SmartHedge provides independent mark-to-market valuations that adhere to (I)FRS reporting standards. This means that when volatility strikes, you have 24/7 access to daily, reliable and accurate valuations on all of your current hedging instruments, regardless of the counterparty they are booked with.

SmartHedge is a central source for all your hedging information. All Smart Currency Business positions are automatically updated and allow you to upload your information from other counterparties with one click of a button. That means you'll get 100% accurate valuations across all your instruments without having to trawl through individual contracts.

“I can see that the platform works well across the whole range. It works well for us, who are using it simply, and it would work well for those who have more complex demands than ourselves.”

Graham Currie, financial director at EBAC

SmartHedge allows you to better anticipate margin call risk, and where applicable track usage of existing credit facilities and limits, reducing the risk of black swan events and helping your business navigate the vagaries of currency markets with certainty. Better valuations mean you're better prepared for financial year end and can act as the first line of defence in protecting cash flow.

We're here to help your business thrive.

Providing our clients with exceptional customer service is a central pillar of our collective mission, so you can bank on us to go the extra mile. With 20 years of experience

in currency markets, our team of experts are always available to lend advice and help integrate our solutions into your processes.

If your business struggles to obtain accurate valuations, get in touch today to see how we can help. Give one of our friendly account managers a call on **020 3773 7402**

To learn more about how SmartHedge can help your business, visit our website. If you think you could benefit from our technology, a member of our account management team would be happy to walk you through the platform.

View	Instrument Type	Counter Party	Reference	Currency (Base)	Currency / Commodity	Rate / Price	Amount (Base)	Amount (Non Base)	Maturity Date	Valuation
☰	FX Forward	ABC Broker	Forward 2	GBP	EUR	1.17000	213.675	250.000	31 Jul 2022	-1.470.00
☰	FX Forward	ABC Broker	Forward 3	GBP	EUR	1.17000	213.675	250.000	31 Aug 2022	-1.194.36
☰	FX Forward	ABC Broker	Forward 4	GBP	EUR	1.17000	213.675	250.000	30 Sep 2022	-775.98
☰	FX Forward	ABC Broker	Forward 5	GBP	EUR	1.17000	213.675	250.000	31 Oct 2022	-424.75
☰	FX Forward	ABC Broker	Forward 6	GBP	EUR	1.17000	213.675	250.000	30 Nov 2022	-126.03
☰	FX Forward	ABC Broker	Forward 7	GBP	EUR	1.17000	405.903	475.000	31 Dec 2022	479.74
☰	FX Forward	ABC Broker	Forward 8	GBP	EUR	1.17000	106.830	125.000	31 Jan 2023	355.07
☰	FX Forward	Smart	Forward 9	GBP	EUR	1.17000	213.675	250.000	28 Feb 2023	1.034.42
☰	FX Forward	Smart	Forward 10	GBP	EUR	1.17000	213.675	250.000	31 Mar 2023	1.409.34

SmartHedge helps you make better, data-driven decisions

Smart - Hedging Demo - Foreign Exchange Sensitivity Report (18 Jul 2022)												
Deal Number	Reference	Deal Type	Currency Pair	-20%	-10%	-5%	-1%	0%	+1%	+5%	+10%	+20%
595329	Forward 2	FX Forward	GBP/EUR	51,551	22,095	9,692	672	-1,470	-3,570	-11,569	-20,750	-36,817
595330	Forward 3	FX Forward	GBP/EUR	51,927	22,465	10,060	1,030	-1,104	-3,205	-11,206	-20,388	-36,459
595331	Forward 4	FX Forward	GBP/EUR	52,251	22,792	10,388	1,367	-776	-2,876	-10,876	-20,058	-36,127
595332	Forward 5	FX Forward	GBP/EUR	52,583	23,134	10,735	1,717	-425	-2,524	-10,521	-19,700	-35,763
595333	Forward 6	FX Forward	GBP/EUR	52,834	23,412	11,023	2,014	-126	-2,223	-10,214	-19,384	-35,433
595334	Forward 7	FX Forward	GBP/EUR	101,044	45,175	21,651	4,543	480	-3,503	-18,676	-36,089	-66,563
595335	Forward 8	FX Forward	GBP/EUR	26,810	12,113	5,924	1,424	355	-693	-4,684	-9,265	-17,281
595336	Forward 9	FX Forward	GBP/EUR	53,894	24,528	12,163	3,170	1,034	-1,059	-9,034	-18,167	-34,205
595337	Forward 10	FX Forward	GBP/EUR	54,218	24,880	12,527	3,543	1,409	-682	-8,649	-17,794	-33,796
Total				497,112	220,594	104,163	19,488	-623	-20,335	-95,429	-181,615	-332,444

Our platform allows you to understand the impact of exchange rates on your budget.



If you would like to hear more about how SmartHedge could help your business please contact one of our account managers, or email us at info@smartcurrencyhedge.com