Valufin has the people, business knowledge, market expertise, accounting skills and risk awareness complemented by bespoke online systems to support your foreign exchange strategy and transaction activity.

1. What we do

Valufin is your forex treasury department. We combine currency market knowledge and your specific needs to tailor a proactive, risk focused forex management service.

No-one can predict the movement of the spot rates and equally no customer's needs are the same.

Valufin enables you take advantage of a risk management approach to optimising various currency transactional needs and balancing that within an acceptable business risk appetite. Currency management occurs within your ongoing exposure requirements to optimise short and long term currency market movements.

Assessment of this strategy has proved, across varying industries, a return in excess of 2% on the value of the annual forex turnover compared to a previously adopted spot transaction focused procedure.

Valufin has over 3 decades of market experience. We have witnessed bull and bear trends, periods of calm, times of high volatility and market changing events. We understand the participants, their various products, USP's and service strengths.

We understand how risk management strategies combined with simple vanilla instruments can deliver a more cost effective, flexible and less risky outcome.

We are independent of any bank or broker and are not transaction driven. Our revenue model is to earn management fees and not commissions to ensure that the focus is on what is right for you and not on driving a transaction.

2. Can you do it for yourself?

Yes, any organisation can set up its own dedicated treasury but very few can afford to employ the skills and systems which are appropriate. Valufin provides the combination of knowledge, experience, systems and seamless service to ensure you have the best solution. This is our day job.

3. Reason your bank cannot provide the same service

There are key reasons why your bank or broker is unable to provide you with the treasury service Valufin offers:

- ✘ The bank requires a transaction to occur to earn revenue. Therefore they are focused to achieve transaction volume. Risk … gamekeeper and poacher
- ✘ The information the bank has on which to advise you is the limited information you are able to provide at that point in time. Therefore their advice is isolated and does not consider the broader needs, flows within an annual cycle and risk flexibility of the underlying forex need.
- ✘ Bankers, whether your manager or a dealer, are typically not experienced commercial business people. Therefore unlikely to understand the intricacies of the underlying accounting, seasonal currency flows, liquidity, credit, currency mix, projects, reporting, price margins, cash management, risk flexibility and balance sheet considerations.

Therefore the benefit Valufin brings is the combined market and business knowledge needed to operate a successful forex strategy.

4. Independent Adviser

✔ **Earning Model**
Valufin is independent and earns retainer fees which relate to role, volume, complexity and workload.

✔ **Counterparties**
Valufin is independent and can therefore choose currency providers for you that are most appropriate while maximising the benefit of their relative USP's. We work with many currency providers.

- For UK customers we work with the most appropriate currency providers in the UK and create such relationships where needed
- For South Africa currency activity Valufin works with the SA banks
- For global customers Valufin determines the best solution based on jurisdiction and services offered.

5. Valufin Services

✓ **Expertise**

The benefit is that you are gaining the knowledge of international treasury specialists with experience as a bank chief forex trader and commercial treasury experience with international trading companies.

Skills are complemented with accounting knowledge, executive business experience and market insight combined to provide an appropriate risk assessed forex strategy.

Valufin has developed an online currency business management framework which focuses on forex management for a trading entity providing you with a toolkit for detailed management of exposures, hedging, accounting and risk.

Your service includes all of the above plus the negotiation of the rates, creating and checking of confirmations, tracing of funds, solving problems, dealing with issues that relate to the banking relationships and a sounding board on all forex issues.

✓ **Related Services**

In addition to treasury services Valufin offers South African regulatory related support which includes interfacing with SARS for Tax Clearance Certificates, with SARB and authorised dealers for Exchange Control Applications and ensuring the correct forms are completed for each transaction.

We set up additional banking and broker relationships that may be required. We provide your relevant due diligence paperwork that each bank or international currency provider may require.

✓ **Portfolio Management**

Payment and receipt commitments and hedging transactions (known as your "Portfolio") are monitored by Valufin relative to your risk profile and we recommend market actions in line with your risk appetite.

Valufin may buy or sell spot, or undertake forward transactions, when the market movements are beneficial to your portfolio.

When the actual funds require translation from one currency to another, Valufin will risk assess your portfolio relative to the market and define the most appropriate combination of actions for selling or buying the required currencies.

This will include reviewing all contracts in the portfolio relative to the value of the costed exposures, the volume versus time and the current market rate against expectations and the costing of the exposures.

The result of this analysis will define the use of forward cover and spot in the most appropriate combination taking into account the current and future positions.

✓ **Reporting**

Valufin provides all the various reports that relate to exposure management, bank transaction management, cash flows, accounting, costing, profitability, risk management, mark to market etc. These reports are produced at regular intervals and are available to you 24/7.

✓ **Online information**

Valufin has developed FRM (Forex Risk Manager) a proprietary online system designed for corporate treasurers to manage their currency exposures.

FRM is a business decision and reporting tool designed to provide the accounting information to accurately reflect costs, profit and risk.

Valufin can report directly to your Board of Directors on an annual basis to discuss the forex activity for the period and strategy for the year ahead.

The report includes the costing impact on product competitiveness, financial impact on cash flows, profits realised and unrealised and potential risks due to currency movements.

✓ **Currency hedging strategies**

Your company has a completely unique set of needs due to the underlying nature of the business and risk appetite. Key questions form a starting guideline of a "needs analysis" to determine your company's currency and risk profile and therefore the relevant hedging strategy.

6. Focus on the company

To be read in conjunction with the Needs Analysis questions listed in Annexure A

a. Business and underlying reason for forex

Businesses have different reasons as to why forex has arisen. This can be for example, a combination of office expansion, trade, capex, loans or investments. Each of these has a different profile within a company and combined with the currency mix and the timeline to payment, creates a unique currency risk management and strategic opportunity profile.

b. Risk Appetite

This is a function of people, policy, industries and competitors. It is also related to the elasticity of demand and supply and knowledge of the forex market and related risks.

c. Costing

For each of the business activities the time and way this is accounted for will be

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different. It will relate to policy and whether a multi-currency system is being used. Often the situation is avoided by opting for a cash accounting solution which does not solve much and masks everything.

d. Cash flows

These arise as a function of hedging instruments being in place for a given date and then date changed to tie in with receipts and payments. It is critical that related cash flows from before the payment date, those on the payment date and the future cash flows are collated and related to the underlying exposure payment.

e. Tenders or projects

Often a customer will need to "do something special" or be required to hold a rate for a period of time on a tender looking to protect the set rate without creating an equal risk by doing so.

f. Combined risk awareness

Where there are multiple subsidiaries or group structures either within the country or globally, it is valuable for group finance and the Board to be aware of the combined risks facing the group.

Another example would be a PE or VC firm with multiple investments, there is the benefit of high level combined reporting and determination of its overall risk to currency movements.

7. Filter market noise to company needs

There is constant activity in the markets with arbitrage, interbank and computer trading surpassing the real underlying trade volumes. Participants respond to and are influenced by market movements, statistics, economics, events, perceptions and expectations. Responses need to be risk managed objectively to be in line with your needs and filtered for clear understanding of the options available.

It is the largest traded market in the world and the most liquid. You have no control over it or any of the currencies. The most important objective is to smooth the curves and remove the impact of negative spikes and dips and rather create a foundation that provides stability against currency influences.

8. Instrument and rate negotiation

The most commonly traded instruments are spots, forwards, options and derivatives. They have different time, currency rate, interest rate and cash flow influences. They equally have different behaviours during the tenure, on maturity and when used or terminated.

The instruments that are used must correlate to the underlying need, the risk appetite and the accounting policy to ensure that the whole picture is accurately managed.

Valufin has the combined information on the market, your needs which will include issues around product price flexibility, time, currencies, costing and cash availability. This enables Valufin to filter the information for your benefit.

Valufin has knowledge of the markets, knows where the interbank rates are trading, what is considered acceptable to pay and what product mix is appropriate at that moment at that time and for the future of the portfolio.

You can request that Valufin negotiates the currency deals to ensure that the right instrument and rate is achieved at the right point in time, structured correctly.

9. Multi-national solutions

Many organisations have international subsidiaries which could benefit from the services that Valufin offers. The biggest challenge is the time zone impact, Valufin, having offices in the UK and SA time zones provides coverage from Australia to the US. Valufin is able to service the global customer or the local firm trading internationally.

We identity the impact of currency on group companies, intercompany pricing and the relationship to product pricing and market penetration. The combination of market, company and group knowledge allows Valufin to give relevant input and advice that is structured to be of value to each transaction, finance and therefore business.

For example we have helped move funds from Japan into Europe, convert the currency with the most appropriate provider into USD for immediate delivery in the USA.

Valufin finds solutions that minimise bank transfer costs, controls currency margins and is tailored for the particular need. We time execution proactively to maximise the opportunity within market movements.

10. Bank administration

We all know how frustrating it can be to work with the back office of a bank, with a person you do not know to try and trace elusive funds, fix errors and process paper work.

Valufin has working relationships with the various banks, we remove your frustrations and quickly solve problems which saves you time.

11. Exposures - management and accounting information

It is critical that the forex activity of a company is correctly accounted in the books. There are vast variances in the way exposures are being reflected by companies, and sometimes not in line with international or local accounting standards. Risks and liabilities are often not raised until the point of payment or receipt. This notably restricts the accurate recording of forex gains and losses and disguises the real profits and losses of a non-managed portfolio.

Irrespective of the accounting policy adopted, the company needs to know the impact of its hedging strategy, even if this is not an accounting entry, it is valuable management

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decision support information. Knowledge of patterns, flows, portfolio positions and markets will allow the company to manage its exposures and the impact of currencies on the bottom line.

It is important to know what inherent risks exist and the impact these will have on the price of products, capex or services. The rates chosen will impact volumes of sales, cost of purchases. Therefore, if the rate does not directly create a profit or loss the impact on the bottom line will be felt other ways (i.e. reduced sales). This can be a greater problem, as it goes unnoticed and unmanaged until a serious problem develops.

12. Forex transactions – management and accounting information

When only spot deals are used the accounting is simpler. The use of foreign currency accounts creates an accounting translation risk or a real translation risk when funds are converted. Allocation of profits and losses cannot easily be linked back to the underlying forex exposure.

Forward contracts are deliverable instruments as at a given date in the future. When a contract is used on a different date this will involve draw down for an earlier date or extension to a future date. These transactions cause cash movements over multiple dates which need to be accounted against the correct exposure. Not a simple task and therefore seldom attempted.

Other instruments, for example options or derivatives make it even more difficult to track the cash flows, premiums and margins back to the underlying exposure. These instruments are therefore often ignored as their behaviour is not understood.

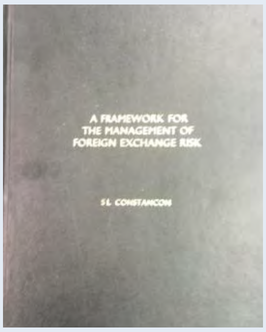
Vanilla instruments are efficiently priced and an appropriate usage can create a balanced portfolio of risk protection and upside opportunity management.

Valufin's systems allow for the tracking and allocation of all cash flows, interest rate costs, option premiums and currency account balances against the underlying exposures.

13. Research – Masters' Thesis

Research conducted on a number of clients being managed in the way described by this document, proved that the strategy adopted by Valufin using simple spots and forwards created a risk management strategy that behaved like an option creating a floor for protection but yet offering a greater unrestricted upside than any derivative could offer.

This use of simple hedging, in line with the company's risk profile, returned a net currency management gain of 4.51% against internal costing rates, 5.03% against a fully hedged strategy and 1.98% against a totally uncovered strategy.



The framework uses interest rates to manage instrument duration. Valufin assumes that no one single forex decision is going to be perfectly right and therefore hedging is managed for a portion of the portfolio and negotiated in small tranches. The framework allows for choices that need to be considered in line with volume, market movements, risk profile and exposure cost. This ensures the most appropriate decision is taken all the time.

14. The Team

Sharon Constançon ACIS MBA CDir

Sharon has worked in the currency markets since 1981. Her experience includes the corporate side as a Group Treasurer of a multi-national, as a Forex Chief Dealer of Societe Generale and as MD of Constancon Currencies, later listed on the stock exchange. Sharon is responsible for the development of the management strategy and the bespoke systems that underpin the forex management framework.

Murray MacDonald ACIS

Murray's experience spans banking and foreign currency consulting. Murray ran the dealing desk at Constancon Currencies and has worked with other currency consulting companies before joining forces again with Sharon. Murray has an intimate knowledge on how the market works and a sound understanding of South Africa's regulatory system.

15. Contact Valufin

Valufin charges fees as a percentage of the profit gained, a fixed percentage transaction fee or a monthly retainer. To work out which is most appropriate we need to understand you needs.

For a no commitment first meeting, please contact Valufin on:

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