

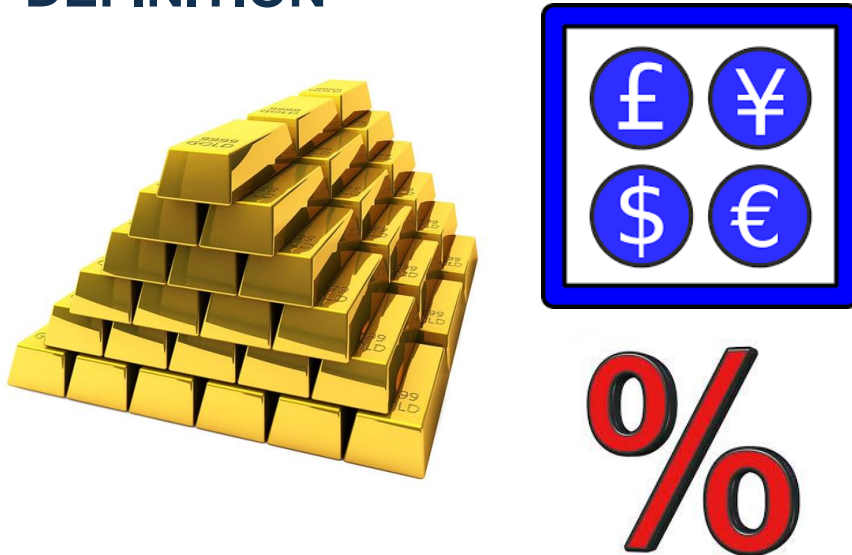
# FINMETRIX

---

GESTION DE RISQUES FINANCIERS  
FINANCIAL RISK MANAGEMENT

Financial risk management – Hedging

## DEFINITION



# HEDGE

Up



DOWN

DOWN



Up

## CONTEXT

### To HEDGE or NOT TO HEDGE



## BAD HEDGING EXPERIENCES

### Cambior seeks to slash gold hedging program

AUGUST 13, 2003

The Globe & Mail

The Wall Street  
Journal

COMMODITIES

### AngloGold Eliminates Hedge Book

By Robb M. Stewart

Updated Oct. 7, 2010 11:26 a.m. ET

### Cambior disparaît aujourd'hui

Publié le 08 novembre 2006 à 00h00 | Mis à jour le 08 novembre :

LA PRESSE

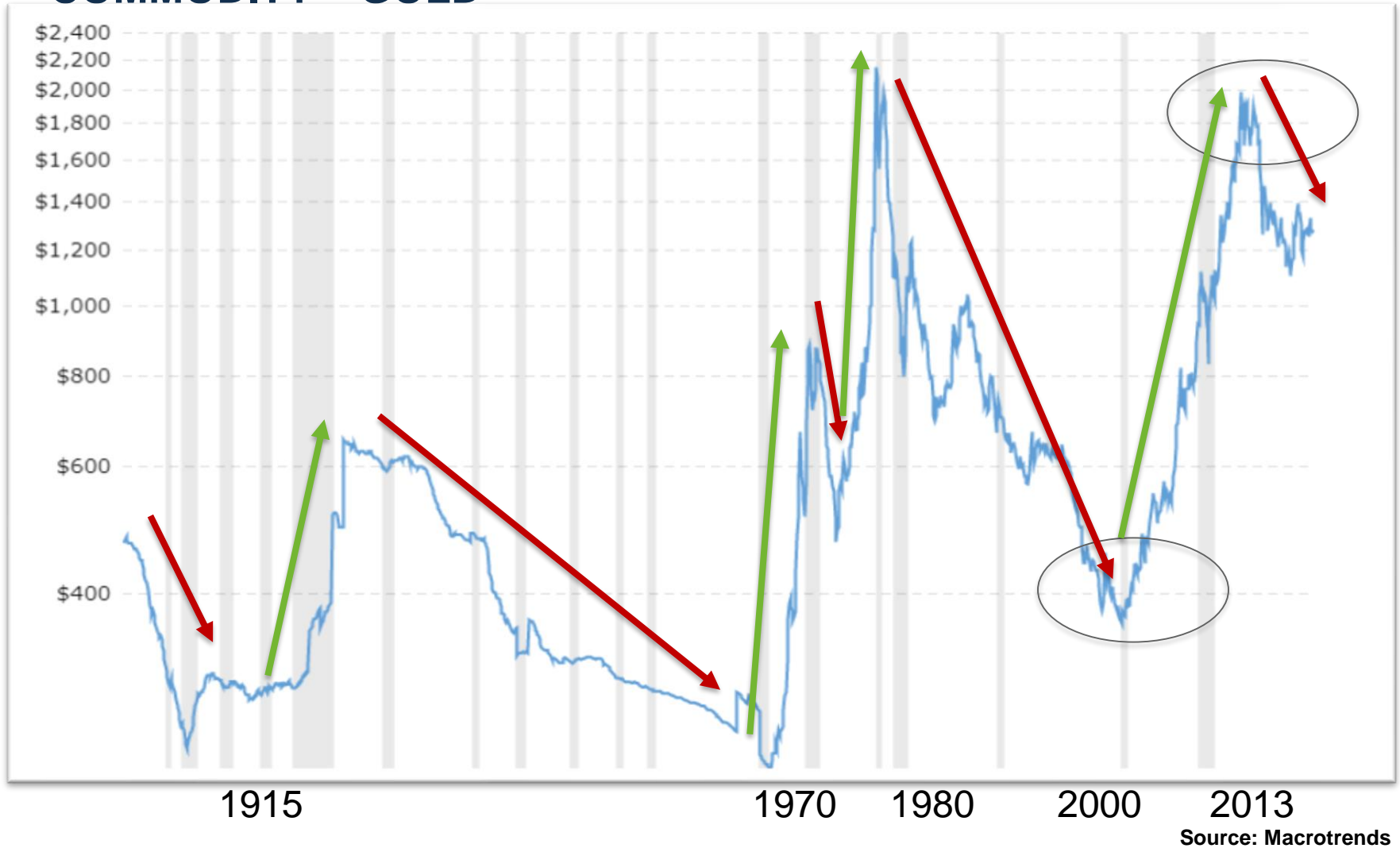


## Barrick Announces Plan to Eliminate Gold Hedges; Launches \$3 Billion Public Equity Offering

## HEADLINES – WHAT DO WE KNOW ABOUT HEDGING

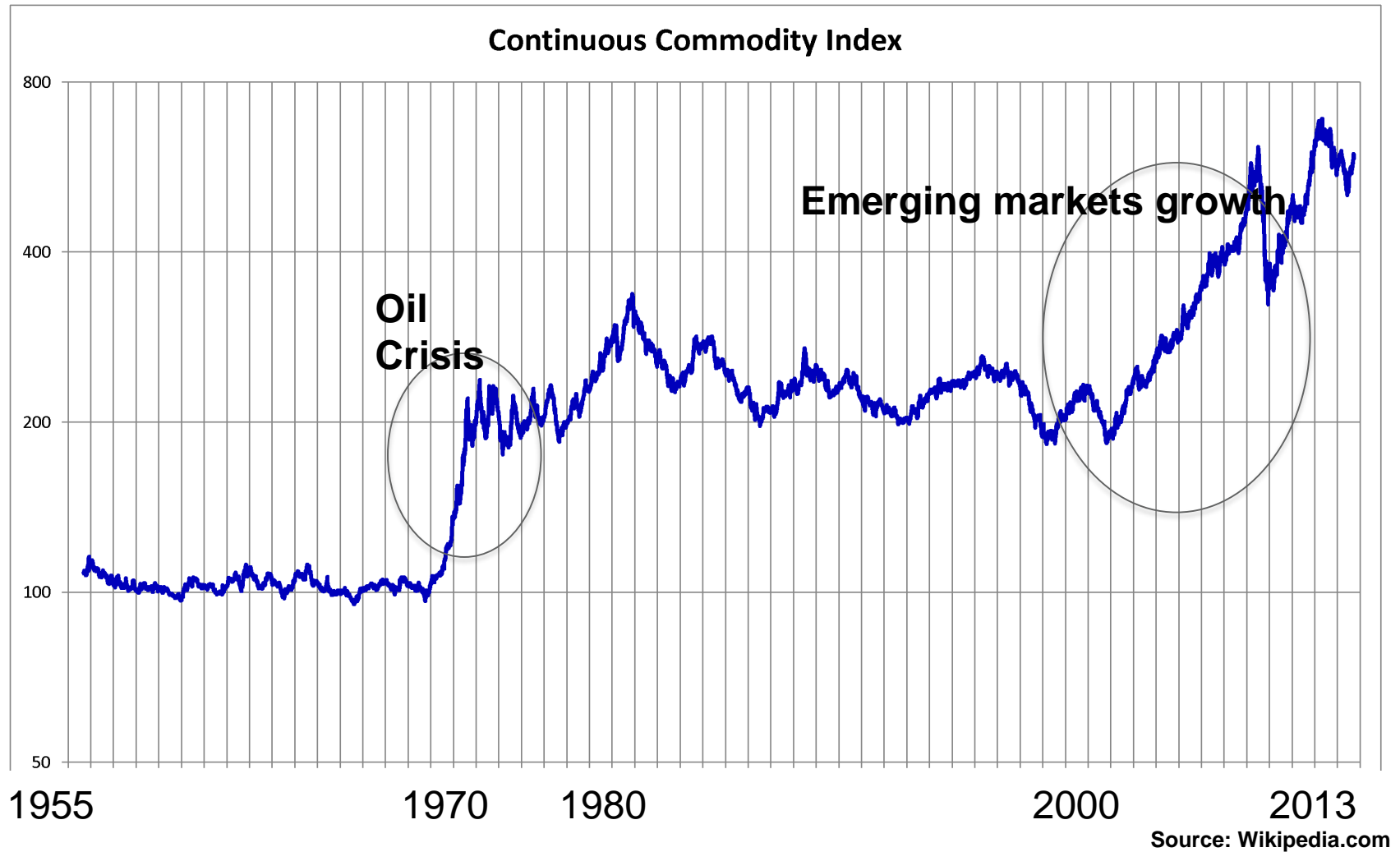


## COMMODITY – GOLD





## COMMODITY - CYCLES



## UNDERSTAND YOUR STAKEHOLDER AND MANAGE EXPECTATIONS

### Shareholders

- Value investor
- Day traders

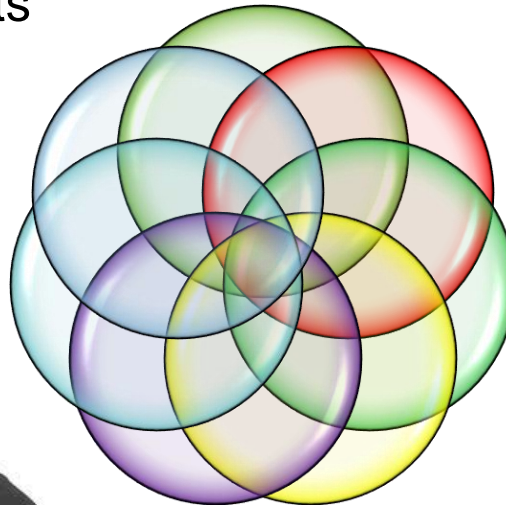


### Governments

### Management



### Community



### Banks



### Employees



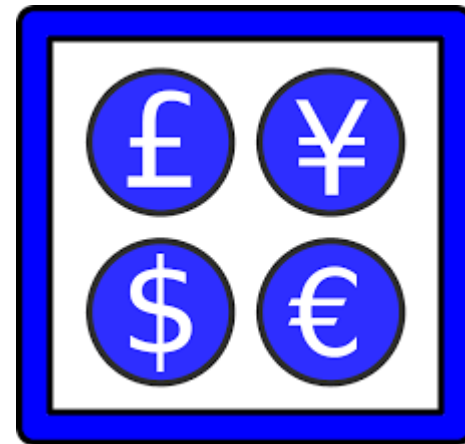


## HEDGING PROGRAM

# Commodity risk



# Other risks



## HEDGING PROGRAM

Profit margin

Stability

Access to  
capital

REWARD



HEDGE COST

RISK

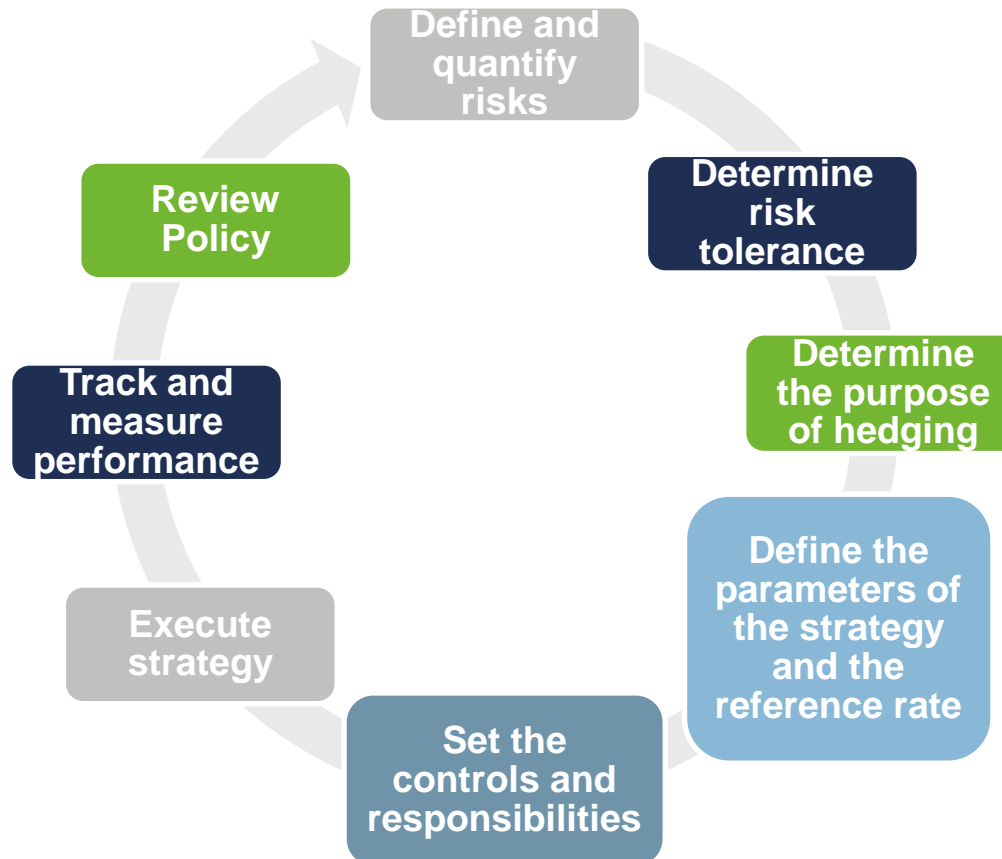
OPPORTUNITY COST

## To Hedge or Not to Hedge



## HEDGING PROGRAM

### PROCESS



## POLICY AND STRATEGY



## HEDGING STRATEGY

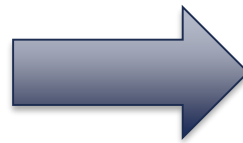
TERM

RATIO

TOOLS

## PITFALL

### MIRACULOUS HEDGING TOOLS





## PITFALL

### FORECASTS / HEDGING DECISION



**FAKE**

**2017**

2017 Gold Price Forecast: \$1,500

2018 Gold Price Forecast: \$2,200

2019 Gold Price Forecast: \$3,000

2020 Gold Price Forecast: \$4,200

2022 Gold Price Forecast: \$11,000+

**Who really knows?**

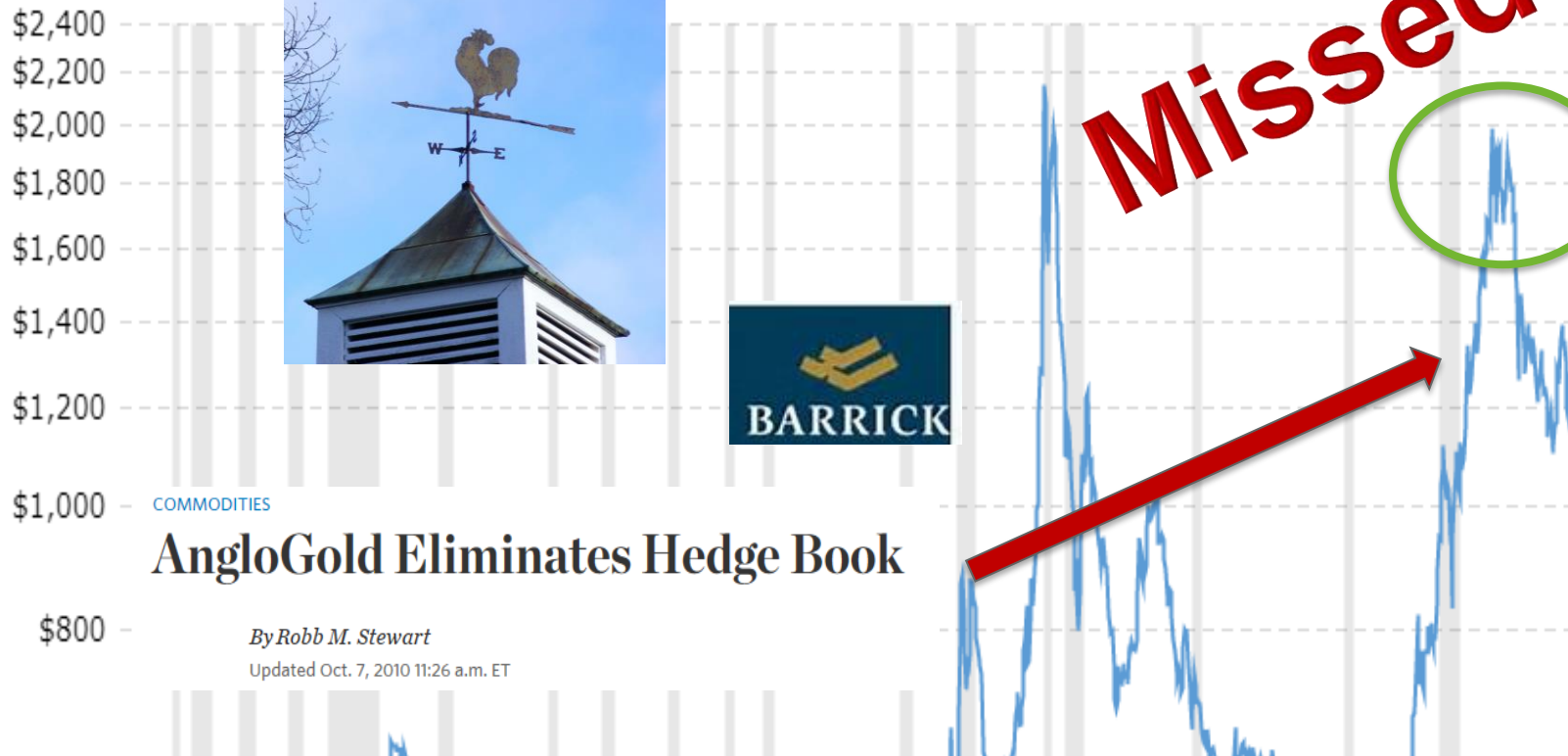
## PITFALL

### CHANGING HEDGING DECISION



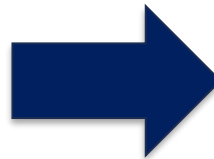
**Missed it**

?



## HEDGING

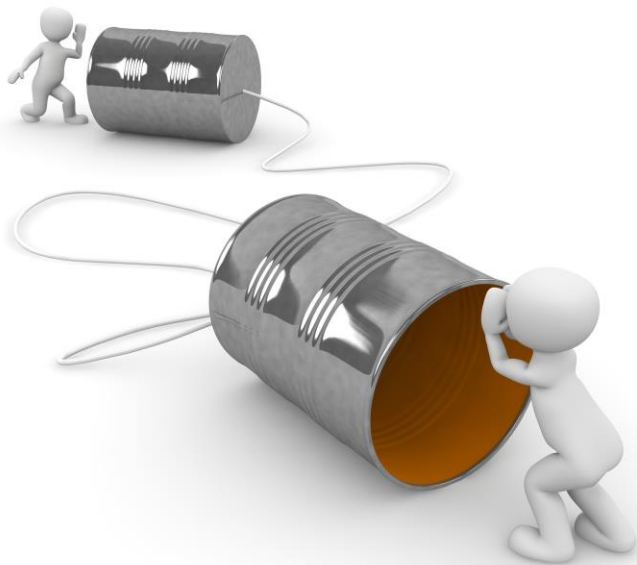
Not a one-size fits all!



## CONCLUSION: HEDGING = PROTECTION

Hedging will be efficient if:

- Clear objectives
- Good communication



# THANK YOU FOR YOUR ATTENTION

Questions?

**FINMETRIX**

---

GESTION DE RISQUES FINANCIERS  
FINANCIAL RISK MANAGEMENT

Financial risk management – Customized strategy

## CONCLUSION: HEDGING ULTIMATE OBJECTIVE

### Who we are

- FINMETRIX
  - Is **an independent financial risk management advisor** related to currency, interest rates and commodity risks.
- MISSION
  - FINMETRIX is dedicated to provide know-how and expertise to businesses, so as to manage the impact of financial market fluctuations on their results.
- SOLUTION: Alternative to outsource financial risk management function of the Treasury Department for companies who need our experience and expertise to navigate financial markets.

### Our Approach

- Our unique, structured approach to financial risk management allows us to provide our clients with a tailor-made strategy in line with their reality and offer an implementation and monitoring framework to achieve their goals.



## CURRICULUM VITAE – ANTOINE LAJOIE



### **FINMETRIX Inc.**

Antoine Lajoie CFA, M.Sc.  
Tel.: 514-600-3475, ext. 101  
[antoine.lajoie@finmetrix.com](mailto:antoine.lajoie@finmetrix.com)  
[www.finmetrix.com](http://www.finmetrix.com)

### **EDUCATION AND PROFESSIONAL TITLES**

Master in Finance  
CFA (Chartered Financial  
Analyst)

### **OVERVIEW**

Antoine has nearly 20 years' experience in financial risk management and derivatives.

### **PROFESSIONAL EXPERIENCE**

He joined the National Bank Treasury in 1996. He began his career as an advisor to companies in sectors, such as money markets, financial engineering on interest rates, the currency market and amenities. He was, subsequently, appointed head of the foreign exchange and derivatives team as Senior Director, where he managed a team of over 25 consultants for financial risk management companies (foreign exchange rates, interest and amenities)

In addition, he served as a strategist within the Canadian industry (SMEs and large enterprises) to help them develop financial risk management strategies tailored to their needs. The expertise gained during his career at the National Bank allowed him to understand the reality of thousands of companies of various sizes and from different industries.

## DISCLAIMER

This document is provided for information purposes only. The information is presented in summary form and perhaps incomplete. It is forbidden to distribute, publish, reproduce this document and / or its contents without our written permission in each instance. We assume no responsibility for losses incurred by the company, its owners or any other party and that would result from the circulation, publication, reproduction or misuse of this document. We reserve the right (but are under no obligation to) revise all the calculations included or referred to in this document and, if we believe it necessary to make changes that would be justified by the facts, trends or conditions existing at the date of the presentation, but which were known to us subsequently.

Although FINMETRIX has deployed commercially reasonable efforts to ensure the accuracy of the information contained in this document, FINMETRIX does not in any way guarantee the accuracy, timeliness or completeness. This document is not intended to give recommendations, advice, legal or tax advice and should not be used for this purpose, as it may become obsolete in whole or in part, at any time. It is incumbent upon the user to verify the information in it before using it. Any financial operation involves a number of risks and considerations. Before acting on the information or carry out an operation, you should carefully study the conditions, assess risk and determine whether it meets the needs and specific objectives of the client, its experience, its financial and operational resources as well as all other circumstances of its own.