



TARF, TARGET ACCUMULATORS...

These FX products that silently threaten your finances...

... and how to mitigate the risks!

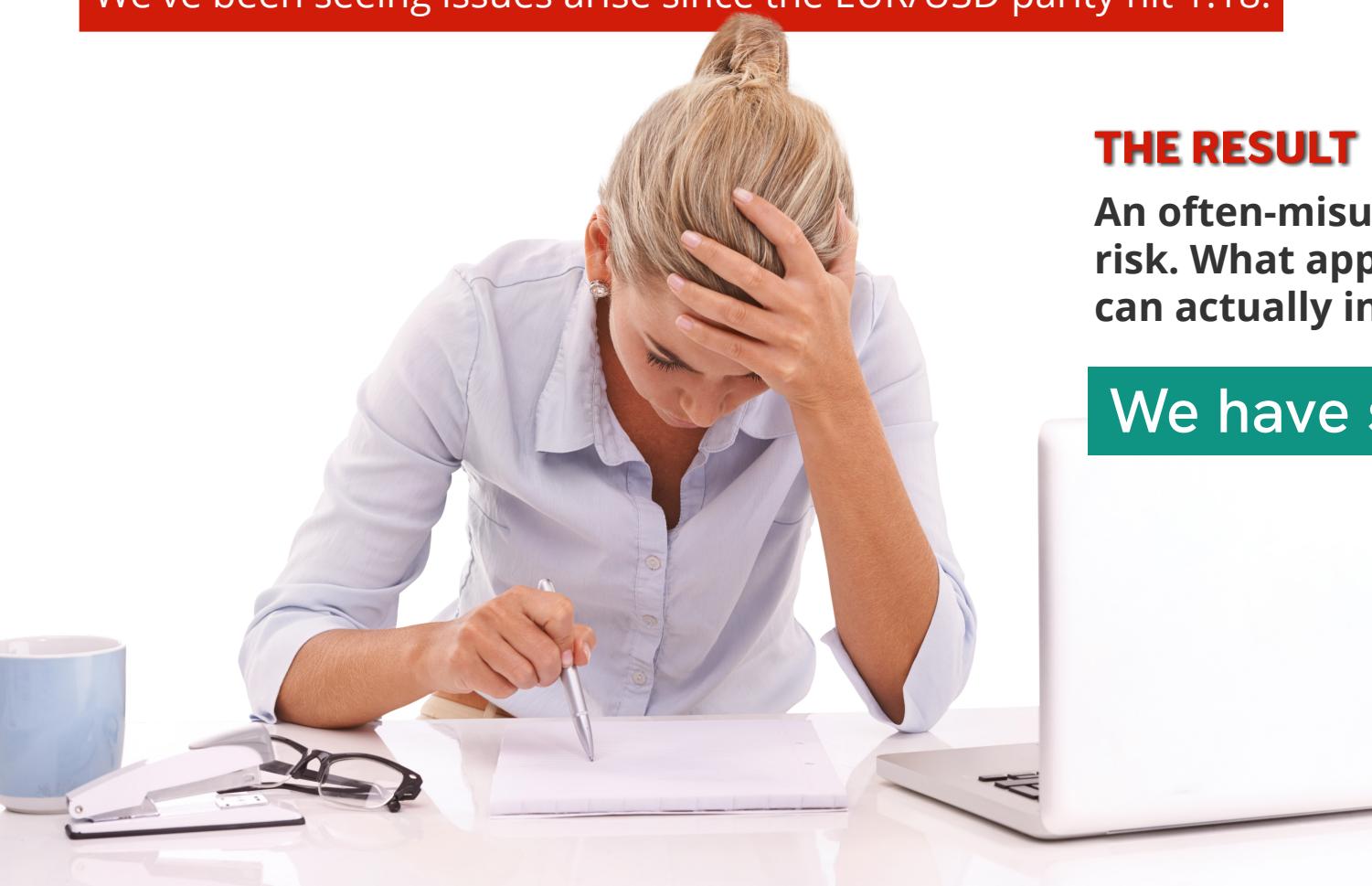


WHAT ARE THOSE PRODUCTS?

These products combine forward hedging, sold options, and "knock-out" clauses that eliminate protection just when it becomes highly profitable.

- If the exchange rate moves in my favor... I have to buy more currency than expected/needed at an unfavorable rate.
- If it moves against me... The winning protection disappears.

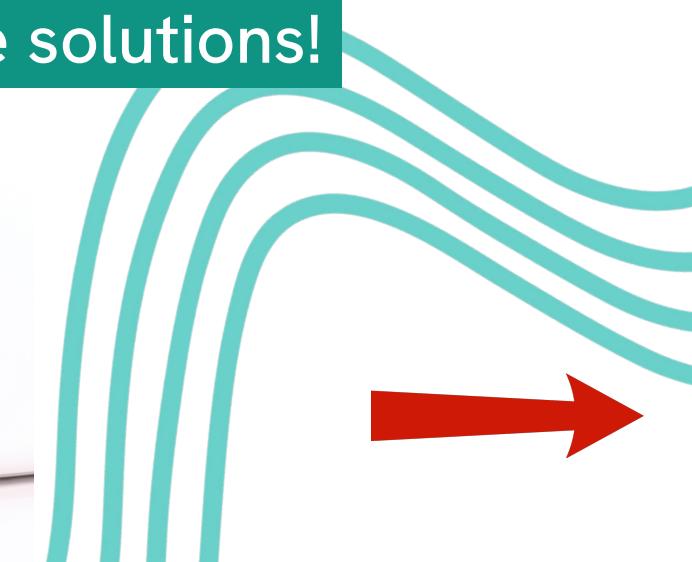
With the current volatility, it's a losing game for both currency buyers and sellers!
We've been seeing issues arise since the EUR/USD parity hit 1.18.



THE RESULT

An often-misunderstood asymmetric risk. What appears to provide hedging... can actually increase exposure.

We have solutions!



WHY DO THESE PRODUCTS END UP IN SME's PORTFOLIO?

A compelling sales pitch from the bank...

-  An enhanced exchange rate
-  No more need to manage the timing of cash flows

But too often,
companies exceed
their actual exposure
due to leverage and
ultimately end up
with:

-  Massive bank margins
-  Unlimited risk
-  Unpredictable flows



**THE ADVERTISED
BENEFITS ARE
ACTUALLY FAR LESS
FAVORABLE THAN
WITH WELL-MANAGED
SIMPLE PRODUCTS...**

**WHOSE FLEXIBILITY IS
OFTEN NOT WELL
UNDERSTOOD BY CFOs.**



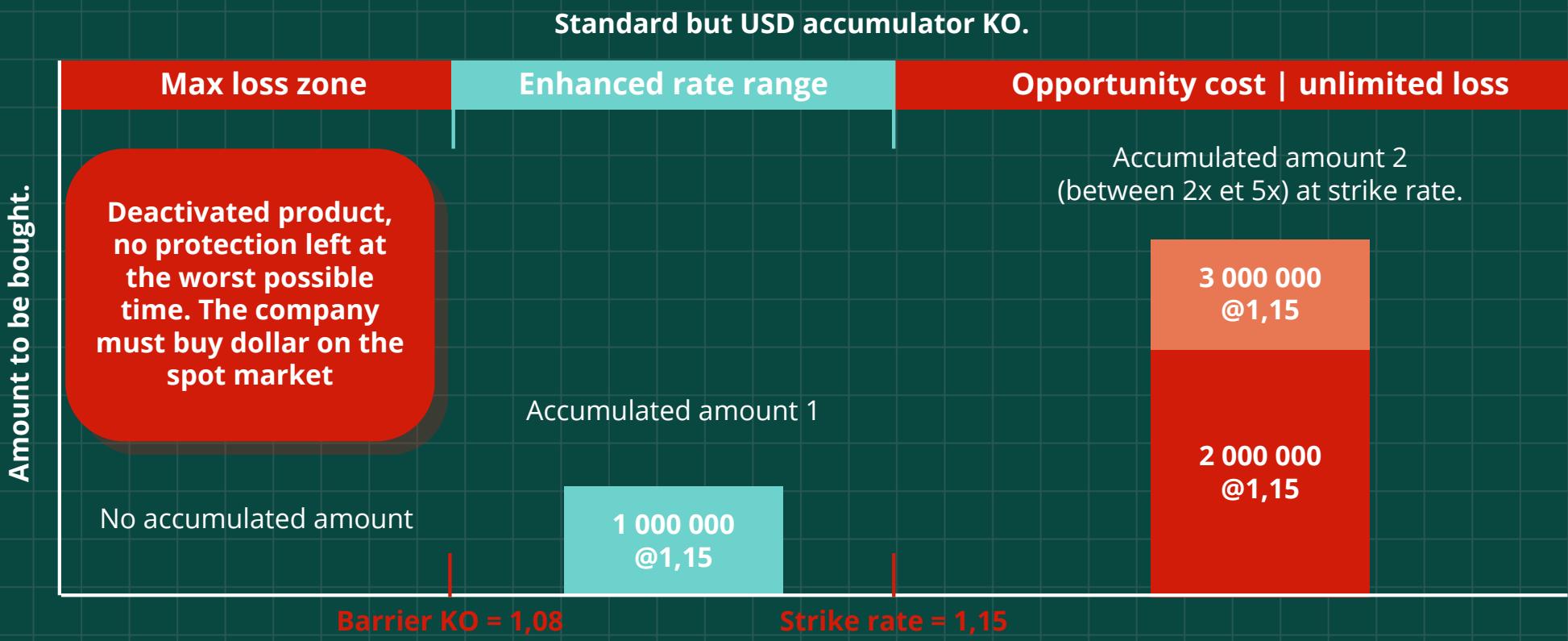
THE RESULT: REPEATED COSTLY RESTRUCTURING, SNOWBALL EFFECT, AND HEIGHTENED RISKS OVER TIME...

...potentially leading some companies into serious financial trouble, or even bankruptcy.

As seen in 2022 when the EUR/USD hit 0.95.



A typical dollar purchase accumulator subscribed in 2024: if the initially accumulated amount 1 covers 100% of the need, today the leverage effect forces additional purchases beyond what's necessary, at a worsened exchange rate.



For dollar sell accumulators, the product would be completely deactivated, leaving the company fully exposed to the dollar's decline.



**AN ISSUE THAT
SHOULDN'T BE
ALLOWED TO ESCALATE,
ESPECIALLY IN A
CONTEXT WHERE THE
DOLLAR IS CLEARLY
TRENDING DOWNWARD.**

As a reminder, during Trump's first term, the EUR/USD had slipped as high as 1.25!



A CONCRETE ACTION PLAN TO DETOXIFY A STRUCTURED PRODUCTS PORTFOLIO

Portfolios containing FX accumulators, TARFs, TARGETs, or other exotic products can create daily pressure and reduce budget visibility.

We propose practical approaches.





- ✓ Restructure and reschedule accumulated amounts
- ✓ Isolate problematic sub-components for targeted solutions
- ✓ Scrutinize each position to progressively clean up the portfolio
- ✓ Regain flexibility in management and prepare for new opportunities.

The objective: to restore clarity and control to portfolios that may have become opaque or crippling.

DOES THIS AFFECT YOU? CONTACT US!

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