CycleHedge
THE EDGE IN EVERY HEDGE

HEDGE DECISION GOVERNANCE
A DYNAMIC OUTCOMES SERVICE

FOR CORPORATE TREASURY & CFOS

"Walk me through your FX risk management framework."

For most treasuries, the honest answer is **a spreadsheet, a bank email, and a story.**

CycleHedge adds a governance layer alongside your existing bank or broker, not in place of them. It issues a systematic **Hedge Trigger** — HEDGE, WAIT, or STOPPED — timestamped before the market moves and logged to a record you can hand your board.

A policy states what you meant to do; only that record proves what you did, and why.

● HEDGE	**● WAIT**	**● STOPPED**
Lock in.	*Stay open.*	*Full cover, risk control.*

THE TIMING INTELLIGENCE LAYER FOR TREASURIES THAT CARRY **MATERIAL, RECURRING FX EXPOSURE.**

01 THE PROBLEM

Most treasuries hedge half and hope: a fixed cover percentage, set once years ago, that no one has been asked to defend since.

Ask a capable treasurer how they manage currency risk and you will usually hear about a policy: hedge fifty percent forward, roll it, repeat. Ask how that fifty was chosen, and the honest history is rarely a decision. It is **a retreat, arrived at in three moves.**

First you hedge everything, because being exposed feels like the risk — until the market runs in your favour and **punishes you for being covered,** locked in while a better rate slips past. So you stop hedging and stay open, which perhaps works for a while — until the trend turns and the exposure you left uncovered **gets hit from the other side.** Burned from both directions, you settle on fifty percent: not because fifty is right, but because it is the one number that **can no longer be blamed for either mistake.**

It is a compromise made out of fear, then applied every week regardless of where the market actually is. So when the currency moves hard and the board asks the question every treasurer quietly rehearses for — *"Walk me through your FX risk management framework"* — there is a policy, but **there is no framework:** no record of why *this* cover, on *that* week, under the conditions that applied. The policy explains every week, and therefore explains none of them.

02 THE REFRAME

A documented hedging decision is starting to matter more than a merely correct one.

A board cannot re-run the year. **It cannot rewind the market to check whether a call was "right."** What it *can* do — what an auditor, a risk committee, and a regulator all actually do — is check whether the decision was made on a **defensible process, evidenced at the time.** That is the test your framework has to pass, and it is a different test from being right.

This is not an argument that accuracy stops mattering. **Being right about timing is exactly what a hedging system is for** — and CycleHedge is built first to be right. But being right and being able to *prove you decided well* are two different things, and only one of them survives a bad quarter. **Being right is our job. Being able to explain a call that went against you is yours** — and that is what a record is for.

> *A policy tells your board what you were supposed to do.*
> *Only a record proves what you actually did, and why.*

03 THE MECHANISM

In place of the standing rule, CycleHedge resolves the timing question into a single Hedge Trigger, logged the moment it is issued.

CycleHedge reads three rhythms that every exposure sits inside, and turns them into one clear instruction — hedge now, stay open, or move to full cover.

1 **Your business cycles**
When your exposures are realised, when you pay or are paid, and the window you actually have to act.

2 **The currency's own cycles**
The measurable, recurring patterns in how a pair behaves.

3 **The interest-rate differential**
The forward points that decide whether waiting costs you or pays you.

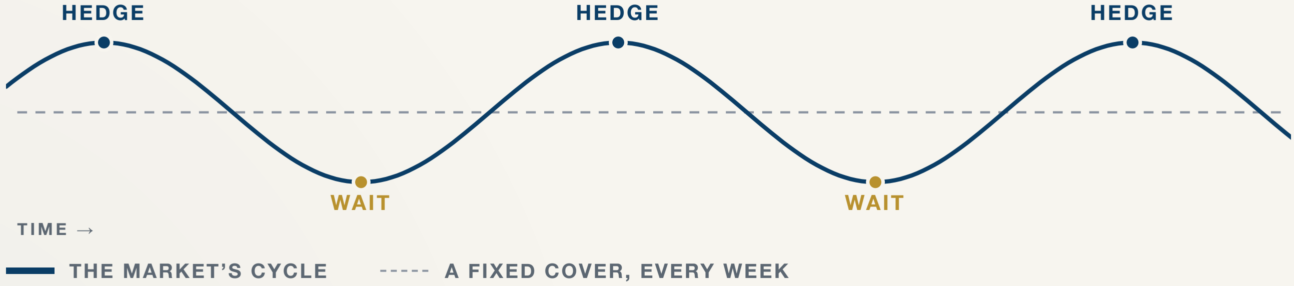
Out of that comes a **Hedge Trigger**: a single systematic call — **HEDGE**, **WAIT**, or **STOPPED** — issued on a defined schedule and **timestamped the moment it is made, before anyone can know how it turns out.** No discretion in the moment. No view to reconstruct afterwards. The reasoning is fixed before the market moves, not narrated once it has.

WHERE IT SITS

It is a timing layer, not a counterparty. You keep executing your forwards through your existing bank or broker exactly as you do today. **CycleHedge decides *when*; your execution partner still handles the trade.**

WHY TIMING IS EVEN POSSIBLE

Currencies move in cycles. A fixed policy pretends they don't.



Most treasuries hedge the same fraction every week — the flat line. But a currency moves in cycles, with **moments that favour locking in and moments that favour waiting.** The Hedge Trigger reads where the market sits and makes the call *for your side of the trade.*

04 THE PROOF

Every Hedge Trigger is timestamped before the outcome is known. That makes the Decision Ledger a record no board can suspect was written after the fact.

The artifact this produces is the **Decision Ledger** — the record a treasurer hands a board. Every Hedge Trigger, the date it was issued, what was covered, and — weeks later, once the forward matured — what the market actually did. **The record cannot be edited with hindsight, because the record predates the hindsight.**

Below is an illustrative page from one. Most of these calls beat the fixed-cover policy; a few went against it, **including the worst call of the year, left in plain sight.** That is the point. A ledger only matters if it stays defensible when a call *does* go against you, and here **the losing calls sit in the record beside the winning ones** — each one timestamped and decided before the market moved. The columns show the *direction* of each call, not its size; the size is shown live, on your own numbers, never on paper.

THE DECISION LEDGER — ILLUSTRATIVE EXCERPT *USD/ZAR exporter · 2022 · one page of a full-year record*

KNOWN WHEN THE TRIGGER WAS ISSUED			KNOWABLE ONLY WEEKS LATER ↓	
HEDGE TRIGGER ISSUED	SIGNAL	COVER	SPOT AT MATURITY 1	OUTCOME VS POLICY 2
07 Jan 2022	HEDGE	85%	15.0247	▲ better
28 Jan 2022	NEUTRAL	50%	14.6866	— = policy
18 Mar 2022	WAIT	15%	15.6707	▲ better
08 Apr 2022	WAIT	15%	15.9051	▲ better
05 Aug 2022	HEDGE	85%	18.2269	▼ worse
19 Aug 2022	HEDGE	85%	18.0774	▼ worse
23 Sep 2022	HEDGE	85%	17.0942	▲ better
07 Oct 2022	HEDGE	85%	17.2044	▲ better
21 Oct 2022	HEDGE	85%	17.1905	▲ better
18 Nov 2022	STOPPED	100%	17.1811	▼ worse
30 Dec 2022	WAIT	15%	18.5708	▲ better

1 The market's rate weeks later, once the forward matured — *unknown on the day the trigger was issued.*

2 Direction only: whether each call beat, matched, or missed a fixed-cover policy — not the size of the difference.

NEUTRAL weeks carry no directional view and hold the default cover — neither a win nor a loss, and shown here rather than dropped.

Illustrative sample. Your own Ledger is built on your currency pair, your direction and your exposure.

The three questions a board asks — and the answer a policy cannot give

> *"Why did you hedge that week?"*
> Because the Trigger said HEDGE, on the date shown, under a rule that did not change during the year.

> *"Why were we sitting open through the spring?"*
> Because the Trigger said WAIT, every week, on the dates shown. Had that run been wrong, it would still be in the record, on the same days.

> *"That August call lost us money. Explain."*
> The worst call of the year is right there — timestamped, made on the same rule as every call that beat the policy. **Nothing about it was improvised, and nothing about it was revised afterwards.**

A fixed policy has no per-decision rationale to point at. **"We hedge fifty percent, always" explains every week, and so explains none of them.**

Behind the sample

A DOCUMENTED, MULTI-YEAR RECORD

The approach has been tested out-of-sample across market regimes spanning **2017 to 2025, including the 2020 shock.** The specifics — direction, pair, the size of any edge — are shown on your own numbers in the benchmark, never asserted on paper.

A SYSTEM THAT CORRECTS ITSELF

CycleHedge's own internal checks have already caught and walked back an over-broad performance claim before it ever reached a customer. That is the standard we ask you to hold your hedging to — **held first to our own.**

05 HOW IT FITS

CycleHedge is the timing layer that sits on top of the way you already hedge.

- **You keep your bank and your broker.** No new counterparty, no RFP, no procurement cycle. You execute exactly as you do now; CycleHedge tells you when.
- **It runs on your parameters** — your pair, your direction, your exposure, your settlement frequency, your decision window.
- **It answers to a board, by design.** Every decision is timestamped, logged, and auditable — any week, any period, open to interrogation.

06 SEE IT ON YOUR OWN NUMBERS

Who it is built for, and how to see it work.

Built for treasury teams and finance leaders carrying material, recurring foreign-currency exposure — the ones who will, sooner or later, be asked to defend a timing decision they cannot currently evidence.

Before you take a word of this on trust, see it on your own numbers — and we will build the Decision Ledger you could have handed your board.

The benchmark is the decision tool. Bring one currency pair and a few years of your real exposure, and CycleHedge reconstructs, on your own figures, **exactly what the Hedge Trigger would have signalled — and the Decision Ledger it would have produced.** If the edge is there, you leave with evidence for your board. If it is not, you will see that too. **The record is the same either way.**

It is priced as *a fraction of the saving it is built to deliver* — and the benchmark shows you that number before there is any commercial conversation.

Arrange your benchmark — James Paynter

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CycleHedge is a hedge-decision governance service from **Dynamic Outcomes**, built on more than two decades of currency-market forecasting for exporters, importers and investors.

Illustrative figures are drawn from a real out-of-sample record and are shown to demonstrate the form of the reporting, not to promise a result. Currency markets carry risk; past performance does not guarantee future outcomes. Any edge is quantified on your own exposure in a benchmark before any engagement.