



Case Study

The Authentic T-Shirt Company

THE
AUTHENTIC
T-SHIRT COMPANY®
—
SANMAR
C A N A D A

A Currency Risk Management
Customer for Over 4 Years

The Challenge

The Authentic T-Shirt Company/SanMar Canada (ATC) is a wholesale distributor to the imprintable apparel industry – headquartered in Vancouver, BC – with over 25 years in business. ATC provides a variety of apparel products to screen printers, embroiderers, and promotional groups to customize items for organizations of all sizes, from little league teams to Fortune 500 companies. ATC products are globally manufactured, then marketed and sold throughout Canada. ATC offers thousands of items across 15 different product lines, and materials and labour are sourced internationally. The company's global touchpoints throughout their supply

chain and operations contributed to a requirement to hedge their purchases in order to protect budgeted rates and limit FX losses. Looking for support in structuring their FX hedging strategy and optimizing their market position, as well as identifying and managing increasingly complex currency exposures, ATC partnered with Corpay to devise a hedging strategy that effectively met their overall corporate goals.

Corpay[^]

The Solution

Corpay began to identify the nature and degree of FX exposure through the analysis of financial statements and cash flow projections, in order to align proposed solutions with ATC's organizational needs. From this analysis, Corpay recommended a staggered and opportunistic market entry to first obtain protection to lock in profit margins, then mitigate risk through the evaluation of each solution at execution to minimize transaction costs. To achieve this more favorable risk/reward ratio, a dynamic hedging strategy including the following solutions was implemented:

- Enhanced Forward Extra
- Enhanced Range Reset
- Enhanced Range Forward
- Spot

The recommended approach allowed ATC to manage their liquidity and solvency, insulating them from upside risk while still retaining some downside exposure, ideal for accomplishing ATC's corporate goals.

The Solution

Simple and strong: this strategy enables ATC to take advantage of favorable market movements, enhancing efficiency and flexibility, with minimal risk. Together, this diversified portfolio strategy and the ability to add to the hedged positions throughout the year ensures market-to-market performance of ATC's hedges are materially more favorable than in previous years.

“We are continually impressed with Corpay’s customer service, knowledge, and support in building a strong hedging strategy which optimized our position in the market.”

Charles Chang
CFO | Authentic T-Shirt Company

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