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**What is AIFS?**

- American Institute for Foreign Study
- Founder: Sir Cyril Taylor, 1964
- Academic/Cultural Foreign Exchange
- 50,000+ Students
- Major Divisions:
  - College
  - High School

**College Division**

- 5,000+ American university students
- Sessions include:
  - Academic Year
  - Summer/Winter Holiday
- Countries with study programs:
  - Australia
  - Austria, Czech Republic, Italy, Spain, France
  - Russia
  - South Africa

**High School Division**

- Founded 1978
- American Council for International Studies (ACIS)
- 20,000 high school students and teachers annually
- 1 to 4 week educational trips to Europe, China, Mexico, Africa, Australia and the Americas
- All Inclusive

**Conclusion**

- AIFS should hedge forward contracts in the short-run and options in the long-run.
- Forwards are more attractive if the exchange rate is in their favor.
- Options are more secure if there are unfavorable changes in currency rates.

# Hedging Currency Risks at AIFS

Catherine Chacon, Jodie Lu, Katelyn Hurtado, Kyle Umbarger



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# *Pricing*

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## **College Pricing**

- Academic planning year from July 1 to June 30
- Prices for any given year had to be set by June 30 the previous year

## **High School Pricing**

- Calendar year basis from January to December

***\*Guaranteed Pricing***

## *Hedging at AIFS*

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- Incurred revenues in American Dollars (USD)
- Incurred costs in Euros (EUR) and British Pounds (GBP)
- AIFS hedged its future cost to manage different types of risk
- Covered 100%

## *Types of Risk*

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- Bottom-line
- Volume
- Competitive Pricing