



# SCS Forward-Start Enhancer Plan

The SCS Forward-Start Enhancer Plan is similar to the standard SCS Enhancer Plan, in that it locks in a fixed price at a higher level than the current market because of the presence of a double up and knock-out level. However, this new contract gives you the flexibility to start accumulating bushels at a later time, and at an even higher price.

The SCS Forward-Start Enhancer Plan gives the producer a higher fixed price due to some added risk: the fixed level accumulations won't start right away, but the knock-out will (so it is possible to knock-out before any bushels have started accumulating).

**TOOL GROUP** Fixed Price

**PRODUCER BIAS** Neutral to slightly bearish, especially in the long term. OK with pricing additional bushels at the end of the contract at the double up level.

## ADVANTAGES

- Producer prices grain above the market
- Better premium than regular Master Enhancer Plans
- Locks in higher price for future bushels for potential delivery
- Flexibility to price bushels during a specific period of time

## RISKS

- Structure may knock-out before much accumulation has occurred, if any
- No upside participation if market moves above the fixed level
- Possibly pricing additional bushels at a fixed level, thereby also eliminating upside for those bushels
- Lower knock-out that cancels all unaccumulated bushels and additional quantity

## EXAMPLE LANGUAGE

Reference Levels: CH17 Futures Price: 3.955.... Trade Date: 3/17/2016

Pricing initial quantity of 1,852 bushels per week for 27 weeks (=50,000 bushels total, not including add'l qty)

Bushels are priced weekly at the closing price of the CH17 futures contract, starting on 8/18/2016 and ending 2/23/2017

.....with the fixed price set at \$4.36

If at the very end the futures price is above \$4.36, an additional 50,000 bushels will be priced at \$4.36

If the CH17 futures price ever trades at or below \$3.40 between the Trade Date and the Ending Date, no more pricing occurs with the above rules.

.....All remaining bushels can either be cancelled or priced at a fixed \$3.40

This structure can be done at NO COST.

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