

Master Fence Plan

SCS Master Fence Plans let the producer set minimum and maximum prices and average into his bushel sales, while limiting his downside protection by choosing a STOP PROTECT LEVEL. If the futures contract is beyond the Stop Protect Level at the expiry of the structure, the producer's accumulation average will be adjusted downward.

This is a popular structure for producers with Crop Insurance, so that they are not protected twice below their insurance level.

SCS Master Fence Plans can have additional quantities into the current or next year's crop included to cheapen the price of the original contract.

TOOL GROUP Min/Max

PRODUCER BIAS

- > Master Fence Plan neutral to slightly bullish in the near term, neutral in the long term. OK with pricing additional bushels on a weekly basis
- > Master Fence Plus Plan more bullish than the reserve in the near term, neutral in the long term. OK with pricing additional bushels at the end of the contract
- > Master Fence Reserve Plan more bullish than the reserve in the near term, neutral in the long term. OK with pricing additional bushels on a weekly basis

ADVANTAGES

- > Producer is able to capture upside
- > Protection from downside market moves

DISADVANTAGES

- > Capped upside participation
- > Limited downside protection
- > If committing to additional quantity, the additional bushels are priced at a predetermined level, thereby eliminating upside for those bushels

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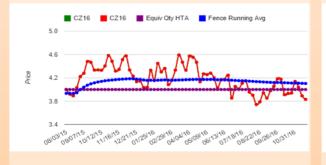
Examples

CZ16 Futures Price at \$4.00

1. MASTER FENCE

- Bushels priced weekly in CZ16 with a floor price at \$4.00 and a cap price of \$4.30625
- If at the end the CZ16 futures price is below \$3.40, the average price for the initial amount will be reduced by the difference between \$3.40 and the ending futures price
- · Costs 6.6 cents/bu



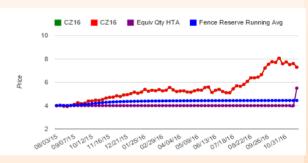




2. MASTER FENCE RESERVE

- Bushels priced weekly in CZ16 with a floor price at \$4.00 and a cap price at \$4.46625
- Weekly double-up at \$4.46225
- If at the end the CZ16 futures price is below \$3.40, the average price for the initial amount will be reduced by the difference between \$3.40 and the ending futures price









BEAR MARKET

NEUTRAL MARKET

BULLMARKET

HYPOTHETICAL PERFORMANCE RESULTS HAVE MANY INHERENT LIMITATIONS, SOME OF WHICH ARE DESCRIBED BELOW. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN, IN FACT, THERE ARE FREQUENTLY SHARP DIFFERENCES BETWEEN HYPOTHETICAL PERFORMANCE RESULTS AND THE ACTUAL RESULTS SUBSEQUENTLY ACHIEVED BY ANY PARTICULAR TRADING PROGRAM. ONE OF THE LIMITATIONS OF HYPOTHETICAL PERFORMANCE RESULTS IS THAT THEY ARE GENERALLY PREPARED WITH THE BENEFIT OF HINDSIGHT. IN ADDITION, HYPOTHETICAL TRADING DOES NOT INVOLVE FINANCIAL RISK, AND NO HYPOTHETICAL TRADING FECORD CAN COMPLETELY ACCOUNT FOR THE IMPACT OF FINANCIAL RISK, IN ACTUAL TRADING FOR EXAMPLE, THE ABILITY TO WITHSTAND LOSSES OR TO ADHERE TO A PARTICULAR TRADING PROGRAM IN SPITE OF TRADING LOSSES ARE MATERIAL POINTS WHICH CAN ALSO ADVENSELY AFFECT ACTUAL TRADING RESULTS. THERE ARE NUMEROUS OTHER FACTORS RELATED TO THE MARKETS IN GENERAL OR TO THE IMPLEMENTATION OF ANY SPECIFIC TRADING PROGRAM WHICH CAN ADVERSELY AFFECT ACTUAL TRADING RESULTS.