

Accumulator Contract

What is the Accumulator Contract?

The **Poet Accumulator Contract** offers a way for producers to forward contract bushel that are priced daily above the current futures price until the market trades below the Knock-Out Level. We are able to do this by trading options with daily expiration.



Advantages:

- Price an equal amount of bushels each day above the current market
- Good option if you think the market is headed sideways
- You choose the Knock Out Level, which dictates the Accumulation Level
- Forward marketing can help you manage risk
- Minimizes decision making

Disadvantages:

- There is a double obligation tied to this contract, but only at expiration
- A 5 cent fee will be applied to the contract
- It is not guaranteed that all enrolled bushels will be priced at the accumulation level

How it works:

You choose the option month and knock out(KO) level which will dictate the accumulation level and enroll a minimum of 1,000 bushels. An equal amount of bushels will be priced at the accumulation level each market day from the day the contract is made until the day of expiration or until the market falls below the KO level. When the KO hits the accumulation ceases to exist and there is no chance of doubling up on those bushels. If the market is above the accumulation level on the day of expiration then a like amount of bushel is owed on the existing Accumulator contract at the accumulation level.

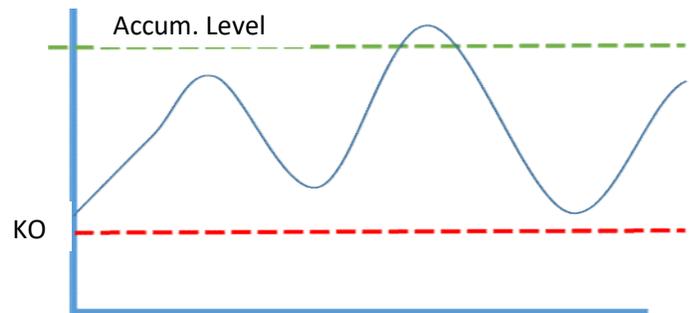
Scenario #1-Total Quantity

Accumulated

KO: \$3.60

Accumulation Level: \$4.12

Futures remain flat and never fall below \$3.60 and are below \$4.12 on the day of expiration. The total enrolled bushels are priced at \$4.12 and no additional bushel are owed.

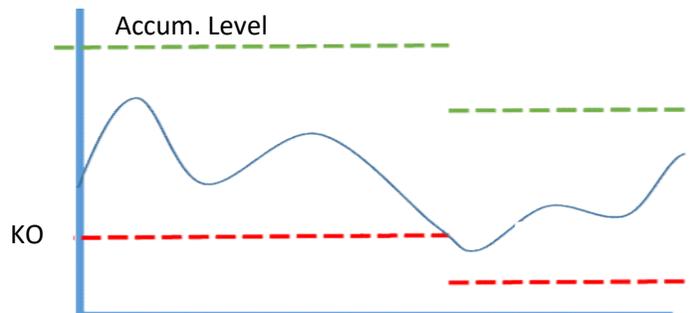


Scenario #2-Knocked Out

KO: \$3.60

Accumulation Level: \$4.12

Futures fall below \$3.60 the structure ceases to exist and accumulation at 4.12 stops and only bushels accumulated up to KO day are priced and owed @ \$4.12 futures, +/- basis to determine cash price.



Scenario #3- Doubled-up

KO: \$3.60

Accumulation Level: \$4.12

Futures never fall below the \$3.60 KO, but on the day of contract expiration they are above the \$4.12 accumulation level, which would trigger a double-up of the bushel in that contract.

