M+ | MODERN MARKETING

New Collaborative, Flexible, and Customizable Strategies for 2021

M+ is adding two new, price-specific, and rules-based programs to our family of strategies: Foundation and Target Price. Customers who enroll in these programs should choose a protection/target level at enrollment. Official price targets will be set before the start of pricing and confirmed with our participants.

Foundation — Baseline downside protection

SELECT FROM:

☐ **Max Protection:** Protect higher prices — but keep less upside.	**OR**	☐ **Value Protection:** Get bigger benefits on big market moves — but protect lower prices.

Based on customer input, our M+ professionals will determine a **Foundation Price** and design a rules-based program with some downside protection on 100% of enrolled bushels below the **Foundation Price**. These programs will use a mix of puts, put spreads, and similar OTC structures to achieve the most cost-effective downside protection.

Target Price — Take aim at your price objectives

SELECT FROM:

☐ **Max Target:** A higher, and therefore less likely price. More upside, less premium.	**OR**	☐ **Value Target:** A lower, but more attainable price. Less upside, more premium.

Based on customer input, our M+ professionals will determine a **Target Price** and design a rules-based program that foregoes upside beyond that **Target Price**, but collects a premium to the market if the market is lower. Each program will use a customized mix of call options and accumulators to attempt to reach the goal.

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PROGRAM DETAILS

Foundation: This program is for ensuring some level of protection for the producer while ensuring they're not overpaying for unnecessary protection or chasing unrealistic upside expectations. The Foundation Price is not necessarily a floor price, but it does mean the farmer will get a meaningful payout in a market collapse (typically at least 30 c/bu) and be fully protected in any small selloff. That tailored payout keeps the program protection affordable so we can pass this value on to the producer.

Max Protection: higher price guarantees
For the producer looking for more security, we'll choose the highest feasible price to protect (factoring in customer feedback), typically near the market price — "at the money" — at the start of pricing.

This high price guarantee is offset by a combination of a capped payout to the downside (e.g. a put spread) and giving up some upside.

Value Protection: fits your needs with no excess fat
Based on customer feedback, this program is customized for the specific costs of production of M+ producers.

When markets make big moves, this program can hit higher prices without getting capped but still provide higher or unlimited payouts on the downside. It will protect at lower prices, however, so small price movements might not result in a payout.

Target Price: This program focuses on collecting premium for the producer. It is ideal for producers holding grain in the bin hoping for higher prices before selling, a powerful way to capture the value of their storage. It is also well-suited for a producer who has an existing marketing plan for other bushels and wants to earn a premium on some portion.

Max Target: home runs on high prices
For producers looking for a home run, this target level will wait for very high prices.

It is less likely to hit — but will return a premium to the market while still allowing healthy upside in most scenarios. Because that likelihood is lower, the premium collected will also be lower.

Value Target: consistency and attainable prices
This level will aim for an attainable, profitable price fairly close to the market at inception.

While this level involves much less upside, it's calibrated to a price M+ is confident we'll hit more consistently. And when we don't, it will pay out a much larger market premium.

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