

A Cash & Call Strategy that adds value

The Cash & Call strategy is generally more attractive when cash prices and basis are relatively stronger at harvest. This season the program will give growers the benefit of price certainty on the day of contracting by locking in a cash price at harvest, receiving 90-95% of the value of the grain and investing \$15 per tonne into a portfolio of call options to participate in a combination of markets post-harvest. The experienced Market Check team invests this \$15 per tonne into a dynamic portfolio of call options using a combination of US, EU and Black Sea wheat futures and optionality in the currency to add maximum value to growers invested equity.

Key Benefits

- Price certainty with known price for grain at harvest.
- 90-95% cash within 14 days and \$15 per tonne invested in call options.
- Unlimited and risk-free exposure to upside futures price movements until June 2019 (less the \$15/mt spend).
- No storage or interest costs incurred.
- Participate in a dynamic portfolio of call options across various futures markets.
- Also benefit from AUD/USD volatility via the use of put options.

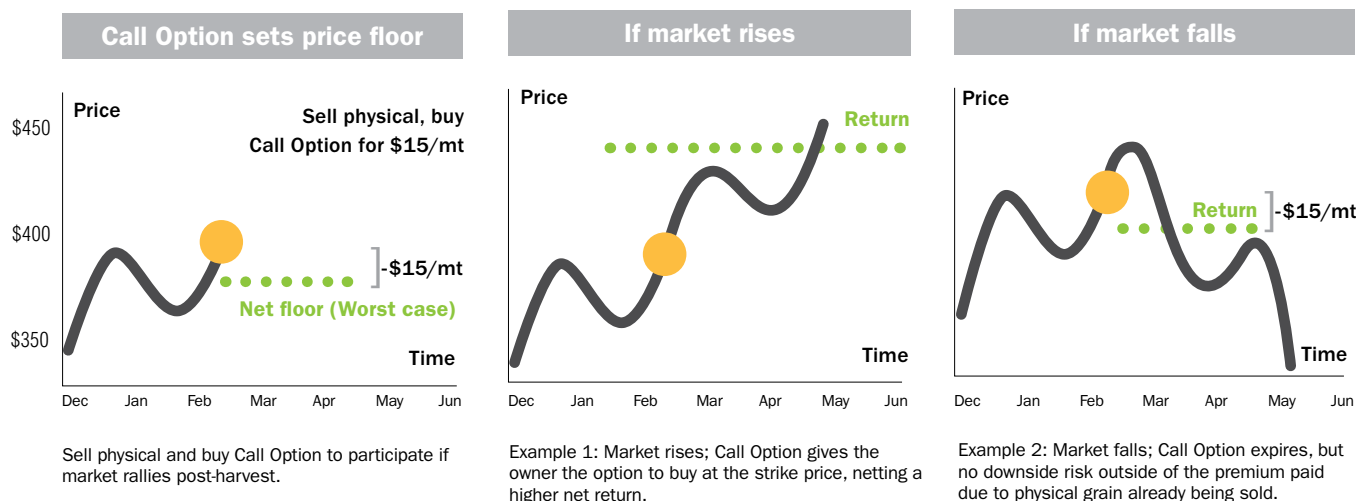
- Independent with no conflicts of interest – our only motivation is to increase equity for growers.
- Payment can be deferred until the following financial year with interest credited accordingly.
- Stock in BHCs and approved private sites / on-farm storages can participate.
- All physical sales are credit insured, protecting your returns.

A stronger proposition in 2019

The Cash & Call strategy has more merit this year for a few reasons, these include:

1. Tight east coast Australian ending stocks leading to historically high cash prices and basis which is a signal to sell at harvest;
2. The tightest wheat stocks (USDA, 2018) across major wheat exporting countries in at least the last 15 years which is supportive of global markets; and
3. Potential currency volatility fuelled by the US-China trade war and domestic factors.

Market Check places put options in the currency to allow participants in the Cash & Call program to benefit from a fall in the AUD/USD. As a result of these factors, we are bigger proponents of the Cash & Call strategy than we have been in many years if implemented correctly.

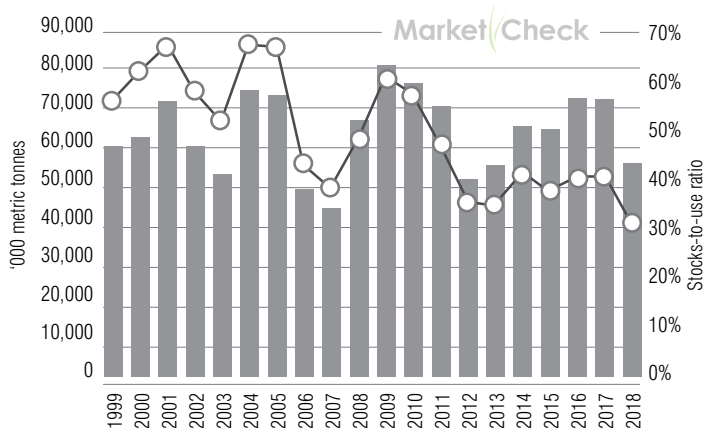


Sell physical and buy Call Option to participate if market rallies post-harvest.

Example 1: Market rises; Call Option gives the owner the option to buy at the strike price, netting a higher net return.

Example 2: Market falls; Call Option expires, but no downside risk outside of the premium paid due to physical grain already being sold.

Major Wheat Exporter Stocks vs Global Imports



“ Our Cash & Call program is unique and adds more value than a ‘vanilla’ cash and call strategy where a grower only has exposure to Call options over an AUD swap, this creates as much value as possible for the grower.”

Tom Basnett General Manager for Operations, Markets and Finance



“ The Managed Programs have been a great addition to my marketing program, adding value, simplicity and security to my enterprise.”

Alan Crook, Ouyen, VIC

Payment Terms

There will be two payment tranches: 90-95% of the harvest price less the management fee paid within 14 days, and the remaining value paid in June. Any profits or residual value arising from the options strategy will be paid in the final tranche in June. Participants can choose to defer payment with interest credited accordingly, receiving payment in July.

Two Payment Tranches

90% within 14 days

Remaining equity in June

Deferred Payment to the Next Financial Year

+ Interest credited

July 2019

Advisory Team



Ben McClusky
Head of Trade Execution and Senior Advisor



Richard Hall
Head of Business Development & Senior Advisor



Andrew Retallick
Senior Commodity Advisor



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Commodity Advisor - Eastern SA

Market Check

Call (02) 9499 4199 Eastern Australia or (08) 8661 7130 South Australia | Website marketcheck.com.au

Warehoused grain can be contracted and transferred at any major BHC or approved private site. On farm grain can access the Program under certain conditions, pending agreement with Market Check.

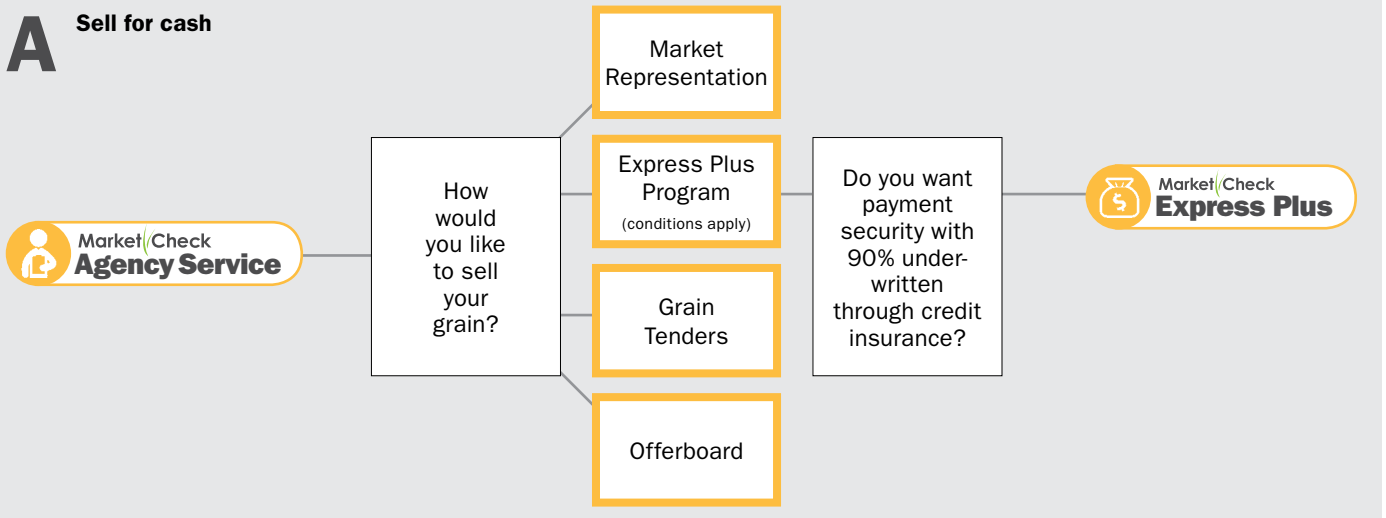
Executing Market Check Strategies

Call a Market Check Adviser for strategic marketing recommendations based on your cash flow needs, grain position and the market environment. Tel: **(02) 9499 4199** or **(08) 8661 7130** for SA clients.

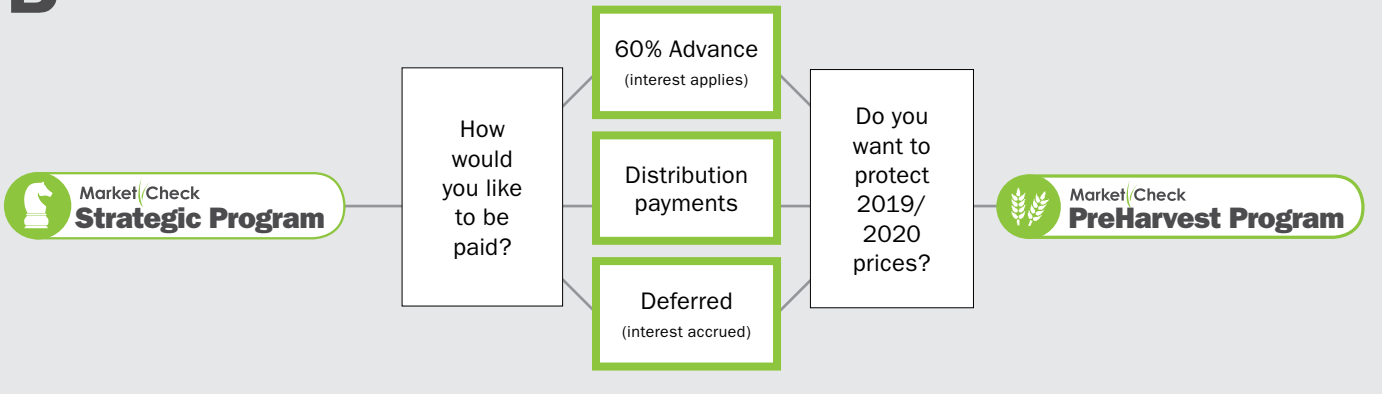
Harvest

Post Harvest

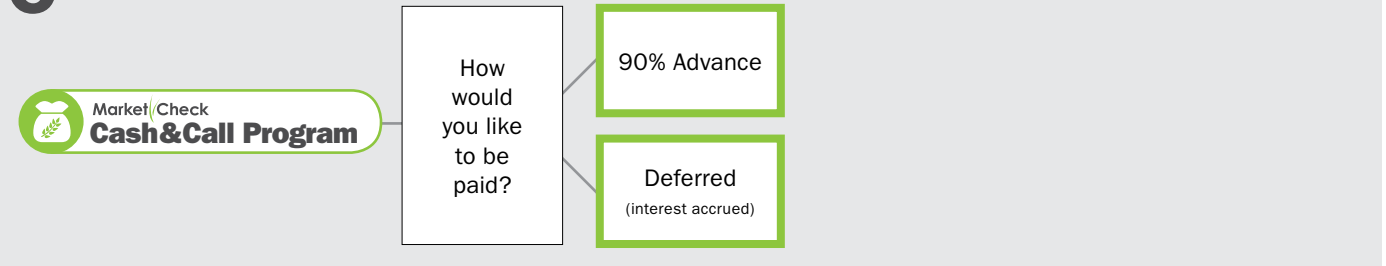
A Sell for cash



B Dynamic actively managed strategy to leverage grade/location spreads and access low-cost derivative execution



C Sell for cash and buy call options to participate in post harvest rallies



D Hold to participate post harvest

