



The Pre-harvest Strategic Program suits growers who are looking to protect downside risk for wheat, barley and canola but also participate if the market rises in the months ahead. Utilising an Options strategy, Market Check can protect your grain price from downward movements, with zero washout risk, whilst maintaining full potential to participate in a stronger market toward harvest if prices improve.

Protect new crop prices

Key Benefits

- Peace of mind with an “insurance policy” against falling prices.
- Upside is open - if the market rallies, you participate.
- Less risk than forward contracts or Swaps (no washout costs if the market rallies).
- The only cost is the upfront Option premium.
- Due to lower risk, more tonnes can be covered than with hedging or forward selling.
- Access to Market Checks 20+ years of experience.

Strategy & Duration

The Pre-harvest Program strategy utilises Options to protect against a fall in new crop prices or unfavourable currency movements. This allows participation in upside moves in the market whilst removing physical delivery risk. At harvest, when your production is secure, a Market Check Advisor will assist you with selecting which harvest strategy to roll into in order to best meet your objectives.

Individual Returns (unchanged)

Your returns reflect market conditions on your contract date. The equity belonging to each Pre-harvest Pool participant will be paid out based on the Option strategy’s performance.

Fees

The Pre-harvest Program management fee is \$2.50/mt, however we require a deposit of \$20/t for wheat & barley and \$25/t for canola to cover the cost of the Options. For current poolers, we use unpaid pool equity to cover this deposit.

Payment Terms

Any equity from the portfolio of Options will be paid out by February following harvest. Pre-harvest Program participants are required to enter one of our Managed Programs where the applicable payment terms will apply for the balance of the equity.

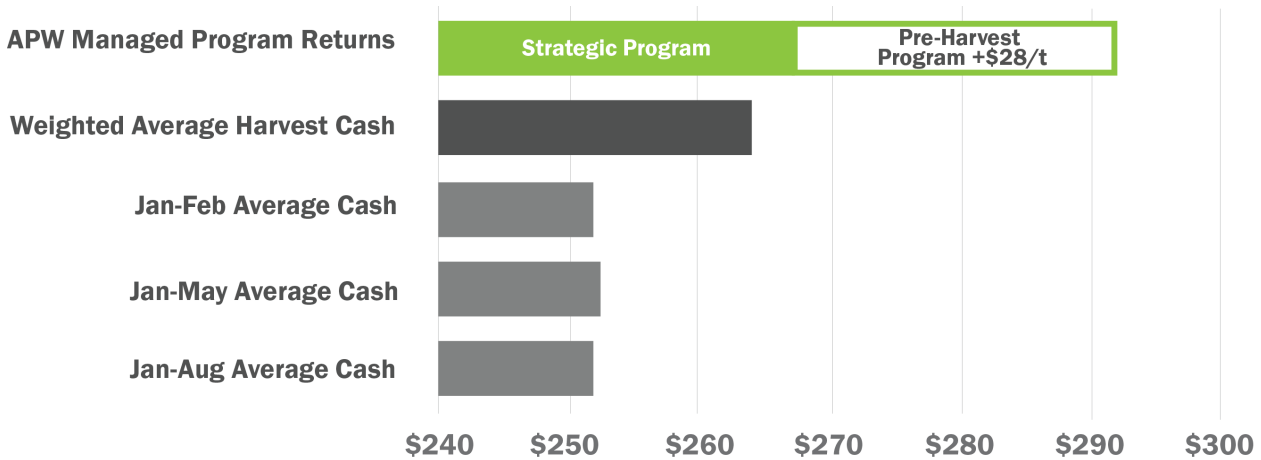
How to Participate

Call (02) 9499 4199 | Web marketcheck.com.au | Warehoused grain can be transferred across or deliver to your local site if available



Market Check Pre-harvest Program

3-yr average Managed Program Returns vs Cash Benchmarks



Please note: Past performance is not necessarily a guide to future performance.

- The Pre-Harvest Program returns are the total average equity net of all fees and premiums paid out at harvest to participants.
- The Strategic Program returns are averaged across all major port zones over the past 3 seasons.
- All prices are brought back to a net present value and net of all fees, carry costs and premiums.
- All returns and cash prices are averaged across all major port zones over the past 3 seasons (2014/15 - 2016/17).

The Put Option pay-off



Buy Put Option to protect price pre-harvest via a premium paid for a strike price, which combined creates a floor.



Example 1: Market rises; Put Option not required and physical grain sold into a higher cash market.



Example 2: Market falls; Put Option is exercised netting a profit and off-setting a lower cash market.

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