MIN/MAX CONTRACT

grain

Laddonia

What is a Min/Max price contract?

The **POET Min/Max** contract allows you to sell your corn today for a set floor price, while still enabling you to participate on the upside of the futures market to a set Max Price.

This option comes in at a lower cost of a regular Minimum price contract due to the limited upside potential; since a maximum futures price is established. It can be beneficial to those of you who are seeking to lock in a floor price, but believe that there is still upside potential in the futures market.

Advantages:

- **You establish the quantity, floor price, ceiling price and pricing period.**
- **Ability to set the final cash price at any given time (market may be open *or* closed).**
- **Opportunity to capture gains at any time, before option expiration.**

Disadvantages:

- **You may be subject to service charges.**
- **Limited upside potential.**
- **Possible loss of the fee you paid if the futures price decreases.**

How it works:

The Min/Max contract allows you capture market gains up to option expiration, you can move your bushels now, and the fees are much less than a regular Minimum Price contract.
This contract is a good stepping stone for those who are considering an MP, but do not want to pay the higher investment costs for one.

Example:
The current cash bid is $3.60 and you select the **July 370/420 Min/Max** strike prices, which have an investment cost of $0.16.

Here's the math:

Current Cash Price	$3.60
Min/Max Investment	- $0.16
Cash Price	$3.44

You will be paid $3.44 upon delivery of the grain, the **July $3.70/4.20 Min/Max** strike prices have an expiration date of 6/21; if at anytime up to that date the July futures climb above $3.70 and up to $4.20, you can choose to execute the option and take limited gains.

Here are a couple of different scenarios that could take place:

Scenario #1:

Expiration date: 6/21

Min/Max Range: 3.70/4.20

The July futures are at or above $4.50 on 6/21; you net back a $.50/bu gain; which is paid back on a separate check.

Scenario #2:

Expiration date: 6/21

Min/Max Range: 3.70/4.20

The July futures close at $4.00 on 6/21; you net back $0.30/bu gain that will be paid on a separate check.

Scenario #3:

Expiration Date: 6.21

Min/Max Range: 3.70/4.20

The July futures are below $3.70 on 6/21.The option will expire worthless and no additional gains will be paid out.

Keys to Remember:

- The difference in the strike prices is the most that you can earn back.
- You can customize the min/max ranges.
- You *must* call us to execute both options (both must be executed at the same time)

Poet Laddonia
809 N Pine Street
Laddonia, MO 63352