

DEVELOP THE RIGHT PLAN FOR YOU.

the



The Agricultural Risk Consulting Group LLC

Developing and Implementing
Sound Risk Management Solutions

(866) 574-2724 • agriskconsulting.net

What should you look for in a risk management consultant?

Independence – The freedom to market your grain to any end user and leverage better prices and terms by combining bushels with other growers.

Trust – This may seem obvious, but it is at the heart of any relationship.

Experience/Background – Our consultants have the background and experience to successfully execute a comprehensive strategy.

Local Cash Grain Presence – We will negotiate and trade physical cash grain sales to your local end users.

Consistency – Our approach to futures management is consistent, clear, and concise.

Results – Our success is based on a sound and disciplined plan consistent across the entire company.

Who We Are

The Agricultural Risk Consulting Group LLC is a commodity consulting firm comprised of former grain merchandisers and risk managers specializing in managing the risks inherent in agriculture. We are completely aligned with your best interests by having a risk management and grain merchandising strategy independent of all end users.

What We Offer

- Hedging
- Specialized Over-the-Counter hedging products
- Marginless hedging programs
- Farm Plan Statements

The ARC Group is dedicated to serving producers in the western cornbelt and we have earned our reputation as a trusted partner; one client at a time.

We understand that not all farms manage risk the same.

We focus on implementing and executing a consistent plan that aligns with your risk management goals. We feel this approach creates long-term success for our clients.

What is risk management?

In the world of agribusiness there are many risks and uncertainties. Successful producers have a production game plan utilizing the best technology including seed, chemicals, fertilizer, and equipment to manage the agronomic challenges they face. However, many

producers fail to implement and execute a consistent, long-term risk management plan for their crop which leads to procrastination, emotional decision making and frustration. Agribusinesses that are profitable over time implement sound and consistent risk management programs. They have no special insight or ability to predict where the market is going; however, they do use a set of consistent principles which guide their decision making.

The ARC Group helps producers professionally merchandise their grain by following a disciplined risk management program which focuses on three key principles: futures, carry, and basis. All three need to be maximized to have a successful marketing plan.

The ARC Group is an independent local company. Our consultants have the experience and expertise to help you implement and execute a merchandising plan tailored to your operation. We are completely aligned with your best interests by having a risk management strategy independent of all end users.

Three important questions to ask:

1

Do I have a grain marketing strategy in place?

2

Do I have the time and discipline to execute this strategy?

3

Do I have a trusted, independent expert to assist in this process?

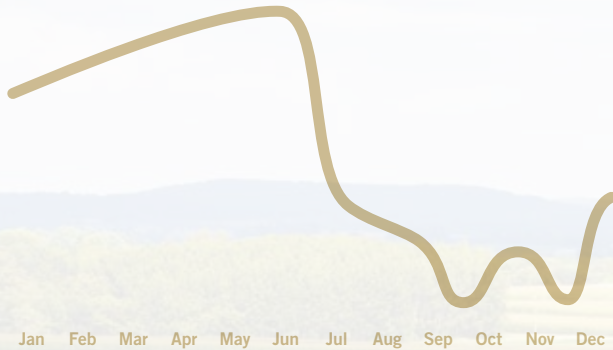
Our Strategy: Risk Management Plan

What tools?

- Futures
- Options
- Over-the-Counter Trades
- ARC Edge Program (Marginless)

When to pull the trigger?

We stick to a tried and true plan of selling incrementally during a pre-harvest seasonal time frame.



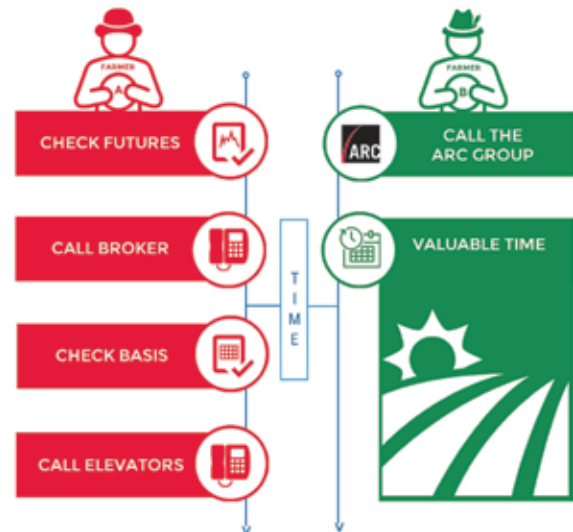
Have a PLAN so you don't have to worry about the day-to-day headlines!

Merchandising – Now that your futures price is protected we need to look at BASIS and CARRY. Using our tools you are able to manage risk while staying INDEPENDENT of commercial grain companies.

BASIS and CARRY – We will evaluate basis in your area and trade your physical bushels when most advantageous. Carry dictates if you should store your grain or move it.

Cash Grain Presence – The ARC Group has developed trusted relationships with grain companies in your area and will be able to help evaluate your best bid. Many ARC team members have commercial grain trading experience. Allow us to put that experience to work for you.

Futures, basis and carry work separately to maximize value on your operation.



Over-the-Counter Trades

Daily Swap Average (DSA)

An averaging contract of the futures closing price through a specific averaging period.

Daily Swap Average-High (DSA-High)

An averaging contract of the futures high tick of the day session through a specific averaging period.

Enhanced Average (EA)

This allows you to establish a minimum price, or floor, on a set amount of bushels and participate in market rallies. A strike price is established at the market any time before the averaging period. During the averaging period, the customer receives either the futures closing price or the strike price, whichever is higher that day.

Other

We have our own OTC desk and have the flexibility to offer almost any product our customers want. Many grain companies are getting more creative in their offerings to procure more bushels. If you like a product that is out there, but don't want to commit your bushels to anyone, let us know! We will execute it for you, independent of end users.

Averaging Period

We use February through June. Historically, this is the best time to sell grain. We can also adjust the averaging period.

ARC Edge

ARC EDGE is our hedge-to-arrive (HTA) program. We can tie any of our risk management tools to an HTA. Since the contract is with The ARC Group, you are not locked in to where you sell your grain. It allows you to manage risk without worrying about margin and keeps you INDEPENDENT.

\$3.94
Dec 2016

\$3.90
Dec 2017

\$4.03
Dec 2018

\$4.05
Dec 2019

Corn Seasonal Average Results

Benefits

- Removes emotion and stress from marketing grain
- Allows customers to capitalize on seasonal market trends
- Sell incrementally over an extended period of time
 - Ability to price out at any time
- EA's are cheaper than CBOT Puts and minimum price contracts
- No bushels are priced below your EA strike price
- Reduces price volatility

THE ARC EXPERIENCE

Learn about your operation:

1

- Crops
- Acres and Yield
- Insurance level
- Preferred delivery locations
- Preferred risk management tools (futures, options, OTC, HTA)

Percentage to protect pre-harvest

2

Percentage you would like in each tool:

3

- % of futures
- % of options
- % of DSA's
- % of EA's
- Put trades in your own account or in ARC EDGE

Look at carry and basis. If favorable, look for best basis location, look for best bid into that location, and see if we can get volume into that location to make the bid more competitive.

5

Adjust plan as necessary. The backbone of our strategy is still hedge incrementally during the seasonal time frame. What may change is the tool you are comfortable using as unexpected events occur. It is important to stick with a consistent plan year after year. It will reduce volatility and increase profitability over the long run.

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FARM PLAN

GENERAL INFORMATION				PRICE PROTECTION SNAPSHOT		CURRENT MARKET POSITION					
	Dryland	Irrigated	Seed	Total Cash & Futures Sales	225,000						
Acres	300	300	400	Estimated Prod. Committed %	98.3 %						
Est. Yield	180	250	250	Pre Harvest Hedge %	98.3 %						
Est. Prod	54,000	75,000	100,000	Remaining Cash to Commit	4,000						
Removed Amount	0			Basis Committed	225,000						
Total Prod.	229,000			Hedged	98.3 %						
Insurance (level %)	100%			OTC Futures	0						
Pre-Har Hedge	229,000			ADMIS Futures	0						
Storage	130,000			Cash Committed	225,000						
				HTAs Locked	0						
ACCOUNTING SNAPSHOT				CURRENT CASH AVERAGE		PRICES AND CARRIES					
Unsold Cash Value	14,170,000			Hedged w/ Upside	0.0 %	Month	Contract	Price	Carry		
Closed ADMIS Positions	0.0000			OTC Hedged w/ Upside	0	December 2019	CZ2019	3.5425	0.0000		
Closed OTC Positions	92,753,6408			ADMIS Hedged w/ Upside	0	March 2020	CH2020	3.6725	0.1300		
OTC Account	0.0000			Unhedged	1.7 %	May 2020	CK2020	3.7675	0.2250		
ADMIS Account	0.0000			OTC Unhedged	0	July 2020	CN2020	3.8425	0.3000		
Settled HTA Sales	0.0000			Unhedged/Uncommitted	4,000	December 2020	CZ2020	3.9800	0.4375		
Open HTA Sales	0.0000					January 2021	CH2021	4.0900	0.5475		
Basis Value	0.0000					February 2021	CK2021	4.1550	0.6125		
Cash Sales	815,000.0000					March 2021	CN2021	4.2000	0.6575		
Current Value of Total Production	922,923,6408					April 2021	CZ2021	4.1175	0.5750		
				4.0302	Futures Price: 3.5425						
					Default						
					December 2021						
<p>Know your average price at a glance</p>											
CASH SALES										Total Cash Value: 816,000.0000	
Activity	Trade ID	External ID	Trade Date	Location	Delivery Period	Quantity	Futures Price	Basis / Net Price	Cash Value		
Outside Cash Contract	23420	Seed Corn	9/9/2019	Location 1	10/1/2019 - 10/31/2019	100,000	3.6100	0 / 3.6100	361,000.0000		
Outside Cash Contract	23424		9/9/2019	Location 2	1/1/2020 - 2/28/2020	50,000	3.7000	-0.15 / 3.5500	177,500.0000		
Outside Cash Contract	23425		9/9/2019	Location 3	3/1/2020 - 5/31/2020	75,000	3.8000	-0.1 / 3.7000	277,500.0000		
CLOSED OTC POSITIONS										Total Gain/Loss: 92,753,6408	
Trade ID	Activity	Trade Date	Closed Amount	Futures Month	Buy/Sell	Call/Put	Exit Date	Option Strike	Enter Price	Exit Price	Gain/Loss
23162	OTC Daily Swap Average	8/9/2019		Z2019	Buy	Put			0.0300		41,864.0777
	DSA Swap Offset		100,000				9/9/2019		4.0586	3.6100	44,864.0777
	DSA Enter Price		100,000						0.0300		-3,000.0000
23418	OTC Enhanced Average	1/31/2019		Z2019	Buy	Put		4.0200	0.2600		13,139.5631
	EA Swap Offset		50,000				9/9/2019		4.1328	3.6100	26,139.5631
	EA Enter Price		50,000						0.2600		-13,000.0000
23419	OTC Option	2/1/2019		Z2019	Sell	Call		4.5000	0.1300		5,750.0000
	Option Liquidation Offset		50,000				9/9/2019			0.0150	5,750.0000
23423	OTC Option	5/30/2019		Z2019	Buy	Put		4.2000	0.2000		32,000.0000
	Option Liquidation Offset		80,000				9/9/2019			0.6000	32,000.0000

A photograph of a cornfield with green leaves and golden tassels against a clear blue sky. The corn plants are in the foreground and middle ground, with the sky occupying the upper half of the image.

the

ARCgroup

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Futures trading involves risk and is not necessarily appropriate for all investors. The information contained herein does not constitute a solicitation to buy or sell commodity futures or options. Past performance results of a particular trading strategy or program are not necessarily indicative of future results.