

# CHI Foundation Contract

One in the CHS Hedging CHI Compass family of contracts



## Don't miss the opportunities you work so hard for.

CHI Foundation is a unique marketing tool that combines the discipline of pricing bushels daily and the security of a floor price, while maintaining upside participation through an enhanced average.

### Who is it for and when is it used?

The Foundation contract is beneficial for any marketing plan at all times of the year. With strong characteristics of managing downside risk and capitalizing on rallies, this contract should be a staple to any successful marketing plan.

### What are the advantages?

- Customizable floor and pricing period of your choice
- No daily price below the floor is ever averaged into your final futures price
- Ability to price out of the contract at any time

### The benefits to you and your operation:

- Establish a customized contract to fit your specific goals and needs
- More disciplined and cheaper than using options strategies
- Maintains control with the ability to price out any time
- Potentially sell significantly higher than the average
- Use on any quantity of bushels (no minimum amount)

Learn more at

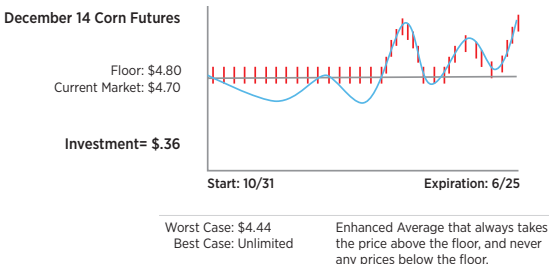
[www.chshedging.com/chi-compass-contracts](http://www.chshedging.com/chi-compass-contracts)



This communication is a solicitation and for informational purposes only. There is a risk of loss when engaging in these kinds of transactions.

## How does it work?

As the futures market moves, the CHI Foundation contract uses the higher of the market close or the pre-arranged floor price to establish each day's averaging point throughout the pricing period.



**Example:** The Foundation contract selected prices equal bushels every day at or above \$4.80 for an investment of 36 cents. The pricing period runs from 10/31-6/26. You are guaranteed \$4.80 or better every day for the entire life of the contract. The following scenarios are possible:

### Scenario 1

By using the Foundation contract with a \$4.80 floor and a 10/31-6/25 pricing window, the enhanced average is realized at \$5.36 on 6/25. Also on 6/25, December 14 futures settle at \$4.52.

\$5.36	Foundation futures price
-\$0.36	Foundation investment
-\$0.05	Basis you establish (under futures)
<b>\$4.95</b>	<b>Your final cash price</b>

### Scenario 2

By using the Foundation contract with a \$4.80 floor and a 10/31-6/25 pricing window, as of February 1 you have a running enhanced average of \$5.22 with futures at \$5.42. Roughly half of your bushels still need to be priced. Because you are bearish, you decided to price the remaining bushel at the current \$5.42 level, significantly increasing your average to \$5.32. So, \$5.32 will now be used to calculate your final cash price.

\$5.32	Foundation futures price
-\$0.36	Foundation investment
-\$0.05	Basis you establish (under futures)
<b>\$4.91</b>	<b>Your final cash price</b>