



Performance  
Family

Landea®  
Performance  
Focus

# Dynamic Performance

Markets are constantly moving. Marketing grain has become increasingly difficult as market volatility rises. The products of the Performance family, developed by Landea®, are marketing tools, which will provide the farmer upwards potential, by keeping control of timing of its market decision.

## TO WHOM IS THIS DEDICATED TO?

The Landea® Performance Focus price mechanism is developed for farmers who would like to stay in the physical market even though they have concluded a physical contract. If the farmer expects increasing prices and is not afraid of the downside risk, the contract offers the possibility to fix an additional revenue from the Start Level at any time if the market changes.

## WHAT ARE THE ADVANTAGES?

- You can manage your storage capacity and manage logistics by concluding a physical contract without abandon the later market development.
- The required discount is low.
- You decide based on the market development when to price your physical contract.

## WHAT NEEDS TO BE CONSIDERED?

- You need to focus on the market to be able to take advantage from the market development.
- You don't have a Minimum Price.
- If you want to protect yourself against a potential loss in a falling market you can agree on a lower price level at which the price of the physical contract will be automatically finalized.
- You have to determine the Referenced Futures Contract.
- The discount for this pricing mechanism means a price reduction to your physical contract.

## HOW DOES PRICING OF THE CONTRACT WORK?

On April 1<sup>st</sup> you discuss a wheat forward contract with your Collector for a delivery ex crop. You expect the market prices to increase and do not fear decreasing prices. Therefore you decide to sell your wheat and combine it with a Landea® Performance Focus price mechanism to be able to benefit from a later market development.

## EXAMPLES:

- You get an offer to sell 50 mt Wheat at 160 €/mt ex crop. The Futures Level at Euronext (Matif) for the Referenced Futures Contract December is at 170 €/mt (the Start Level).
- A discount of 2 €/mt will be deducted from your physical contract price of 160 €/mt.
- Over the entire period until November 15<sup>th</sup> (Expiry Day) you can re-price your Landea® Performance Focus. In case that you do not take a re-pricing decision your pricing mechanism will be closed at the Closing Settlement Price of the Referenced Futures Contract at the Expiry Day.
- The result of the pricing mechanism is calculated by the difference between your Start Level and the Futures Level at the time of re-pricing/ the Closing Settlement Price at Expiry Day.
- If the Stop Level (Futures Level at the time of re-pricing/ Closing Settlement Price at Expiry Day) is below your Start Level you need to compensate the price difference (price adjustment).

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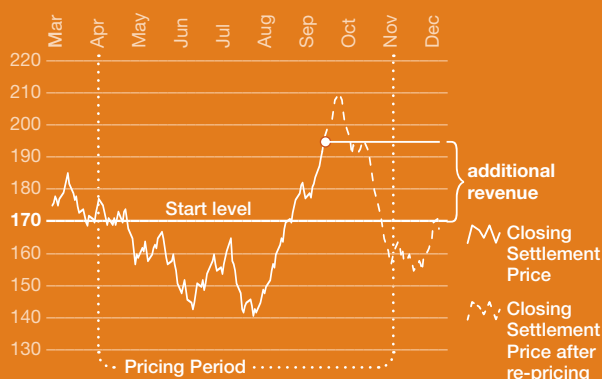
## CONTACT

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### SCENARIO 1:

On Sep 14<sup>th</sup>, the December wheat futures has increased to 195 €/mt. After delivery you have received a partial payment of 158 €/mt for your grain (160€/mt - 2 €/mt discount). You decide to finalize your price by fixing the difference between Start level and the current market.

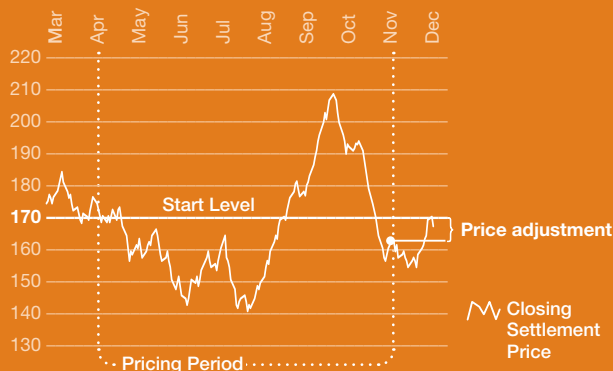
160,00 €/mt	Contract Price
-2,00 €/mt	Discount
+25,00 €/mt	Result of Performance Focus
<hr/>	
183,00 €/mt	is your final contract price



### SCENARIO 2:

On November 15<sup>th</sup>, December wheat futures have fallen to 161 €/mt. After delivery you have received a partial payment of 158 €/mt for your grain (160€/mt - 2 €/mt discount). Start Level was fixed at 170 €/mt. The futures expired below your Start Level.

160,00 €/mt	Contract Price
-2,00 €/mt	Discount
-9,00 €/mt	Result of Performance Focus
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149,00 €/mt	is your final contract price



Note: Do not take prices and values in this example as for granted. They are just chosen to simulate scenarios.