



POOL PRODUCT DISCLOSURE GUIDE

[flexigrain.com.au](http://flexigrain.com.au)





## POOL PRODUCT DISCLOSURE GUIDE

Flexi Grain was created in 2013 to service a growing demand from Victorian mallee farmers searching for a grain marketing solution which mitigated the risk of wash outs, whilst providing them with access to pre and post harvest pooling opportunities in both the physical and derivative market.

In 2016, we launched our harvest tonnage contracts which gave grain growers access to our pooling strategies outside of the pre harvest Hectare Contract.

In 2017 we made the decision to expand our offering into Western Australia and South Australia, as we felt our unique Hectare Contract could bring value to growers in those states via prudent risk management, which is underpinned by local staff with a regional presence.

ITEM	DESCRIPTION	DESCRIPTION	DESCRIPTION
CONTRACT TYPE	Hectare Contract	Tonnage Contract	Tonnage Contract
PRODUCT NAME	Pre Harvest Program	Post Harvest 10 Month Program	Post Harvest Call Option Program
AIM OF POOL	Pre-harvest price protection with limited washout risk.	Outperform harvest prices after costs.	Manage local downside price risk, while maintaining some global market upside participation.
LEGAL ENTITY OPERATING THE POOL	Flexi Grain Pty Ltd		
YEARS THIS LEGAL ENTITY HAS RUN POOLS	9		
LEGAL ENTITY OWNING THE POOLED GRAIN	FXG GROUP PTY LTD The Trustee for FXG GROUP UNIT TRUST		
ABN OF LEGAL ENTITY	28 948 012 714		
NAME OF RESPONSIBLE POOL MANAGER	Steve Cameron		
POOL MANAGERS YEARS OF RELEVANT EXPERIENCE	9		

ITEM	DESCRIPTION	DESCRIPTION	DESCRIPTION
PERIOD OPEN FOR CONTRACTS	April 1st - October 15th	October 16th - January 31st *subject to seasonal conditions	October 16th - January 31st *subject to seasonal conditions
PERIOD OPEN FOR DELIVERIES	January 31st - February 28th *subject to seasonal conditions		
AREA WHERE POOL IS OFFERED	Flexi Grain offers the Hectare Contract in WA, SA, VIC and NSW and receipts are accepted to approved Storage and Handling operators.		
COMMODITIES/GRADES ACCEPTED	Wheat, Barley and Maize in approved storages.		Wheat and Barley in approved storages.
HEDGING TOOLS USED (IF ANY)	The pool at its discretion can use a combination of Commodity and Foreign Exchange derivatives, options and over the counter products (OTC's). We also have access and the ability to use forward/ track and/or delivered sales, and stock swaps if we deem it necessary.	The pool at its discretion can use a combination of Commodity and Foreign Exchange derivatives, options and over the counter products (OTC's). We also have access and the ability to use forward/ track and/or delivered sales, and stock swaps if we deem it necessary.	This pool purchases wheat call options over CBOT, MATI and / or ASX Futures Exchanges. Neutral options spreads can be utilised to lower initial cost, but net short options positions are not permitted.
PAYMENT OPTIONS	<b>OPTION A (DEFAULT)</b>		<b>OPTION D</b>
	- 60% Harvest Advance (5 days end of week of delivery (Harvest Advance made each Friday)) - 80% June 15th - 100% September 25th		- 100% Distribution July 15th
	<b>OPTION B</b>		
	- 60% Harvest Advance (5 days end of week of delivery) (Harvest Advance made each Friday) - 80% July 15th - 100% September 25th		
	<b>OPTION C</b>		
	- 80% July 15th - 100% September 25th		
FEES CHARGED BY THE POOL MANAGER	\$10.00/mt + GST	\$10/mt + GST	\$10/mt + GST
POOL REVENUE	Grain Sales, Derivative Profit, Storage Rebates and End Point Royalty collection fee.		
POOL EXPENSES	Put Option premiums, Receival, Freight, Storage, Out-turn, Insurance, Brokerage, Derivative Losses, Interest, Title transfer, Bank Fees and Third party yield estimates.	Receival, Freight, Storage, Out-turn, Option costs Insurance, Brokerage, Derivative Losses, Interest, Title transfer, and Bank Fees.	Receival, Freight, Storage, Out-turn, Option costs Insurance, Brokerage, Title transfer, and Bank Fees.

ITEM	Y/N	FURTHER INFORMATION
Will the pool be offered according to the GTA operating standard for pool providers?	Yes	Flexi Grain are a strong supporter of greater transparency, to pool participants and industry partners.
Does the pool provide participants with an Estimated Pool Return (EPR)*	Yes	Flexi Grain publishes its EPR on a public website <a href="https://flexigrain.com.au/results-all-states/estimated-pool-returns/">flexigrain.com.au/results-all-states/estimated-pool-returns/</a> and is available to contracted growers via the Grower Portal.
Does the pool provide participants with an Estimated Silo Return (ESR)*	Yes	Flexi Grain provides growers with remaining equity statements which are based on a site valuation, which is emailed and available via the Grower Portal.
Does the pool provide participants with a Final Estimated Pool Return (FPR)*	Yes	Flexi Grain provides growers with remaining equity statements which are based on a site valuation, which is emailed and available via the Grower Portal.
Does the pool provide a guaranteed pool return (GPR)*	No	-
Does the pool provide an underwritten pool return (UPR)*	No	-
Is there a potential conflict between the pool manager and related entities?	No	Flexi Grain only provides growers with pool management services.
Are the pool assets owned in a separate entity from the pool managers assets?	Yes	FXG GROUP PTY LTD is the Trustee for FXG GROUP UNIT TRUST. All grain and proceeds from grain sales are held by this entity.
Are the pool activities conducted separately from the pool manager's activities?	Yes	FXG GROUP PTY LTD the Trustee for FXG GROUP UNIT TRUST's financial activities are segregated from Flexi Grain.

**Definitions as listed in the TPG #4**

<b>Estimated Pool Return (EPR)</b>	Means an estimate of the Pool Return in \$A/t excl of GST provided by the Pool Provider to Pool Participants. The EPR must also be quoted at Track or track equivalent level for East Coast and SA or FIS for WA and net of all costs, management fees, any other fees (including estimates of any costs and fees) where possible, otherwise explicitly define what costs, fees and charges are included and excluded in the published figure.
<b>Estimated Silo Return (ESR)</b>	Means an Estimated Pool Return quoted at up country silo level. It shall be the EPR (ie quoted at Track level on East Coast/SA, or FIS level in WA) less the applicable freight and any other costs for the respective silo.
<b>Final Pool Return (FPR)</b>	Means a final Pool Return in \$A/t excl of GST provided by the Pool Provider to Pool Participants. The FPR must also be quoted at Track or track equivalent level for East Coast and SA or FIS for WA and net of all costs, management fees, any other fees (including estimates of any costs and fees) where possible, otherwise explicitly define what costs, fees and charges are included and excluded in the published figure.
<b>Final Silo Return (FSR)</b>	Means a Final Pool Return quoted at up country silo level. It shall be the FPR (ie quoted at Track level on East Coast/SA, or FIS level in WA) less the applicable freight and any other costs for the respective silo.
<b>Guaranteed Pool Return (GPR)</b>	Means the guaranteed minimum payment (\$A/t) (excl GST) the Pool Provider will pay Pool Participants net of all Pool Provider charges at a designated price basing point, i.e. country silo, track, free in store ("FIS") excl of GST. A GPR is in effect a guaranteed minimum FPR.
<b>Underwritten Pool Return (UPR)</b>	Means the guarantee by a Pool Provider that a payment or loan made to a Pool Participant, if nominated as "Underwritten", is non-recourse should the subsequent proceeds of Final Pool Return from the Pool be less than the Underwritten amount. Consequently, the Pool Participant shall have no further debt or liability to the Pool Provider (or associated provider) with respect of the Underwritten amount and that the Pool Provider guarantees the FPR paid to the Pool Participant will not be less than the Underwritten return.
<b>Ring Fencing of Assets</b>	Means the activities undertaken by the Pool Provider to quarantine or separate pool participants net assets, and equity from the assets and liabilities of the Pool Provider for the purpose of protecting the Pool Participants net assets, and equity from any administration or liquidation proceedings or actions should the Pool Provider become insolvent or be subject to administration or liquidation proceedings
<b>Ring Fencing of Activities</b>	Means the clear identification of grain belonging to a Pool and the separation of Pool assets and liabilities from other Pools and that of the Pool Provider. The fiduciary responsibility should be prioritised to Pool Participants at all times.