TEUCRIUM

Before You Trade: 10 Keys to Trading Agricultural ETFs

Explore market forces, spot vs. futures, and curve dynamics — before your next trade.

Before You Trade: Are You Really Prepared?

Self-directed traders are drawn to agricultural ETFs for their volatility, seasonality, and the potential to profit from price dislocations, macro shifts, and global catalysts.

But beneath the surface lie specialized nuances, structural quirks, and unexpected risks that can trip up even experienced investors.

These markets also offer distinctive opportunities. But unlocking them requires a clear understanding of how futures pricing, curve dynamics, and fund structures work behind the scenes. That knowledge is the first step toward capturing the distinctive return potential of agricultural ETFs—often uncorrelated to traditional investments.

This guide unpacks 10 essential insights to help you trade more effectively, sidestep costly surprises, and potentially capitalize on the hidden strengths of this asset class.

Know the landscape. Anticipate the risks. Master the essentials before placing your next “Buy” or “Sell” order.

About This Guide

This guide is educational in nature and is not intended to offer investment advice or recommendations. All examples are hypothetical and for illustrative purposes only. Traders should consult with their financial advisor or tax professional before investing.

1 Spot vs. Futures: Don't Let the Price Fool You

That price you saw on TV? It might not match what you're actually trading.

When a financial news anchor says "corn prices are up today," they're often quoting the **front-month futures contract—**not the price a farmer would receive at the local grain elevator. And they likely aren't quoting the price embedded in your agricultural ETF.

Most agricultural ETFs don't hold the physical commodity, but rather hold **futures contracts.** These contracts represent the agreed price between buyers and sellers for future delivery of the commodity.

Contrast futures prices with the spot price which is the price upon which the physical commodity changes hands in real time, with the transaction occurring on the spot. This is a critical difference.

Why Spot Isn't the Whole Story

The **spot price** is the cost of immediate physical delivery—often cash-in-hand at a local facility. But spot prices vary by region, timing, and storage conditions. As Nobel laureate Robert Shiller observed, "The spot market is inscrutable. It's hard to understand."[1] Local supply shocks, delivery shortfalls, and broken contracts can make it even more opaque.

Futures contracts, by contrast, are standardized, exchange-traded, with price continually updating during market hours. This provides some transparency into the market dynamics, but even **front-month futures** (the nearest contract to expiration) may differ from the spot market. They are often close, but not the same.

Another aspect to consider is that some of the Teucrium funds hold multiple futures contracts across the curve. This approach aims to smooth volatility and manage the cost of rolling from one contract to the next. That means the ETF performance may differ from the spot price and the front-month futures contract.

Think of it this way:

Spot is now › **Front-month futures is next** › **Your ETF? It's a curated mix of what's next, near, and further out**

[1] Robert Shiller, Financial Markets, Lecture 15: Forward and Futures Markets, Yale University, 2011

If you're trading based on a single headline number, you may be looking through the wrong lens.

Tactical Trader's Playbook — Are you tracking futures contracts—or reacting to headlines?

Spot vs. Curve: Don't Drive With the Rearview Mirror — Focusing only on spot is like driving forward while staring in the rearview mirror. The futures curve offers insight into market expectations—like how a forecasted drought might lift prices for future harvests, even if today's spot price is flat.

Commodity ETFs and Futures — Commodity ETFs are generally built on futures for liquidity and efficiency. This avoids the storage, spoilage, and delivery risks of physical commodities—while also letting investors access futures markets without opening a futures trading account or navigating complex trading mechanics.

2 Understand the Curve: You're Trading More Than One Contract

When you trade one of Teucrium's single commodity ETFs, you're not just trading a single futures contract—you're trading a strategy.

Teucrium's four single-commodity ETFs do not hold the nearest expiring (or "front-month") contract. Instead, they may spread exposure across multiple futures maturities. This approach helps manage costs, smooth volatility, and navigate the shape of the futures curve. That curve isn't flat—and its shape can have a direct impact on your returns.

This World Isn't Flat

Teucrium ETF Curve-Aware Benchmarks

CORN Benchmark	**WEAT** Benchmark	**SOYB** Benchmark	**CANE** Benchmark
CBOT Corn Futures Contract Weighting:	CBOT Wheat Futures Contract Weighting:	CBOT Soybean Futures Contract Weighting:	ICE Sugar Futures Contract Weighting:
35% Second to expire	**35%** Second to expire	**35%** Second to expire (excluding August & September)	**35%** Second to expire
30% Third to expire	**30%** Third to expire	**30%** Third to expire (excluding August & September)	**30%** Third to expire
35% December following the third to expire	**35%** December following the third to expire	**35%** Expiring in the November following the expiration of the third to expire contract	**35%** Expiring in the March following the expiration of the third to expire contract

Each single-commodity ETF offered by Teucrium follows a proprietary benchmark designed to provide exposure across the futures curve.

The futures curve may slope upward (**contango**)—where longer-dated contracts are more expensive—or downward (**backwardation**)—where they're cheaper. In commodity markets, traders call this price difference **carry:** the cost of holding and storing the physical commodity over time. Carry reflects expenses like storage, insurance, and interest, all of which get priced into the longer-dated contracts. The steeper the curve, the more pronounced the carry.

Shapes Matter

These shapes affect ETF performance. In contango, rolling into higher-priced contracts can create **roll drag,** a performance headwind. In backwardation, rolling into cheaper contracts can offer a **roll yield,** a tailwind. How an ETF is positioned along the curve can meaningfully influence your outcome—even if the spot price doesn't move.

But managing cost isn't the only reason to look beyond the front month.

Positioning for the Big Picture

Longer-dated contracts may also be more sensitive to macroeconomic themes—like long-term weather outlooks, shifting energy policy, changing interest rates, or global supply chain shifts. These contracts reflect more than today's pressures—they express where the market thinks prices could be heading.

Think of the curve like a roadmap: the front month shows you where the market stands today. Further out, you start to see where the road might lead.

> **Tactical Trader's Playbook —** Are you positioned for where the market is now—or where it might be headed next?

3 Seasonality and Volatility: Nature Still Moves the Market

Agricultural commodities aren't like tech stocks. They don't soar on earnings calls or dive on layoffs. They rise and fall with **sunlight, soil, and storms.**

Corn, soybeans, wheat, and sugar follow growing seasons, not a quarterly financial cycle. And that means **volatility can be more rhythmic.** For the self-directed trader, knowing the rhythm of the seasons isn't just quaint—it's imperative. Understanding the agricultural calendar can give traders valuable context and perhaps, a critical edge.

Nature Sets the Clock

In North America, there's one major growing season for many staple crops. Come March, fields are bare, and last year's harvest sits in storage, gradually drawn down by consumption. By April and May, the planting season begins. From June through August, traders scrutinize weather patterns closely—because drought, heatwaves, or floods may send prices spiking.

By fall, harvest begins in earnest. Markets flood with new supply. And historically, that's when many agricultural commodities hit seasonal lows, setting up potential gains.

Then the cycle resets.

Every Crop Has Its Rhythm

Not all crops follow the same timeline—and the U.S. calendar isn't the only one that matters. Wheat, for example, is grown across continents with staggered harvests. Soybeans have dual cycles in North and South America. Corn still shows the strongest seasonality tied to North American planting and harvest windows.

Commodity	Planting Season	Key Risk Window	Harvest Timing	Notes
Corn	April-May	June-July	Sept-Oct	Strong U.S. seasonality
Soybeans	May-June	July-August	Sept-Oct	Brazil and U.S. key
Wheat	Fall/Spring	Varies globally	Summer (U.S.)	Global production, muted seasonality
Sugar	Varies by region	Regional	Regional	Tropical weather critical

Professionals Already Price It In

Here's the catch: the big players already know all this.

Futures traders often anticipate seasonal forces well in advance, and the pricing across different contracts reflects that. Textbook seasonality may not always show up in your ETF's daily moves—because the **market already priced it in.**

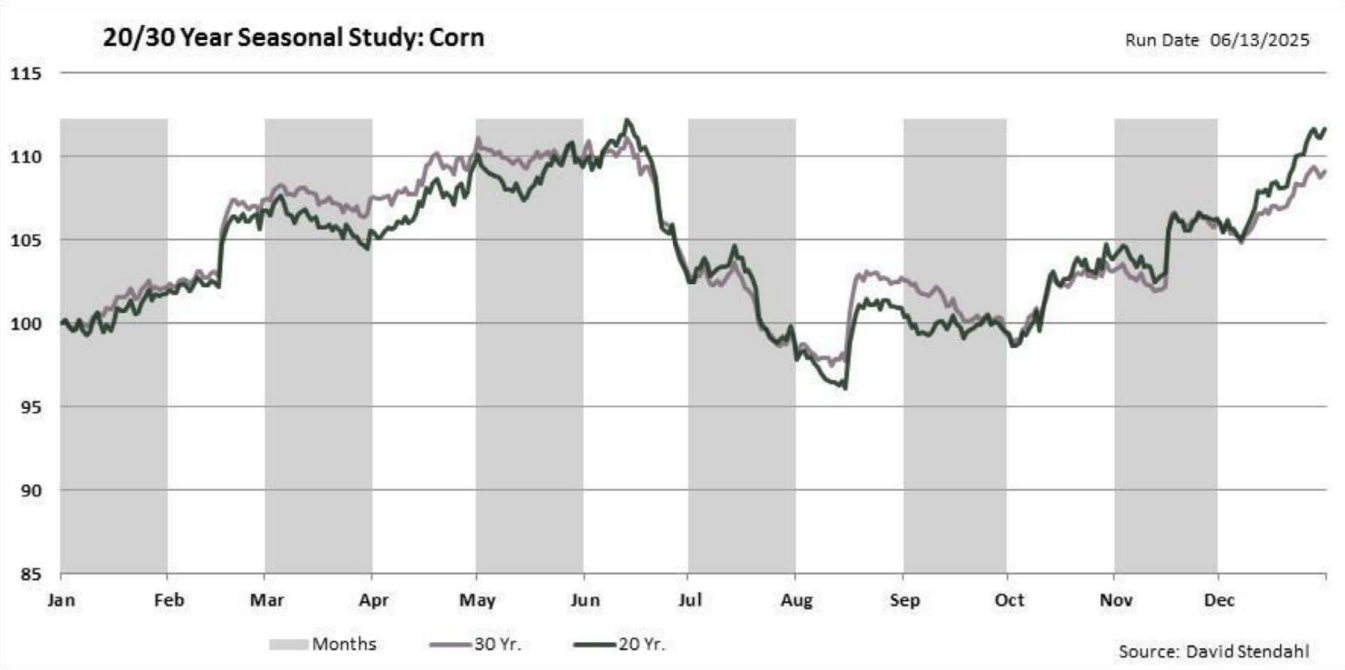
But understanding seasonality still matters. It helps you interpret sentiment, position with broader awareness, and recognize when weather or yield surprises might catch the market off guard.

Macro Patterns Over Micro Trades

Seasonality doesn't assure a quick win. But it *does* provide a backdrop for setting expectations. For example, corn futures have historically bottomed in October—after harvest floods the market—and often recover into the spring planting cycle.

You don't need to be a farmer to benefit. Just remember: in agricultural markets, nature's schedule still shapes the trade.

Lesson in Seasonality: Corn



Tactical Trader's Playbook — Are you tracking the seasonal pulse or letting headlines about harvests and heatwaves dictate your moves?

4 Macro Moves: As the World Shifts, So Can Prices

Agricultural prices aren't just about what's planted in the soil—they're tied to what's happening on the global stage. From surprise changes to tariffs and trade policies to an export ban in Russia, world events can send prices spiking or plunging.

Understanding these macro drivers may give you a sharper lens on why prices move—and where they might be headed.

Global Forces Sweep Across the Fields

Macro crosswinds affect every major crop. Corn prices might hinge on U.S. ethanol mandates or feed demand from livestock producers. Wheat can react to geopolitical conflict or export restrictions. And soybeans might surge on signals from China—not because of direct consumption, but because China's enormous hog population needs soymeal feed. In other words, animal protein demand becomes grain demand.

When you trade an agricultural ETF, you're not just trading crop exposure. You're trading consumption trends, policy shifts, and the ripple effects of global events.

Major Macro Drivers by Commodity

Commodity	Notable Macro Movers	Why It Matters	Top Producers
Corn	U.S. ethanol policy, feed demand, droughts	Over 40% of U.S. corn goes to ethanol; remainder fuels livestock	U.S., Brazil, Argentina
Wheat	Geopolitical risk, export bans, drought	Staple food crop—sensitive to war, weather, and trade policy	Russia, U.S., EU
Soybeans	China's hog demand, South American weather	Feed for world's largest swine population in China	Brazil, U.S., Argentina
Sugar	Oil prices, India trade policy, monsoons	Sugarcane used for both food and ethanol; energy policy affects supply	Brazil, India, Thailand

Macro Themes Don't Travel Alone

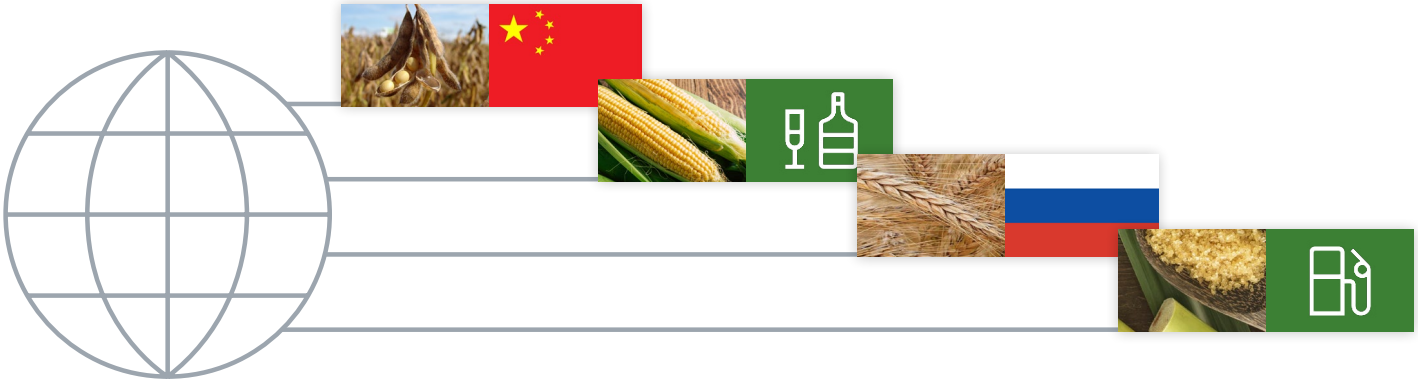
Macro events often move in clusters. If oil spikes, Brazil might shift sugarcane from food to fuel production. If China reduces soy imports, it may ripple across corn prices and shipping demand. If war disrupts Black Sea exports, global wheat prices can react overnight.

These aren't isolated shocks; they're interlinked narratives that echo across commodity markets.

Macro Context = Better Awareness

You don't need to predict every move. But knowing the macro backdrop helps explain volatility—and sets realistic expectations. Without context, markets can seem random. With it, price moves become part of a global story unfolding in real time.

Tactical Trader's Playbook — Do you have a macro view or are you just reacting to price noise?



5 Know Your Benchmark: Slippage Isn't Just a Drag Coefficient

When you trade the Teucrium Corn Fund, you're not buying corn at the local grain elevator. You're buying into a futures-based strategy that tracks a benchmark index—and not all benchmarks behave the same.

That distinction matters. Because when the market turns volatile, that invisible benchmark can quietly shape your returns.

Not Meant to Track Spot

Teucrium's single commodity ETFs track custom indices designed to reduce the negative effects of contango or better reflect institutional trading patterns. These benchmarks often spread exposure across several futures contracts rather than sticking to the front month.

This isn't a flaw—it's a feature. But it can create divergence between the ETF and spot prices, especially during fast-moving markets or contract roll periods. The resulting performance mismatch is not an error at all. The single commodity ETFs are not designed to track spot.

You're Trading With Pros

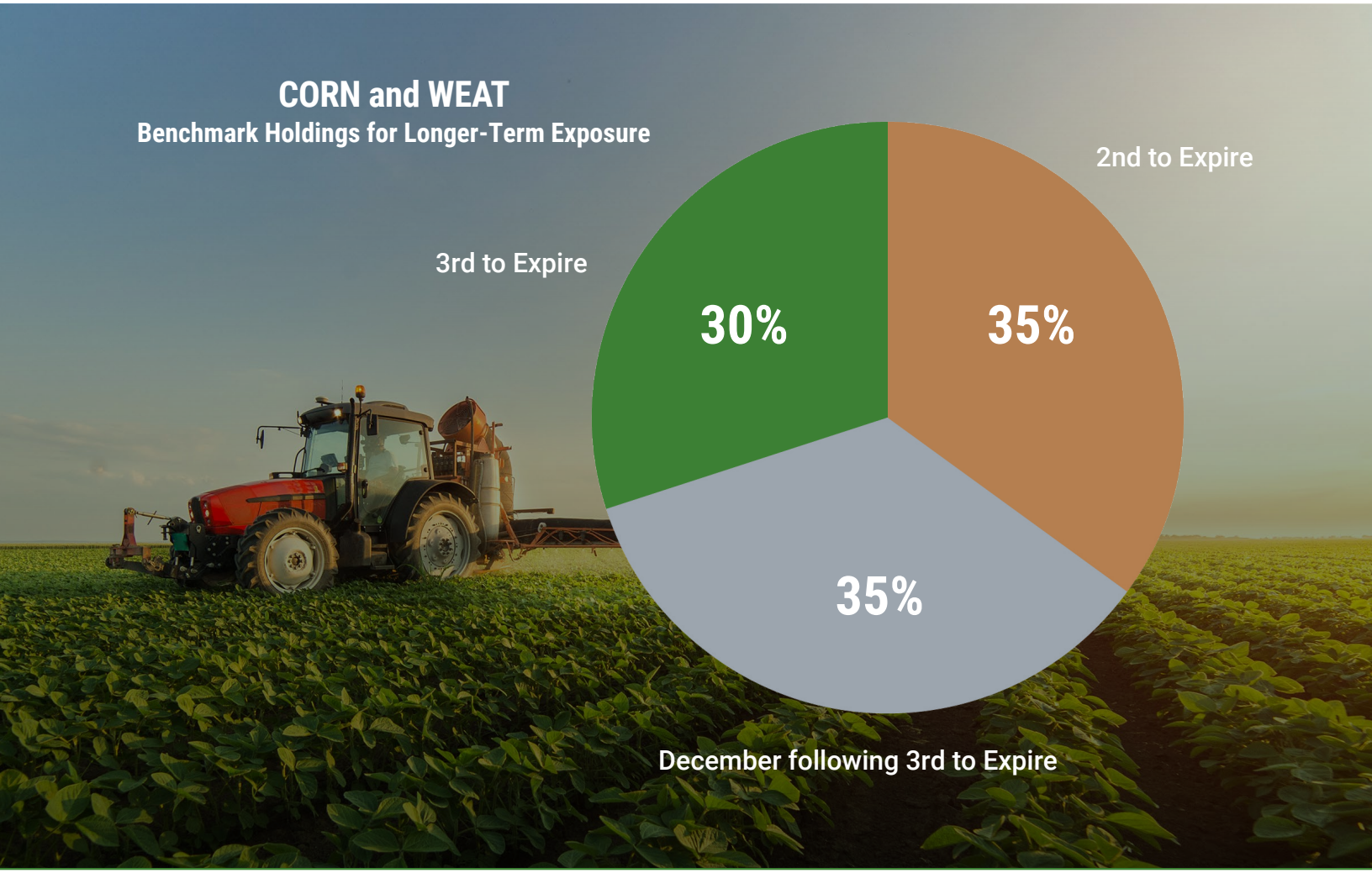
Institutional traders and commercial end-users don't pile into front-month futures and hope for the best. They build positions across the curve to manage risk, optimize carry, and align with broader supply-demand flows. That's the philosophy behind certain ETF benchmarks too.

So if your ETF appears to underperform—or outperform—spot prices in the short term, take a closer look. The fund may be doing exactly what it was built to do: mirror the benchmark, not the nightly news.

Two Benchmarks, Two Objectives

Some ETFs—like CORN or WEAT—track diversified indices designed for long-term exposure with reduced roll drag. Others, like 2x leveraged versions, follow shorter-dated, more reactive benchmarks designed to amplify near-term price movement.

The difference? One is built for strategic exposure across cycles. The other is built for tactical trades and short bursts of volatility.



Ask the Right Questions Before You Trade

Which futures contracts underpin this ETF's index?	How often does it roll—and when?	What's the fund's historical tracking error?	Are you aligned with a long-term macro view—or a short-term tactical play?

Getting these answers right can help you avoid surprises—and help your ETF strategy behave more like a strategy and less like a mystery.

> **Tactical Trader's Playbook —** Do you know what your ETF is really tracking, or are you assuming it mirrors spot prices?

Know the benchmark **Watch the roll schedule** **Match your horizon to the fund's structure**

Because in agricultural ETFs, even a few basis points of tracking drift can widen into something much larger over time.

6 Roll Yield: The Invisible Force Behind Performance

In agricultural ETFs, what you don't see can still move the numbers. Roll yield—one of the least visible forces in futures-based investing—can quietly shape your returns over time.

Each time a futures contract nears expiration, your ETF doesn't settle in cash or take physical delivery. Instead, it "rolls" into the next contract on the curve. Depending on the shape of that curve, the roll can give your performance a tailwind—or drag it down.

Carry vs. Contango: Know the Cost of Staying Invested

In commodity circles, the term "contango" isn't always used. Traders more often talk about **carry**—the cost of storing, financing, and insuring the commodity until it's needed. Longer-dated contracts typically build in that carry cost, which means they often trade at higher prices than near-term ones.

When your ETF rolls from a lower-priced contract to a higher-priced one, it effectively loses a little ground. That's **negative roll yield,** and it can erode returns—even if the spot price of the commodity hasn't moved.

Backwardation: When the Curve Works in Your Favor

The opposite dynamic—**backwardation**—occurs when near-term contracts trade at a premium to longer-dated ones. This often reflects strong current demand or concerns about short-term supply.

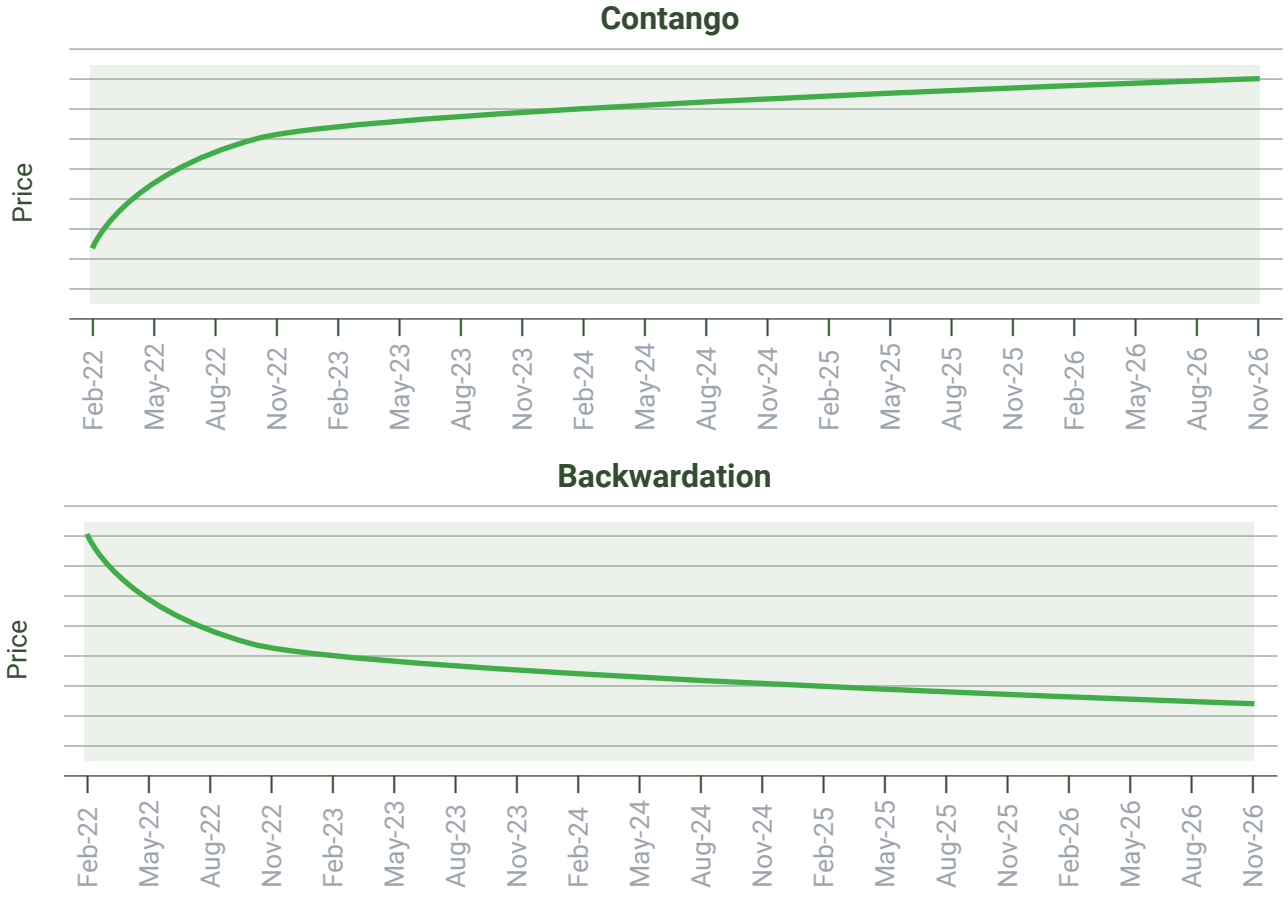
In that scenario, your ETF rolls out of an expensive contract and into a cheaper one. That means it may be able to buy more contracts for the same notional value, increasing exposure as prices rise. The result: **positive roll yield**—a structural tailwind that can compound over time.

Even in a flat price environment, roll yield can meaningfully influence long-term returns.

Roll Yield Is Real

While it's rarely discussed in headlines, roll yield is one of the most important mechanics behind futures-based ETF performance. You're not just buying a commodity exposure—you're participating in an evolving position that adjusts with each contract roll.

Sometimes the impact is subtle. Other times, it's a significant contributor to or detractor from returns.



Tactical Trader's Playbook — Do you know what happens during your ETF's roll?

Are you gaining or losing from the shape of the curve?	**Is the market in carry or backwardation?**	**How frequently does your ETF roll, and when?**

7 Liquidity and Execution: The Trade Within the Trade

In agricultural ETFs, success isn't just about what you buy—it's about how you buy it. Liquidity and execution go hand in hand, shaping your entry and exit just as much as the commodity trend you're targeting.

Ignore liquidity and execution, and you might leave more on the table than you think.

Liquidity: Look Beyond the Screen

Worried your ETF looks thinly traded? Don't panic. Many agricultural ETFs are backed by deep, liquid futures markets—corn, wheat, soybeans, and others trade billions in notional value every day.

Still, ETF trading volume matters. Even if the underlying market is robust, the ETF's own activity determines bid-ask spreads, execution depth, and price stability. Less volume may mean wider spreads and higher friction.

Liquidity isn't just about depth—it's about *accessibility* at your trade size and timing.

Still, those interested in obtaining relatively large exposure in a thinly traded ETF have the option of connecting with their broker's institutional desk seeking better execution. For questions related to large orders and block trades, investors may contact Teucrium's desk at 802-540-0019 extension 809.

Execution: Timing Is (Almost) Everything

Agricultural ETFs may trade until 4:00 p.m. Eastern, but their underlying futures often stop earlier. For example, CME agricultural futures close at 2:15 p.m. Eastern. That creates a mismatch window where ETF prices keep moving—but the futures they track don't.

During that time, market makers rely on implied fair value rather than live futures pricing. If you're trading during this gap, you could end up buying above or selling below fair value. It's not a flaw—it's just how the mechanics work.

Avoiding Bad Fills: Simple, Smart Practices

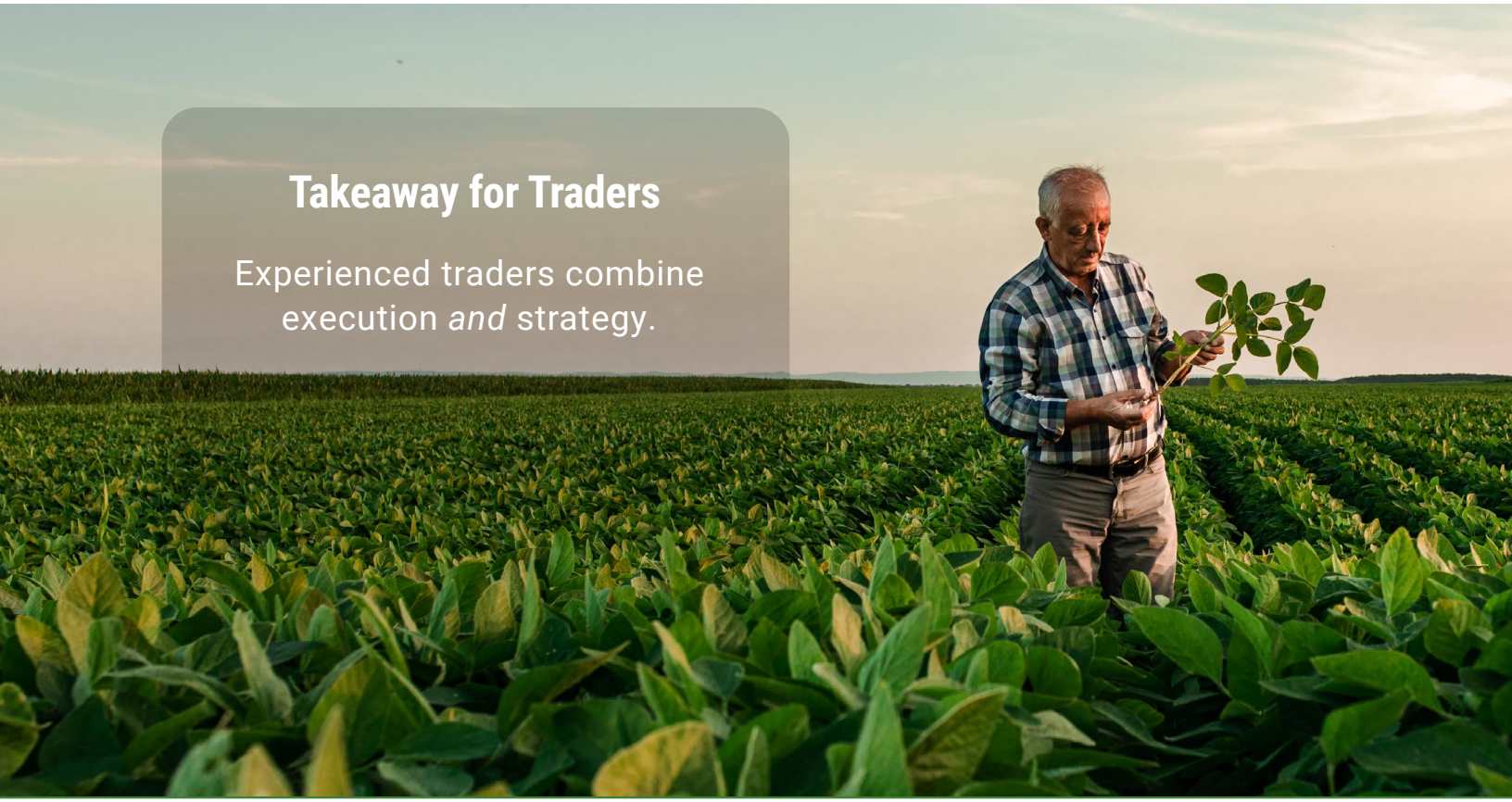
Even seasoned traders can get stung by sloppy execution. Here are some ideas from other financial professionals:

- **Consider avoiding market orders at the open —** spreads tend to be widest early.
- **Consider trading during overlap window —** between 9:45 a.m. and 2:15 p.m. Eastern—when both the ETF and its underlying futures are actively trading.
- **Consider limit orders** to define your price and protect against surprises.
- **Contact your brokers trade desk when placing relatively large trades.** The liquidity is likely there given the depths of the underlying markets. By coordinating with institutional desks may result in better execution vs. pacing large market orders.

A rushed trade can turn a solid thesis into a frustrating result.

Tactical Trader's Playbook — Are you navigating both sides of the trade?

Is your ETF's volume consistent or sporadic?	Are spreads tight at your desired size?	Are you trading while futures markets are open?	Are you using limit orders or hoping the market is generous?



Takeaway for Traders

Experienced traders combine execution *and* strategy.

8 Diversified vs. Single Commodity Exposure: Match the Tool to the Thesis

In agricultural ETFs, what you're trading—and how many things you're trading at once—can significantly shape your results. Whether you zoom in on a single crop or pan out to capture the entire sector, your choice affects both risk and return.

Focused or Broad? Your Strategy, Your Call

Single-commodity ETFs like CORN, WEAT, SOYB, and CANE allow you to express a direct view on a specific market driver—whether it's a drought in Iowa, export volatility, or planting progress. They're precision tools for traders with a high-conviction view.

Diversified ETFs, like TAGS or TILL, bundle multiple crops together. This approach spreads risk across the agriculture sector and may help smooth out volatility from any one commodity. Broader exposure may be better suited for allocating to agriculture as an asset class.

It all depends on whether you're trading a story—or seeking exposure to a sector with economic drivers unlike other asset classes.

Know What You're Really Holding

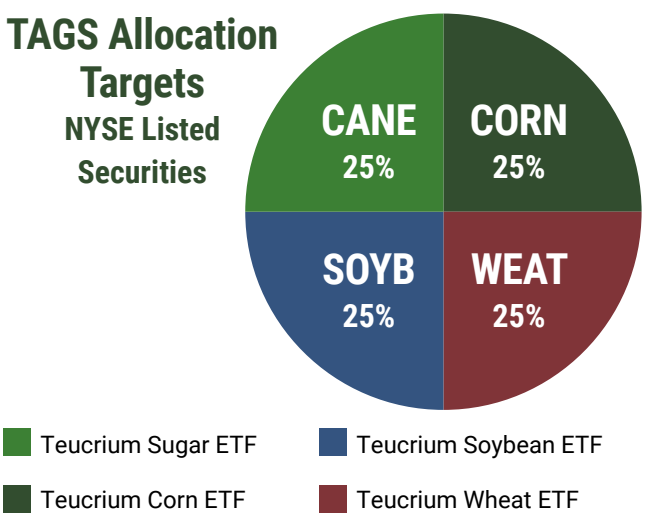
Not all diversified agriculture ETFs are created equal. For example, some large agricultural ETFs include livestock—cattle and hogs—alongside grains. That can work against you if grain prices rise (hurting feed-dependent livestock), creating internal offset within the same ETF. (Diversified agricultural ETFs may also include exposure to "softs"—such as cocoa, coffee, orange juice, and cotton—further diluting their focus.)

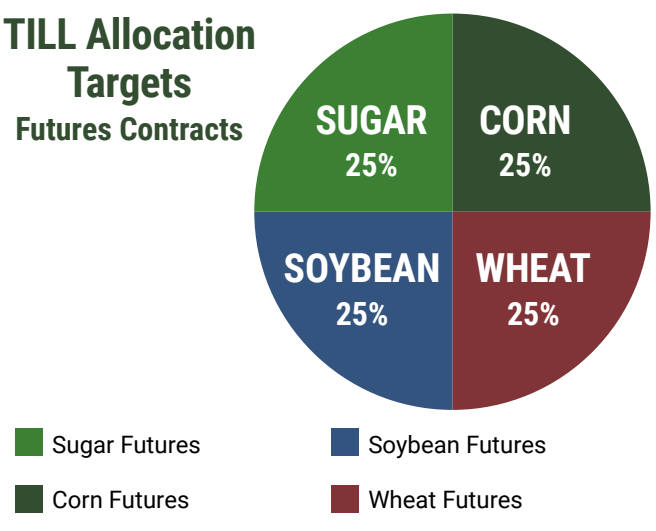
By contrast, TAGS and TILL focus exclusively on crop-based exposure—without livestock. That can help you capture upside from grain rallies without the drag of opposing price pressures.

Core-and-Satellite or All-in-One?

Seeking a unified approach? Some investors consider a diversified agricultural ETF like TAGS or TILL as a core position, then tilt with single-commodity ETFs when a strong thesis emerges. This allows them to remain invested in the broader agricultural theme—while dialing up exposure when conviction is high.

No matter your approach, it pays to look under the hood. Because in commodity ETFs, the mix matters.





Tactical Trader's Playbook — Are you trading a pinpoint thesis or seeking sector-wide exposure?

Single-commodity ETFs let you express a focused view.	Diversified ETFs may help spread risk and capture sector-wide momentum.	Know what's in the fund—to make sure it's on target for your objectives and beware of potentially offsetting exposures.

Aligning your ETF selection with your investment objective is critical.

9 ETF Tax Treatment: K-1s vs. 1099s

Not all agriculture ETFs treat taxes the same—and the difference can matter more than you think. Depending on how a fund is structured, it may issue either a **Schedule K-1** or a **Form 1099,** each with its own implications for reporting, filing complexity, and tax efficiency.

Know Your Structure

Teucrium's single-commodity ETFs—**CORN, WEAT, SOYB, and CANE**—are structured as **grantor trusts.** These funds issue **K-1s,** as does **TAGS,** which combines those four commodity ETFs in one wrapper.

By contrast, ETFs like **TILL** (which combines four commodities futures), **CXRN** and **WXET** (the 2x leveraged ETFs) are structured as **Registered Investment Companies (RICs)** under the Investment Company Act of 1940. These funds issue the more familiar **Form 1099 —** making tax time simpler for many investors.

The Tax Trade-Off

K-1 ETFs that hold commodity futures typically qualify for **Section 1256 tax treatment.** This means gains are taxed as **60% long-term and 40% short-term,** regardless of how long you held the position—potentially favorable for active traders.

RIC-based ETFs, on the other hand, follow standard capital gains rules: **short-term gains are taxed as ordinary income,** and **long-term gains** receive **capital gains treatment.** Easier to file, but potentially less favorable if you're trading frequently.

What About Retirement Accounts?

Investors often worry that receiving a K-1 in an IRA could trigger **Unrelated Business Taxable Income (UBTI).** But in this case, there's good news: Teucrium's K-1 ETFs **only hold futures contracts,** not physical commodities or operating businesses. As a result, they **do not generate UBTI —** making them generally suitable for **tax-deferred retirement accounts.**

Also worth noting: **K-1s are not mailed to investors holding Teucrium's single commodity ETFs in Qualified accounts.** As a convenience, they're accessible online, usually by **mid-February,** and typically don't require any action by the account holder.

Tactical Trader's Playbook — Are you choosing simplicity or optimizing for tax treatment?

K-1 ETFs offer 60/40 tax treatment on futures gains—potentially lower rates for active traders.	**1099 ETFs** make tax filing easier—but may result in higher taxes on short-term gains.	**IRAs?** Look for futures-based ETFs that avoid UBTI concerns.	Always check fund documents for specific **tax disclosures.**

Tax planning often begins with structure, since the tax structure affects your after-tax returns. Know the differences before you trade. Consider matching your ETF exposure with your trading style and your tax strategy.

Tax Treatment Guide: Teucrium Agricultural ETFs

Strategy	Ticker	Exposure	Structure	Tax Form	Tax Treatment	IRA/UBTI Concern
Single Commodity	CORN	Corn Futures	Grantor Trust	K-1	Section 1256: 60% LT / 40% ST	No
Single Commodity	WEAT	Wheat Futures	Grantor Trust	K-1	Section 1256: 60% LT / 40% ST	No
Single Commodity	SOYB	Soybean Futures	Grantor Trust	K-1	Section 1256: 60% LT / 40% ST	No
Single Commodity	CANE	Sugar Futures	Grantor Trust	K-1	Section 1256: 60% LT / 40% ST	No
Multi-Commodity	TAGS	Basket of CORN, WEAT, SOYB, CANE	Grantor Trust	K-1	Section 1256: 60% LT / 40% ST	No
Multi-Commodity	TILL	4 Agricultural Futures	RIC	1099	Capital Gains (per holding period)	No
2x Leveraged	CXRN	2x Leveraged Corn Futures	RIC	1099	Capital Gains (per holding period)	No
2x Leveraged	WXET	2x Leveraged Wheat Futures	RIC	1099	Capital Gains (per holding period)	No

⑩ Leveraged Agricultural ETFs: Precision Tools, Not Buy-and-Hold Vehicles

Leveraged agricultural ETFs are designed to deliver amplified exposure to daily price movements—typically 2x the return (or loss) of a given benchmark. That means a 1% move in the underlying index becomes a 2% swing in the ETF. For traders with clear conviction and disciplined execution, that's powerful. But it cuts both ways.

These are not casual investments. They are tactical instruments best used for short-term strategies, not long-term holds.

Understand the Structure Before You Trade

Leveraged ETFs like CXRN (2x corn's daily price move) and WXET (2x wheat's daily price moves) use futures and derivatives to deliver their exposure. They reset daily—meaning the 2x target applies to **that day's** move, not to any longer period. Over time, especially in volatile or sideways markets, that daily reset can create unexpected outcomes.

This effect—known as **volatility drag**—can cause returns to diverge significantly from a simple multiple of the benchmark. The more volatile the market, the more compounding can distort results.

An index experiences alternating daily gains and losses of 5%. A 2x leveraged ETF that tracks this index would amplify those daily movements, but over time, it can lose value due to the way returns compound. Here's how it works:

Day 01

Index starts at 100

Index gains 5%:
100*1.05 = 105

2x ETF gains 10%
(2x the index move):
100*1.10 = 110

Day 02

Index loses 5%:
105*0.95 = 99.75

2x ETF loses 10%:
100*0.90 = 99

Day 03

Index gains 5%:
99.75*1.05 = 104.74

2x ETF gains 10%:
99*1.10 = 108.90

Day 04

Index loses 5%:
104.74*0.95 = 99.50

2x ETF loses 10%:
108.90*0.90 = 98.01

After 4 Days

The Index is almost back to it's original level at 99.50.

But the 2x ETF dropped to 98.01 (a 2% loss).

This phenomenon can lead to substantial underperformance of leveraged ETFs compared to their banchmarks over extended periods.

Given these complexities and risks, leveraged ETFs require a thorough understanding and active management, making them more appropriate for experienced short-term traders rather than long-term allocators.

When Leverage Makes Sense

Used with precision, leveraged ETFs can serve a number of strategic purposes:

- **Tactical expression** of a near-term macro or seasonal view
- **Amplifying exposure** during events like droughts, export bans, or USDA surprises
- **Hedging or overlay strategies** when short-term impact matters more than long-term exposure

But discipline is key. Without clear timeframes and exit points, the power of leverage can turn against you.

Tactical Trader's Playbook — Are you using leverage tactically—or letting it use you?

Is your time horizon short enough to justify daily-reset leverage?	Are you monitoring the position in real time—not just daily?	Do you understand how compounding and volatility might impact your trade?

Leverage magnifies everything, including your mistakes.

WEAT Portfolio Snapshot – Curve Coverage for a Volatile Crop

Unlike ETFs that focus only on the front-month contract, WEAT spreads its exposure across three futures maturities, based on a custom benchmark. This curve-managed approach seeks to capture multiple market signals, reduce roll costs, and mitigate short-term volatility.

WEAT ETF – Portfolio Snapshot

as of 06/09/2025 (or a compliance-approved date)

Contract	Expiry	Price	Weighting
W U5	Sep 2025	$568.75	35.24%
W Z5	Dec 2025	$589.75	30.05%
W Z6	Dec 2026	$653.25	34.64%

What Makes WEAT Different

Prices of ETFs holding front-month futures will react to short-term news/events. WEAT allocates across the curve With a mandate to hold short-, mid-, and long-term futures contracts, WEAT is structured to:

Reflect real market expectations across time horizons

Smooth out volatility and roll costs

Align with trading opportunities driven by macro catalysts

Potential Strategic Benefits for Traders

1. Lower Roll Drag

Fewer monthly rollovers mean smoother transitions and lower cost—especially in contango markets.

2. Macro Insight, Built-In

With over 34% allocated to Dec '26, WEAT gives traders direct exposure to how the market prices future supply and risk.

3. Catalyst-Ready Exposure

In times of disruption—conflict, export bans, weather shocks—longer-dated contracts often react first. WEAT already holds them.

Takeaway for Traders

When wheat markets shift, a curve-managed strategy helps you trade the *trend* — not the *tremor*.

Glossary of Key Terms

Spot Price – The current market price for immediate delivery of a commodity.

Futures Contract – A standardized agreement to buy or sell a commodity at a set price on a future date.

Front-Month Contract – The futures contract with the nearest expiration date, typically the most actively traded.

Contango – A futures market condition where longer-dated contracts trade at higher prices than the spot or front-month contract.

Backwardation – A futures market condition where longer-dated contracts trade at lower prices than the spot or front-month contract.

Roll Yield – Gains or losses realized when rolling from an expiring futures contract into a new one, depending on the shape of the futures curve.

Tracking Error – The divergence between an ETF's performance and its stated benchmark or target exposure.

Expense Ratio – The annual percentage of assets used to cover an ETF's operating expenses.

Section 1256 Tax Treatment – A U.S. tax code provision where gains on certain futures contracts are treated as 60% long-term and 40% short-term, regardless of holding period.

K-1 (Schedule K-1) – A tax form issued by partnerships and grantor trusts to report an investor's share of income, losses, and other tax attributes.

1099 (Form 1099-DIV/B) – A simplified tax reporting form used by registered investment companies (RICs), commonly received by investors in mutual funds or 1940 Act ETFs.

Grantor Trust – A structure used by some commodity ETFs (like single-commodity funds) where the investor owns a pro-rata share of the underlying assets and receives a K-1.

Investment Company (RIC) – A fund structure under the Investment Company Act of 1940 that offers simplified 1099 tax reporting but may have portfolio composition constraints.

Volatility Drag (or Compounding Risk) – The potential erosion of returns in leveraged ETFs due to daily reset mechanics and market volatility over time.

Unrelated Business Taxable Income (UBTI) – Income from certain activities (e.g., operating businesses) that can be taxable in retirement accounts, though typically not applicable to futures-based ETFs.

Disclosures

Important Risks and Disclosures

This material must be accompanied or preceded by a **prospectus.** Please read the **prospectus** carefully before investing. An investor should consider investment objectives, risks, charges and expenses carefully before investing.

Diversification does not ensure a profit or protect against loss.

The information provided is intended to provide a broad overview for discussion purposes. It is subject to change and should not be taken as financial or investment advice.

An investment in the Funds involves risk, including possible loss of principal. **Commodities and futures are generally volatile and are not suitable for all investors**. An investor may lose all or substantially all of an investment. Investing in commodity interests subject each Fund to the risks of its related industry. Funds that focus on a single sector generally experience greater volatility. Futures investing is highly speculative and involves a high degree of risk. An investor may lose all or substantially all of an investment in the Fund. Investing in commodity interests subject the Fund to the risks of its related industry. These risks could result in large fluctuations in the price of a particular Fund's respective shares. Funds that focus on a single sector generally experience greater volatility.

For further discussion of these and additional risks associated with an investment in the Funds please read the respective Fund Prospectus before investing.

CORN, CANE, SOYB, WEAT, and TAGS are commodity pools regulated by the Commodity Futures Trading Commission (CFTC). The funds do not track the spot price of corn, sugar, soybeans or wheat. **These Funds, which are ETPs, are not a mutual fund or any other type of Investment Company within the meaning of the Investment Company Act of 1940, as amended, and are not subject to regulation thereunder.**

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