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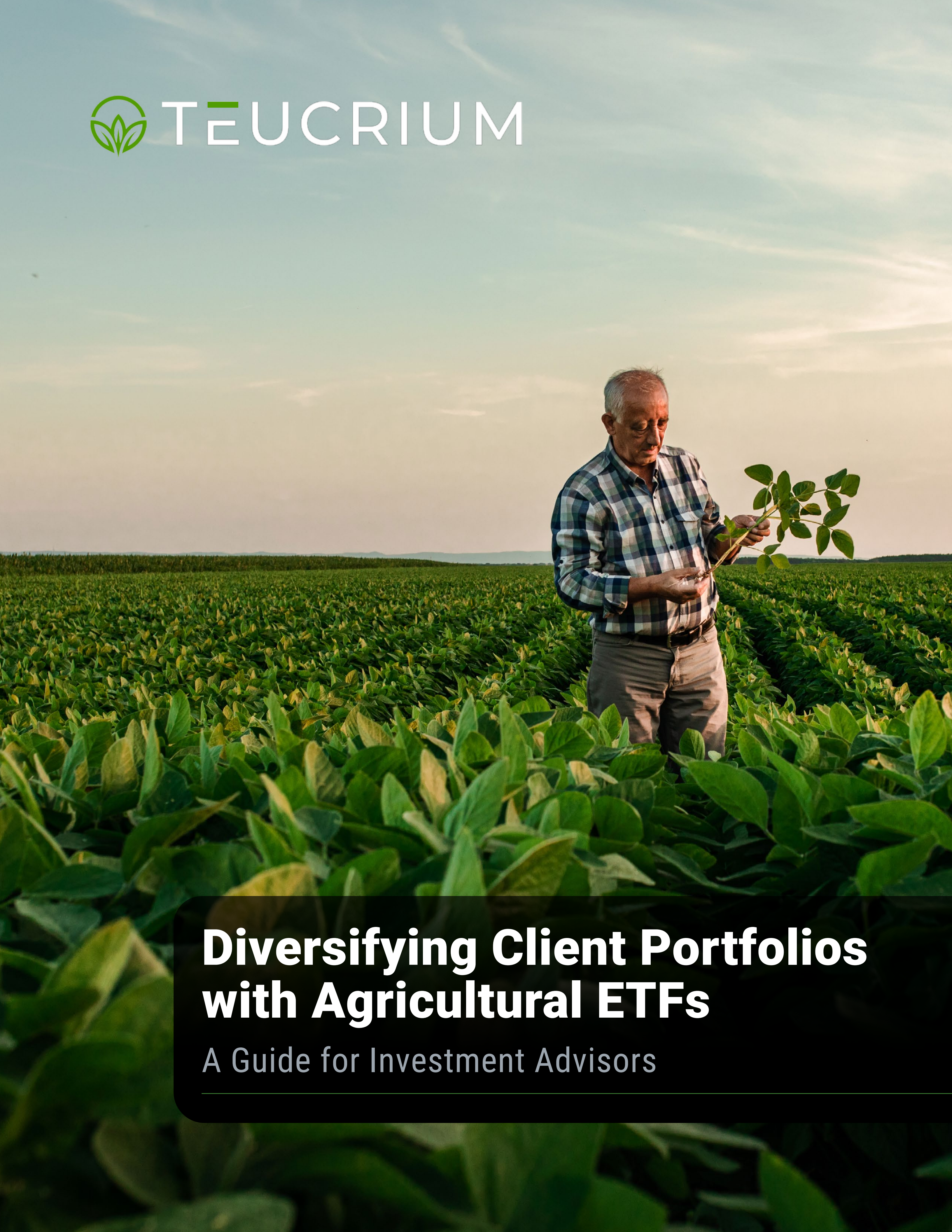


Diversifying Client Portfolios with Agricultural ETFs

A Guide for Investment Advisors

Introduction

Today, you face a distinct challenge: constructing resilient, diversified portfolios in a market environment increasingly defined by volatility, inflation risk, and geopolitical uncertainty. At the same time, your clients—especially your high-net-worth individuals and those nearing retirement—are demanding more from their portfolios - more protection, more upside, and more diversification beyond the traditional stock and bond mix.

Commodities, and agricultural commodities in particular, may offer a unique answer to these demands. However, until recently, the tools to access them were too complex, costly, or opaque for most wealth managers to use confidently. That's changing.

This guide examines why agricultural commodities may matter more now than ever and how ETFs, such as those offered by Teucrium, are helping transform this previously elusive asset class into a more accessible and strategic option for portfolio construction.

You'll discover what factors are influencing global agricultural markets, how these ETFs work, and how they may help you:

- **Potentially hedge against inflation**
- **Capture global macroeconomic trends**
- **Diversify client portfolios with non-correlated real assets**

Whether evaluating agricultural ETFs for the first time or looking to sharpen your strategy, this guide provides the context, insight, and clarity to help you make informed allocation decisions.

Why Advisors Are Turning to Alternative Investments

You know better than most that the traditional 60/40 portfolio model is being challenged like never before. Equities seem to live in a state of constant volatility, and bonds, the once go-to ballast for many portfolios, are facing an uncertain future amidst rising rates, inflation, and potential trade wars.

In this environment, you may be among the growing wave of advisors who are turning to alternative investment assets like real estate, private equity, infrastructure, and yes, commodities. What makes commodities particularly compelling is their historical ability to provide three things we believe most investors are seeking:

1. **Diversification:** Commodities have historically exhibited different behavior than traditional assets, offering a low correlation that can help smooth out market volatility.[1]
2. **Inflation Protection:** As tangible goods, commodities have at times risen in value during inflationary periods.[2]
3. **Global Exposure:** Commodity prices are influenced by global supply and demand dynamics, offering investors exposure to broader macroeconomic factors that may be less directly reflected in traditional asset classes.

Advisors who once ignored commodities because of their complexity are now giving them a second look, and are discovering how modern ETFs are helping simplify access to these essential, tangible assets.

Why Agriculture Deserves More Attention

When investors think of commodities, they often think of energy and metals, such as crude oil, natural gas, gold, and copper. These sectors can serve a meaningful role in portfolio construction, but have historically been considered highly cyclical and speculative.

Agriculture, on the other hand, is grounded in necessity. Unlike energy consumption, which may fluctuate with economic activity, or gold, which is often driven by investor sentiment, agriculture feeds the world every single day. This simple truth frames agricultural commodities with a durable investment thesis.

[1] Teucrium, "How Agricultural ETFs Fit into a Diversified Portfolio," Teucrium Blog, accessed June 18, 2025, https://blog.teucrium.com/knowledge-center/how-agricultural-etfs-fit-into-diversified-portfolio

[2] Goldman Sachs Research, "Which Commodities Are the Best Hedge for Inflation?" Goldman Sachs, accessed October 10, 2025, https://www.goldmansachs.com/insights/articles/which-commodities-are-the-best-hedge-for-inflation.

Agricultural commodities—corn, wheat, soybeans, sugar, and others—are driven by two structural forces:

Consistent global demand:

Everyone must eat. What's more, animal protein consumption increases with rising incomes. In emerging and developing economies, demand for grain used as animal feed increases as farmers produce livestock for human consumption.

Constrained and volatile supply:

Weather, water access, planting incentives, climate change, and geopolitical conflict may all impact supply, often significantly.

For advisors, this means that agricultural commodities may offer a rare combination: relatively stable demand with variable supply. That helps make them a potentially effective tool for hedging risk and capturing pricing upside, though outcomes can vary depending on market conditions.

Factors Driving Agricultural Demand

Looking beyond the portfolio lens, the global food system is undergoing a structural transformation:

Population growth: The UN estimates the global population will reach 9.8 billion by 2050, which may contribute to a significant increase in food demand.

Emerging market diets: As incomes rise, dietary preferences often evolve, potentially leading to increased demand for meat, processed foods, and grains.

Declining farmland: Urbanization and industrialization are contributing to a shrinking global footprint of arable land.

Climate volatility: Droughts, floods, and shifting weather patterns may disrupt planting and harvesting seasons.

Geopolitical instability: Export bans, trade wars, and regional conflict have the potential to disrupt global agricultural supply chains.

Taken together, these trends suggest a backdrop of potential long-term supply and demand imbalances in global agriculture, an area that investors may explore through agricultural ETFs.

[3] 1. United Nations, Department of Economic and Social Affairs, Population Division (2017). World Population Prospects 2017 – Data Booklet (ST/ESA/SER.A/401)

For advisors, agriculture may represent more than a short-term tactical consideration. In an environment where demand is projected to rise and supply remains uncertain, agricultural exposure could serve as a potential complement to broader diversification strategies.

Agricultural Commodities - Structure, Strategy, and Considerations

To allocate thoughtfully, it helps to understand the segments within agricultural commodities:

Commodities		
Grains: Corn, wheat, and soybeans are foundational crops of global food and feed systems. They represent some of the largest and most actively traded futures markets in agriculture.	**Softs:** Sugar, coffee, cocoa, and cotton. These commodities are influenced by both global trade and consumer trends, with return profiles that may differ from traditional asset classes.	**Livestock:** Cattle and hog markets often respond to shifts in grain prices and protein demand. While less common in ETF strategies, they are core components of the broader agricultural complex.

Each segment brings its own pricing dynamics and potential diversification benefits. But they also share similar characteristics:

Low equity correlation: Agriculture may zig when equities zag.

Inflation resilience: Rising input costs may influence end-market pricing, though results vary by commodity and cycle.

Tangible scarcity: Supply is naturally limited by environmental and logistical factors, rather than manufactured production.

However, advisors should be mindful of the historical barriers of agricultural investing. Futures contracts require margin and contract management. And direct ownership of physical commodities is often impractical for most investors. As such, ETFs offer a more accessible and operationally efficient way for many investors to gain exposure to agricultural markets.

How Agricultural ETFs Can Simplify Access for Advisors

Before ETFs, gaining exposure to agricultural commodities often required navigating the complexities of the futures market: maintaining futures trading accounts, meeting margin requirements, etc.

Today, specialized ETFs may help to address some of these challenges.

Teucrium offers ETFs designed with accessibility in mind:

Traded on U.S. exchanges	No margin requirements or futures trading experience needed	Daily liquidity and transparency

For advisors, this means you can now add targeted agricultural exposure—corn, wheat, soybeans, sugar—through standard brokerage accounts.

Each ETF is structured to provide price exposure through a rules-based basket of futures contracts, with methodologies designed to help manage roll timing and reduce the potential impact of contango. These ETFs are designed to provide institutional-style exposure in a more accessible format for individual investors and advisors.

Why Advisors May Consider Agricultural ETFs

Advisors may utilize agricultural ETFs across multiple portfolio strategies:

Potential Inflation Hedge: Agricultural commodity prices have, at times, moved in tandem with rising inflation expectations. ETFs offer a way to gain exposure to this asset class in a brokerage account.[4]

Macro Trend Exposure: Advisors focused on emerging market demand, climate shifts, or supply disruptions can capture those themes through grain exposure.

Diversification: Agricultural commodities have historically exhibited low correlation to equities and bonds, which may support diversification objectives.[5]

Built-in Management: Portfolio managers buy and sell commodity futures seeking to maintain perpetual price exposure while managing positions and rolling positions, operating the strategy inside the ETF, negating the need for the advisor to manage futures directly.

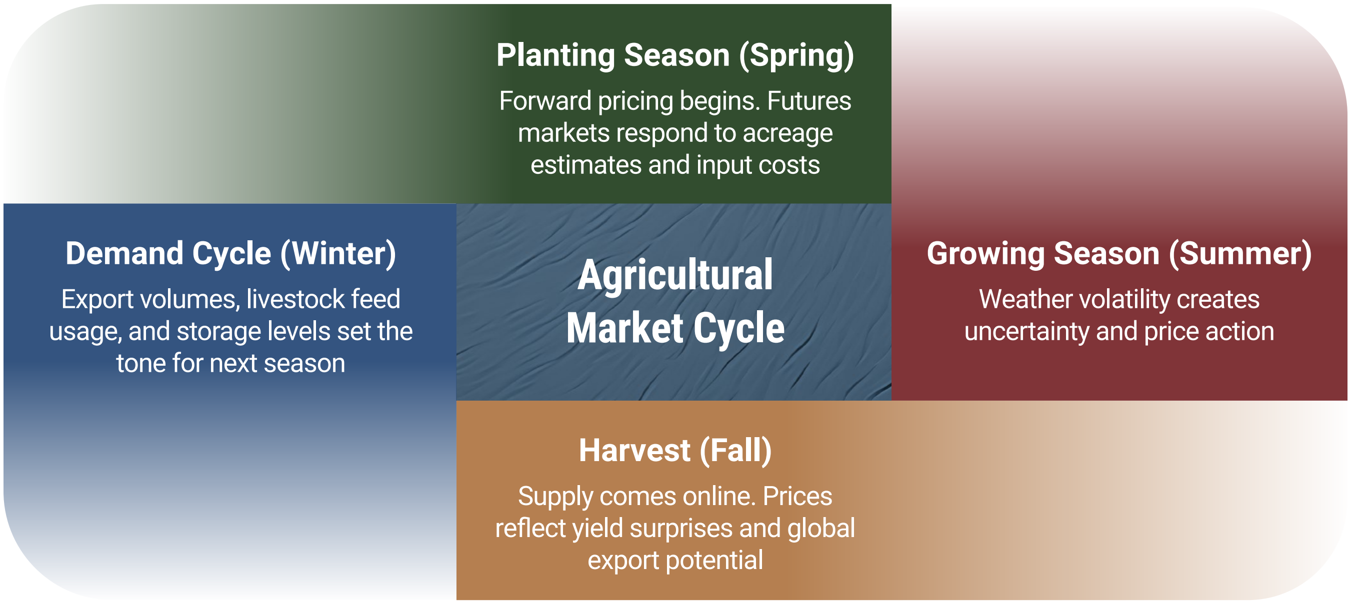
In each case, these ETFs allow you to offer non-correlated, real-asset exposure with minimal operational complexity. That's a potential benefit for you and your clients.

[4] "Agricultural ETFs: What You Need to Know," Investopedia, last modified February 1, 2024, accessed October 10, 2025, https://www.investopedia.com/agricultural-etfs-8425680.

[5] Marco J. Lombardi and Francesco Ravazzolo, "On the Correlation between Commodity and Equity Returns: Implications for Portfolio Allocation," BIS Working Papers No. 420 (Bank for International Settlements, July 2013), 1

The Natural Market Rhythm

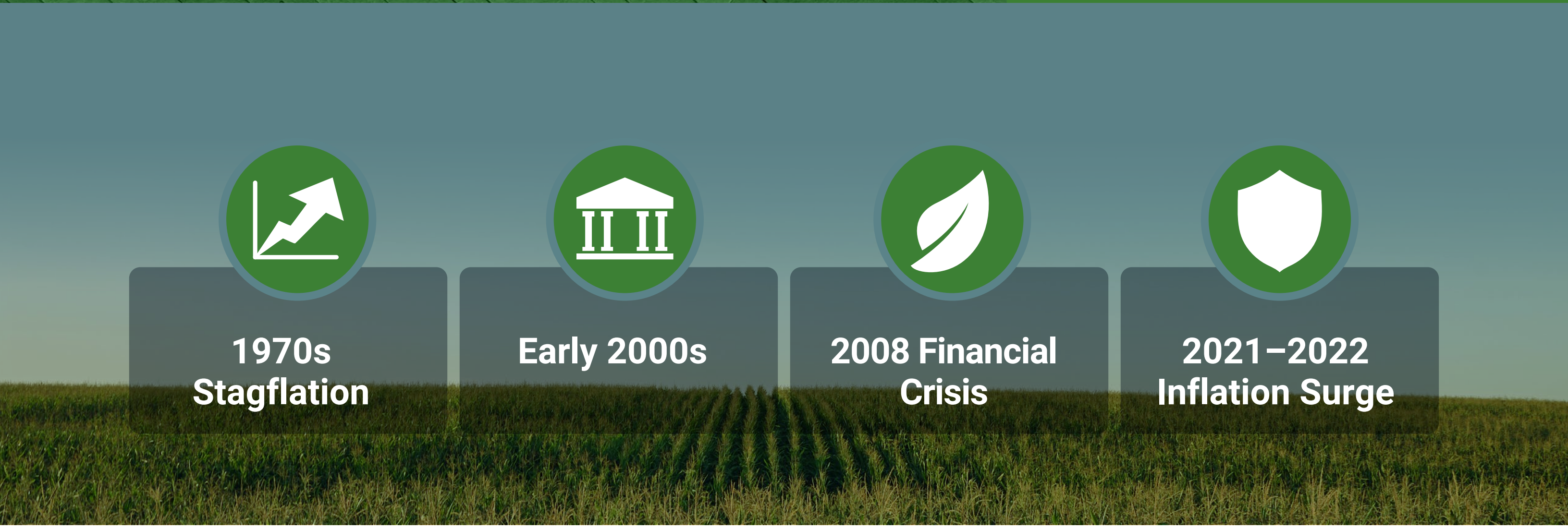
Agriculture has a natural rhythm that drives pricing and investment opportunities:



Understanding this cycle may help you identify entry points, manage expectations, and align your allocations with natural market drivers.

Agricultural Commodities as a Strategic Allocation

When considering agricultural commodities as a strategic portfolio allocation, it may be helpful to examine how they have historically behaved across different market environments. Understanding the underlying factors that have influenced past performance may provide useful context for evaluating their role in long-term asset allocation. As always, past performance does not guarantee future results.



Stagflation in the 1970s: This was one of the most challenging periods for traditional portfolios. Equities stagnated, and bonds underperformed as inflation surged into double digits. But agricultural commodities, particularly grains, saw notable price increases. Wheat and corn prices **tripled** between 1972 and 1974[6], driven by supply shocks, rising demand, and geopolitical tension.

In inflationary environments where financial assets may falter, agricultural commodities have, at times, provided a potential counterbalance. Including agricultural ETFs in your model portfolios may offer clients exposure to real assets that have historically responded to inflationary pressures.

Dot-Com Bust (2000–2002): When tech stocks collapsed in the early 2000s, many portfolios experienced significant drawdowns. During this period, the Dow Jones Commodity Index declined less than the S&P 500.[7] Agricultural commodities, which were relatively underrepresented in many portfolios at the time, began rising in the early 2000s as global demand from emerging markets increased.

Adding agricultural exposure may help reduce portfolio volatility and enhance diversification, particularly in equity-heavy portfolios. While broad commodities have been shown to improve risk-adjusted performance in diversified allocations[8], advisors should evaluate agricultural commodities in the context of their clients' objectives, risk tolerance, and investment time horizons.

[6] Excerpt from "The Farm Crisis," Iowa PBS, 2013

[7] https://winthropwealth.com/wp-content/uploads/2023/01/SP-500-Bear-Markets-CQ.pdf

[8] Jigna Gibb, Head of Commodities and Crypto Product Management at Bloomberg, "The power of a commodities allocation: A little goes a long way." Bloomberg Professional Services, April 18, 2024

Global Financial Crisis (2008–2009): During the Global Financial Crisis (GFC), many asset classes experienced steep declines. Agricultural commodities, including corn, rebounded in the following years, supported by tight global grain supplies and rising demand from countries like China. For example, corn prices increased by over 82% from March 2010 to 2011, according to the U.S. Bureau of Labor Statistics[9].

While past performance does not guarantee future results, periods of market recovery have previously coincided with gains in agricultural commodity prices. For some advisors, incorporating agriculture into portfolios may offer diversification benefits and potentially reduce correlation to broader market movements.

Recent Inflation Surge (2021–2022): As inflation hit 40-year highs, investors increasingly turned to real assets. Agricultural ETFs, including Teucrium's CORN, WEAT, and SOYB, saw record inflows. The S&P GSCI, a composite index of 24 commodities, rose 34% since the start of 2022, while the CRB Index, which includes commodities like crude oil, gold, and corn, rose about 37%. In contrast, the S&P 500 experienced a year-to-date total return of -22.5% as of June 16, 2022[10].

Market conditions, including global supply chain disruptions, the war in Ukraine, and fertilizer shortages, contributed to tighter agricultural markets and increased price volatility. ETFs allowed investors to access these markets without directly trading futures contracts, offering improved liquidity and transparency. Advisors who allocated to agricultural ETFs as part of a broader risk management strategy may have helped clients navigate the inflationary environment more effectively.

[9] U.S. Bureau of Labor Statistics May 2011 Volume 2, Number 2, "Producer Price Index: First Quarter 2011, Focus on Prices and Spending," 2

[10] K.T. Arasu, "Commodities as an Inflation Hedge." CME Group, June 22, 2022

The Bottom Line: Agricultural exposure is not limited to niche use cases. Advisors and investors may look to agriculture for added portfolio resilience in various market conditions. When appropriately allocated, agricultural ETFs may help:

Enhance **portfolio diversification**	Reduce **portfolio correlation**	Provide **real-world thematic exposure**

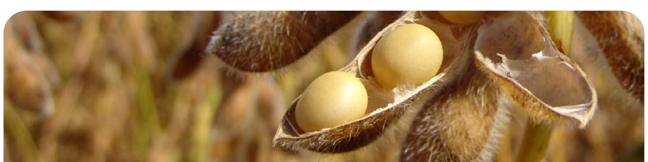
For advisors seeking transparent and tax-efficient tools, agricultural ETFs, such as those offered by Teucrium, provide one possible way to access this segment through traditional brokerage platforms.

A Thoughtful Approach to Agricultural Exposure

Teucrium offers a suite of ETFs that focus exclusively on agricultural commodities. Our product lineup includes:

CORN
Exposure to corn futures prices.

WEAT
Exposure to wheat futures prices.



SOYB
Exposure to soybean futures prices

CANE
Exposure to sugar futures prices.

TAGS
A fund-of-funds providing price exposure to corn, wheat, soybean and sugar futures.

These ETFs are designed with financial professionals in mind:

Advisory-Friendly
Transparent structure, daily liquidity, and straightforward implementation.

Futures-Based Exposure
designed to track proprietary futures-based indexes. Each index was crafted to help mitigate the potential negative impacts of contango.[11]

These funds offer a way to gain exposure to real assets through standard brokerage platforms, without the complexities of physical storage, margin requirements, or direct futures trading.

Why This May Matter for You—and Your Clients

Many clients are seeking portfolios that go beyond traditional 60/40 models. Agricultural ETFs may offer:

- **Diversification Benefits –** Commodities have historically exhibited low correlations to equities and fixed income
- **Thematic Exposure –** Access to global macro trends such as shifting supply-demand dynamics and food security
- **A Transparent Structure –** Built to reflect real-world economic drivers in a regulated, accessible format

For advisors, incorporating agricultural ETFs may support a broader strategic effort to align portfolio construction with evolving market conditions and client priorities.

[11] Contango is a market condition where futures prices trade above the current spot price, usually reflecting storage, insurance, and financing costs.

Next Steps

- **Subscribe to** **Teucrium Insights** to stay in the know on agricultural market trends
- **Connect** **with a Teucrium specialist** to learn how others are using these ETFs
- **Explore our** **ETF product lineup** to see what may fit best within your client strategies

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.

An investment in the Funds involves risk, including possible loss of principal.

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.

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. 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.**

Teucrium Investment Advisors, LLC is the investment adviser for TILL. Teucrium Trading, LLC is the Sponsor for CORN, CANE, SOYB, WEAT, and TAGS.

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Shares of the Funds are not FDIC Insured, may lose value, and have no bank guarantee.

Check the background of our investment professionals on **FINRA's BrokerCheck.**

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