

Product Disclosure Statement  
for AWB Flexi-3

# AWB Flexi-3

Commodity Futures and Foreign Exchange Components



**AWB RiskAssist**

Version Dated  
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4.6	+23.8	+7.9	+14.0
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## IMPORTANT NOTICE

### About this document

This document is part of a Product Disclosure Statement (**PDS**) that relates to the AWB Flexi-3 contract that you can enter into with AWB RiskAssist Limited ABN 38 086 627 465, AFS Licence Number 244 128 (**RiskAssist**). The PDS for the futures and foreign exchange components of the AWB Flexi-3 contract is comprised of this document and the contract schedule (part 2 of this PDS), located at the back of this document.

### Changes to information

This document is current as at 10 March 2008. Information in this PDS is subject to change from time to time. To the extent that the change is not materially adverse to customers, we may update it by posting a notice of the change on our website. A paper copy of any updated information will be given to you without charge on request. We may also issue a supplementary PDS with new information. This PDS (and any supplementary PDS) is available in paper form and in electronic form from the AWB RiskAssist website at [www.riskassist.com.au](http://www.riskassist.com.au)

### Your decision to invest

This PDS is an important document, which should be read in full before making a decision in relation to futures and foreign exchange positions. A document of this kind cannot take into account your own investment objectives, financial situation or particular needs. Accordingly, nothing in this PDS is a recommendation by us or by any other person concerning the futures and foreign exchange components of the AWB Flexi-3 contract. You should not only consider the information in this PDS but also obtain independent financial and taxation advice as to the suitability of the futures and foreign exchange components for you bearing in mind your investment objectives, financial situation and particular needs.

## 1. About us

### 1.1 About RiskAssist

This PDS has been prepared by RiskAssist (referred to as **we, us, our** in this document). We offer price risk management solutions across a range of agricultural enterprises. These solutions allow you to manage your commodity and foreign exchange exposure. We issue commodity futures and foreign exchange products in connection with the deliverable grain contracts.

We are a wholly owned subsidiary of AWB Limited (**AWB**) and part of the AWB Group.

### 1.2 About the AWB Group

The AWB Group is Australia's leading agribusiness and one of the world's largest wheat managing and marketing companies. Having evolved from the Australian Wheat Board, which operated as a government statutory marketing authority for 60 years, AWB is now a listed Australian public company. AWB is the exclusive manager and marketer of all Australian bulk wheat exports through what is known as the Single Desk System. It also markets and trades a range of other grains including barley, sorghum and oilseed.

## 2. Our products

The AWB Flexi-3 (**Flexi-3**) product involves you entering into a contract with us (the **Contract**) under which you agree at a future point in time to deliver grain to us for a price to be determined in accordance with the Contract.

The gross amount, which we pay you under the Contract, will depend upon:

- the commodity futures price locked-in (**futures component**); and
- if the futures price is expressed in a foreign currency, the foreign exchange rate locked-in (**foreign exchange component**); and
- the basis (**basis component**).

Other factors will also affect the amount you are paid. For more details refer to part 2 of this PDS.

This PDS relates to the futures and foreign exchange components of the Contract. This PDS does not relate to, nor describe in detail, the basis component. A brief discussion of basis is set out in part 2 of this PDS in order to give context to the discussion on the futures and foreign exchange components.

## 3. Introduction to futures and foreign exchange contracts

### 3.1 Background

You enter into futures or foreign exchange positions with us under the Contract when you accept a price or rate quoted by us on a particular day.

The prices and rates that we quote to you are determined by the grain futures contracts that we trade on the Chicago Board of Trade (**CBOT**) and the Winnipeg Commodity Exchange (**WCE**), and the foreign exchange contracts that we enter into to hedge our exposure to the futures and foreign exchange positions that we have agreed with you.

To help you understand the nature of the futures and foreign exchange positions that you can establish with us under the Contract, it is important that you understand the general features of those commodity futures and foreign exchange contracts.

### 3.2 What are grain futures contracts?

Futures contracts traded on CBOT and WCE are agreements to deliver or take delivery of a specified quantity and grade (or quality) of a particular commodity. A summary of the contract specifications for the contracts we trade, for hedging purposes, on CBOT and WCE is set out in figure 1.

Futures	Exchange	Size	Months traded	Minimum fluctuations	Daily trading limit	Exchange trading hours
Wheat	CBOT	5,000 bushels	Mar, May, Jul, Sep, Dec	US ¼ c/bushel	US 30 c/bushel	9:30-13:15; electronic 19:32-6:00
Corn	CBOT	5,000 bushels	Mar, May, Jul, Sep, Dec	US ¼ c/bushel	US 20 c/bushel	9:30-13:15; electronic 19:30-6:00
Canola	WCE	20 tonnes	Jan, Mar, May, Jul, Sep, Nov	CAD \$0.10/t	CAD \$30/tonne	9:30-13:15

Figure 1. Information in this table is subject to change by CBOT and WCE.

One purpose of these contracts is to provide those who deal in commodities with a facility for managing the risks associated with changing prices of the commodities (ie hedgers). There are also those who trade in the hope of profiting purely from changing prices in commodities (i.e. speculators).

CBOT and WCE futures contracts are deliverable contracts. That means that, on maturity of the contract, the seller agrees to deliver to the buyer, and the buyer agrees to take delivery of, the quantity of the commodity described in the contract.

The terms of the CBOT and WCE futures contracts are determined by the operating rules of the commodity exchanges on which they trade and can be found on [www.cbot.com](http://www.cbot.com) and [www.wce.ca](http://www.wce.ca)

Commodity futures contracts traded on the CBOT and WCE are standardised. This means that, because futures contracts of a particular class are perfect substitutes for each other, they can be closed out against an opposite position in the same class. A consequence of contract standardisation is that the price is the only factor that remains to be determined between the buyer and the seller.

A person who holds a futures contract to buy may cancel this obligation by taking a new contract to sell in the same futures delivery month. This contract can only be entered into in the same futures contract delivery month.

This process is known as closing out the contract. In the same way, the holder of a contract to sell can close out by taking a new contract to buy. In each case there will be a profit (or loss) equal to the difference between the buying and selling prices multiplied by the contract quantity, less any transaction costs. In practice, the vast majority of futures contracts are offset in this manner, the remainder being fulfilled by delivery or by mandatory cash settlement where no provision for delivery exists.

### 3.3 What are forward foreign exchange contracts?

A forward foreign exchange contract is an agreement to be paid or to pay an amount of money on a specified date based on a predetermined exchange rate. These types of contracts allow exporters and importers, and others exposed to adverse movements in foreign exchange rates to hedge their exposure to foreign exchange rate risk.

For example, an exporter who agrees to sell wheat to an overseas buyer for payment in a foreign currency in 3 months time is exposed to the risk of an appreciation in the exporter's local currency over this period. In other words, an exporter would receive less local currency than he would otherwise receive if the agreement settled immediately. To protect against (hedge) this risk, an Australian exporter could enter into a foreign exchange contract today to fix now the amount the exporter will receive in AUD in 3 months time.

## 4. Futures and foreign exchange components of the contracts

### 4.1 The futures component

The Contract allows you to manage the risks associated with fluctuations in the commodity price by agreeing a futures price in advance (**Forward Price**). For example, for every 136 tonnes of wheat that you agree to supply (equivalent to 1 CBOT wheat futures contract), you can lock-in a Forward Price for that wheat by accepting a

price quoted by us on a particular day. The prices that we quote from day to day are generally based on the market price of the relevant grain contract on the CBOT or the WCE. We will quote the Forward Price in the relevant foreign currency, or AUD based on our Forward Rate (refer Section 4.2).

You cannot vary the Forward Price after it has been set. However, you can set the Forward Price in respect of only part of the grain that you have agreed to deliver.

For example, rather than locking in the Forward Price on a 272 tonne wheat Contract all on one day, you may choose to lock in 136 tonnes now and the remaining 136 tonnes later.

You can only lock-in the Forward Price in multiples of 136 tonnes for wheat, 127 tonnes for sorghum and 20 tonnes for canola (subject to an initial minimum tonnage of 60 tonnes). These multiples reflect the quantities of grain underlying the futures contracts that we trade on the CBOT and the WCE.

If you have not locked in a Forward Price in respect of all the tonnage you have agreed to deliver to us (i.e. 272 tonnes in the example above) by the close of business on the Final Pricing Date, we will lock-in all outstanding amounts at the Forward Price we are quoting at that time.

## 4.2 The foreign exchange (FX) component

The following is a brief description of how the foreign exchange component of the Contract is determined in respect of sorghum and wheat. In respect of canola, the following also applies (except CAD replaces USD).

If the Forward Price discussed in section 4.1 above is expressed in a foreign currency, it may be affected by fluctuations in exchange rates. You can manage your foreign exchange exposure to the Forward Price by agreeing a forward exchange rate (**Forward Rate**) at which your Forward Price will be converted to AUD.\*

\* The arrangement involves a notional USD amount only. The Forward Rate applies to the Forward Price only, and not to the basis component. All payments under the Contract are settled in AUD. You never have a contractual obligation to buy, sell or exchange one currency for another.

To do this, we will calculate an amount in USD (**Foreign Currency Amount**) against which the Forward Rate will be applied.

The Foreign Currency Amount that we calculate must reflect the USD value of the futures component (ie the USD value of the Forward Price you have agreed with us multiplied by the relevant quantity of grain to which the Forward Price relates).

If you choose to lock-in a Forward Rate before you lock-in a Forward Price, the final Foreign Currency Amount will not be known (until the Forward Price is locked-in).

Instead, the Forward Rate will apply to an estimate of the Foreign Currency Amount (the **Nominal Foreign Currency Amount**) based on the Forward Price quoted by us on the day that you agree a Forward Rate.

This Forward Rate is "provisional" in the sense that it will then be adjusted by us when you have locked-in a Forward Price to give you a final Forward Rate. A worked example is set out in figure 2.

You can only lock-in the Forward Rate on multiples of 136 tonnes for wheat, 127 tonnes for sorghum and 20 tonnes for canola (subject to an initial minimum tonnage of 60 tonnes).

If you have not locked in a Forward Rate in respect of all the tonnage you have agreed to deliver to us by the close of business on the Final Pricing Date, we will lock-in all outstanding amounts at the Forward Rate we are quoting at that time.

### Foreign Exchange Component Example - Locking the Forward Rate before the Forward Price

On 2 April, you anticipated harvesting 272 tonnes of wheat in December. You enter into a Contract to sell us 272 tonnes (equivalent to two December CBOT wheat future contracts). You decide that you do not yet want to agree a Forward Price in respect of your wheat. However, you want to make sure that the appreciating AUD does not adversely affect your December returns. You agree a provisional Forward Rate equivalent to a December forward AUD/USD contract at a rate of 0.6800.

#### Step 1

We estimate the Nominal Foreign Currency Amount to hedge based on the Forward Price that we quote on the day. For example, assuming a Forward Price on the day of USD 3.50 per bushel:

**Bushels to hedge** = No. wheat futures contracts x bushels per contract  
= 2 x 5,000  
= 10,000 bushels

**USD amount to hedge**  
= bushels to hedge x USD Forward Price  
= 10,000 x USD 3.50 per bushel  
= USD 35,000

#### Step 2

We sell USD 35,000 at the AUD/USD Forward Rate of 0.6800 which buys AUD 51,470.59 (USD 35,000 ÷ 0.6800)

#### Step 3

In July you lock in the Forward Price in respect of the entire 272 tonnes of wheat at USD 3.20 per bushel.

Your actual USD exposure:

= bushels to hedge x USD Forward Price  
= 10,000 x USD 3.20 per bushel  
= USD 32,000

#### Step 4

Because the Forward Price decreased between April and July we calculate the excess USD amount hedged in April.

**USD amount over or under hedged:**

= USD amount hedged – USD exposure  
= USD 35,000 – USD 32,000

over (excess) = USD 3,000

Therefore, we will buy back USD 3,000 and sell AUD for you at the AUD/USD Forward Rate on the day that you lock in the Forward Price. Assume the rate on the day is 0.7800

**Excess AUD amount to sell:**

= USD amount over or under hedged  
÷ AUD/USD Forward Rate  
= USD 3,000 ÷ 0.7800  
= AUD 3,846.15 (bought USD therefore sold AUD)

#### Step 5

We calculate the actual Forward Rate for your contract:

**Actual Forward Rate** = USD exposure ÷ net AUD sold (-ve) and bought (+ve) amounts  
= USD 32,000 ÷ (- AUD 3,846.15 + AUD 51,470.59)  
= 0.6719

Therefore, the Forward Rate at which your USD 3.20 per bushel Forward Price is converted to AUD is 0.6719

## 5. What are the benefits?

The following is a brief summary of the benefits of using the Contract:

- ✓ You are not subject to daily futures exchange margin calls or deposit requirements.
- ✓ You have flexibility and control over pricing decisions (ie the futures, foreign exchange and basis components).
- ✓ You can determine when to fix the basis.
- ✓ You can fix pricing components in any order giving you greater flexibility.
- ✓ You can set each price during Australian business hours.
- ✓ You can agree on a Forward Price in AUD per tonne.
- ✓ You can fix quality and grade spreads ensuring greater price certainty (Contracts relating to wheat only).

## 6. What are the risks?

The returns generated through the use of the futures and foreign exchange components of the Contract depend on a number of variable factors and involve varying degrees of risk.

In evaluating the merits and suitability of these components, careful consideration should be given to the following risk factors.

This section is not a comprehensive summary of all the risks associated with the futures and foreign exchange components of the Contract but highlights particular risks that you should discuss in detail with your professional adviser.

The risk of loss in using the futures and foreign exchange components can be substantial.

Figure 2. This example does not account for small differences due to rounding.

You should carefully consider whether pricing your grain in this way is appropriate for you in light of your financial circumstances. In particular, you should be aware of the following matters:

- There is a risk that your final return could be lower than the lowest cash price bid during the season.
- Commodity and foreign exchange markets are unpredictable. The market analysis that you rely on, and the pricing decisions that you make, may not achieve the outcome you want.
- The obligation to deliver the commodity arises when the Contract is entered into, not when you establish futures and foreign exchange positions. If you cannot deliver the underlying physical commodity, then you could incur significant futures, foreign exchange and basis losses.
- It will be AWB's "basis" component that is bid. This may or may not be the best basis bid in the market on that particular day. AWB's posted "basis" component bid may be withdrawn or replaced at any time. Past performance should not be relied on to predict future performance.
- When you set the Forward Price, the Forward Rate or the basis component for your Contract, you cannot vary these positions. Therefore, you will not be able to benefit from any favourable market movements after the date on which you have agreed to these pricing components.
- If you lock in a Forward Rate for your foreign currency exposure under the Contract, and you have not locked in a Forward Price for your grain (and, as such, the Forward Rate is only a provisional Forward Rate), then the provisional Forward Rate will be adjusted at the time that you subsequently lock-in the Forward Price. Depending on the movement in the futures and foreign exchange markets, the provisional Forward Rate may not be as favourable as the final Forward Rate.

## 7. Taxation considerations

The tax consequences associated with the futures and foreign exchange components of the Contract, such as the timing of recognising any profits or losses and whether such amounts should be recognised as capital or income are complex. We strongly recommend that you contact your tax adviser to confirm the tax implications before you enter the Contract.

## 8. The AWB appeals service

We have a formal complaint handling procedure that is managed by the AWB Grower Advocate.

If you have a complaint against us you should first try to resolve it with your RiskAssist representative.

If you are not satisfied with the outcome, you can make a formal complaint by:

- Writing to The General Manager, RiskAssist, GPO Box 2069S, Melbourne Vic 3001; or
- Logging your complaint in the 'Grower Feedback' section of the AWB website at [www.awb.com.au](http://www.awb.com.au)

The General Manager will try to resolve your complaint within 15 days of receiving the complaint.

If you are still not satisfied with the outcome, you should contact the AWB Grower Advocate by:

- Writing to the AWB Grower Advocate, AWB Limited, GPO Box 4562, Melbourne Vic 3001; or
- Sending an email to [gadvocate@awb.com.au](mailto:gadvocate@awb.com.au)

The AWB Grower Advocate will investigate the complaint on behalf of the Managing Director.

Following this, if you remain dissatisfied with the Grower Advocate's decision, you are able to contact the external disputes body, the Financial Industry Complaints Service (FICS).

FICS' contact details are set out below:

### **Financial Industry Complaints Service**

PO Box 579

Collins Street West

West Melbourne Victoria 8007

Toll Free: 1300 780 808

Facsimile: (03) 9621 2291

Website: [www.fics.asn.au](http://www.fics.asn.au)

## **9. Important additional Information**

### **9.1 How to apply**

Before you can enter into a Contract you must register with us. Registration is free. Please contact us or your local AWB office for more information.

### **9.2 What information will I receive?**

To assist you in making a decision about whether to enter or continue with the Contract, you will receive additional information from us, including:

- Confirmation that we have accepted your registration;
- A copy of the Contract;
- A Financial Services Guide (FSG) which sets out important information about the services that we provide;
- Statements of Advice (SOA) when we give you personal advice;
- Transaction confirmations which may be given to you by fax, email or post;
- Periodic statements summarising open and locked-in futures, foreign exchange and basis positions;
- Invoices for our fees; and
- Other material including market analysis.

### **9.3 Privacy policy**

Your privacy is important to us. When you enter into a Contract, or otherwise deal with us, you may need to give us personal information. The AWB Privacy Policy describes how the AWB Group collects, holds, uses, discloses, manages, accesses, corrects and disposes of that information. You can get a copy of the AWB Privacy Policy on [www.awb.com.au](http://www.awb.com.au)

### **9.4 Ethical considerations**

We do not take labour standards, or environmental, social or ethical considerations into account when dealing in futures and foreign exchange.

### **9.5 More information**

For more information, please contact us at your nearest AWB office or by phone direct to RiskAssist on 1300 666 011 or visit our website at [www.riskassist.com.au](http://www.riskassist.com.au)

## **10. What do we mean by...?**

**AUD** means Australian dollar.

**AWB** means AWB Limited ABN 99 081 890 459 or a related body corporate.

**Basis Price** means the amount that we agree to pay over or under a specified futures contract (expressed in AUD per tonne) or, in the absence of any agreement on or before close of business on the Final Pricing Date, the amount quoted by us at the close of business on the Final Pricing Date.

**CAD** means Canadian dollar.

**CBOT** means the Chicago Board of Trade.

**Contract** means the Flexi-3 contract.

**Final Pricing Date** means the earlier of the date that you deliver your grain and the final date set out in the Contract.

**Foreign Currency Amount** means the foreign currency amount calculated from the futures component price to notionally exchange for AUD at the Forward Rate.

**Forward Price** means the futures price that we agree (expressed in either AUD or a foreign currency) for your grain.

**Forward Rate** means the exchange rate at which the Foreign Currency Amount is converted to AUD.

**hedge** means offsetting the price risk inherent in any physical or market position by taking an opposite position in the market. Hedging helps to protect you from adverse price changes.

**OTC** means "Over the Counter" and is generally used to refer to futures or foreign exchange contracts (or options over these contracts) which are not traded on an exchange (such as CBOT or WCE).

**Product Fee** means the product fee (expressed in AUD per tonne) that we charge set out in section 4 of part 2 of this PDS.

**USD** means US dollar.

**WCE** means the Winnipeg Commodity Exchange.

## Part 2 - Contract Schedule

### AWB Flexi-3 Contract

10 March 2008

This document is part 2 of a Product Disclosure Statement (**PDS**). The PDS for this Contract is comprised of this document and a separate document that contains general information regarding this Contract.

## 1. Key features of AWB Flexi-3

Flexi-3 allows you to manage the risks associated with fluctuations in the price of futures, foreign exchange and basis components that determine the price of your grain.

The key features of Flexi-3 are summarised in the table below and described in more detail in this part of the PDS.

AWB Flexi-3			
Commodity	Wheat – AWB MultiG Flexi	Sorghum – AWB Sorghum Flexi	Canola – AWB Canola Flexi
Minimum contract size (and multiples)	136 tonnes (equivalent to 1 CBOT wheat futures contract) then in multiples of 136 tonnes.	127 tonnes (equivalent to 1 CBOT corn futures contract) then in multiples of 127 tonnes.	60 tonnes (equivalent to 3 WCE canola futures contracts) then in multiples of 20 tonnes.
Underlying futures contract	Any agreed month but normally December or March CBOT wheat futures contract.	Any agreed month but normally May or July CBOT com futures contract.	Any agreed month but normally January WCE canola futures contract.
Basis	You manage the basis. AWB daily wheat basis bid derived from the MultiG bid quoted in AUD tonne delivered port under or over CBOT wheat futures.	You manage the basis. AWB daily sorghum basis bid derived from the daily sorghum bid quoted in AUD tonne delivered port under or over CBOT corn futures.	You manage the basis. AWB daily canola basis bid derived from the daily canola cash bid quoted in AUD/tonne delivered port under or over Winnipeg (WCE) canola futures.
Delivery period	You may deliver during a two month window prior to the last delivery date.	You may deliver during a two month window prior to the last delivery date.	You may deliver during a two month window prior to the last delivery date.
Deliverable grades	All AWB MultiG grades	As per NACMA SOR	As per AOF receival standards for canola in all states except WA WA: as per WA CBH and/or WA Grain Pool receival standards for canola.
Final pricing date	The earlier of the date that you deliver your grain and the date set out in the Contract.	The earlier of the date that you deliver your grain and the date set out in the Contract.	The earlier of the date that you deliver your grain and the date set out in the Contract.
Payment	Payment within 30 days after the day you deliver.	Payment within 30 days after the day you deliver.	Payment within 30 days after the day you deliver.
Fixing the pricing components	Futures, foreign exchange and basis fixed in any order.	Futures, foreign exchange and basis fixed in any order.	Futures, foreign exchange and basis fixed in any order.
Grade and quality payments	You choose when to fix the grade spreads and quality scales prior to a published date for the season.	Not applicable	As per AOF standards for canola in all states except WA. WA: as per WA CBH and/or WA Grain Pool standards for canola.

## 2. Background to the basis

Basis is the difference between the cash price of a commodity at a particular location and the price of a specific futures contract over the same commodity at any given point in time.

Basis = cash price – futures price		
<b>For example:</b>		
<b>November cash price</b>	<b>AUD/tonne</b>	<b>Equivalent USD/bushel</b>
<b>December futures price</b>	\$167.97	\$3.20
<b>November basis under December futures</b>		\$3.40
		(\$0.20)

The example is based on an USD/AUD exchange rate of 0.7000

The futures market prices are an indicator of the international price for a commodity and a benchmark in determining the value of Australian wheat, sorghum and canola. The cash price (and therefore, the basis) is affected by a number of factors, which create price disparities between the cash price and the equivalent futures price.

### 2.1 Basis risk can be managed.

For example, if you think the basis is weakening (i.e. the cash price is decreasing relative to the futures price), then you could lock-in the Basis Price now. Similarly, if you think a wheat shortage in the local market will result in the basis strengthening at some time in the future (because the local cash price of wheat will increase relative to the futures price), then you might decide not to lock-in the Basis Price until later.

The Contract allows you to lock-in the Basis Price at any time up until the close of business on the Final Pricing Date. If you have not agreed the Basis Price with us by this time, we will lock-in the basis component for you at the Basis Price quoted by us at that time. The Basis Price can only be locked-in for the full contract tonnage (i.e. it cannot be fixed in multiples of futures contracts like the futures and foreign exchange components).

The Basis Price is derived from the difference in the AWB daily cash bids for the relevant commodity (eg. for wheat, the basis is derived from the AWB daily MultiG cash price) for a port zone and the respective futures price. The Basis Price is quoted delivered port in AUD per tonne. The Basis Price that we quote will reflect the supply and demand for basis in your port zone having regard to domestic supply and demand, the physical grain quality and quantity, delivery period and the relevant futures price. In port zones where there is an expected exportable surplus of grain, basis may tend to be influenced by the export basis market factors. Where there is a perceived shortage of a commodity in a port zone then the basis may be influenced more by domestic supply and demand factors and therefore may move independently to the export market.

### 3. Components and other factors that affect your return

#### 3.1 Components of your return

Your return is affected by the decisions you make in relation to:

- the futures and foreign exchange components; and
- the basis component.

<b>Your Gross Return =</b>	the Forward Price for your grain <u>converted</u> to AUD at the Forward Rate (if applicable) <u>plus</u> the Basis Price
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An example of how each component may affect the return you receive under the contract is set out in the pricing example at the end of this document.

#### 3.2 Other factors that affect the price you are paid

The final price that you receive will include an adjustment for grade spreads, quality payment scales (if applicable), storage, handling, freight costs and any levies. After these adjustments have been made we will deduct our Product Fee.

### 4. What does it cost?

Fee description	Amount	How and when paid?
<b>Product Fee - Wheat</b> <b>Product Fee - Canola</b>	\$6.00 (plus GST of \$0.60) per tonne* \$7.00 (plus GST of \$0.70) per tonne*	Invoiced and deducted from the proceeds that you receive 30 days after you deliver your grain.

\*We may, at our discretion, reduce these fees from time to time.

As set out in the Contract, there are other fees and charges, which do not relate to the futures and foreign exchange components of the Contract, but relate instead to the sale of the physical grain. These fees and charges will be incurred by you regardless of whether you use the futures and foreign exchange components and will be deducted from the proceeds of the physical sale. Some of those fees and charges cover costs incurred to third parties and, in some cases, costs incurred to members of the AWB Group.

### 5. What other benefits do we receive?

We may derive a benefit by entering into futures or foreign exchange positions with you that include a margin (or "risk premium") above or below the price that we are able to obtain for that same position in the relevant market. The margin will vary depending on a number of factors but will not be a component of the price that is paid to you.

### AWB Flexi-3 AUD Forward Pricing Example (Wheat)

<b>Futures Component</b>	AUD Forward Price per tonne		\$175.25
	+		+
<b>Foreign Exchange Component</b>			
<b>Basis Component</b>	AUD per tonne		-\$15.00
	+		+
<b>Other Components</b>	Eg. Grade spreads & quality payment scales		\$10.00
	-		-
<b>Fee</b>	Product Fee		\$6.00
	=		=
<b>Final Return (Delivered Port)</b>	Flexi-3 Return per tonne <sup>1</sup>		\$164.25 <sup>1</sup>

### AWB Flexi-3 USD Forward Pricing Example (Wheat)

<b>Futures Component</b>	USD Forward Price per tonne		\$135.31
	÷		÷
<b>Foreign Exchange Component</b>	AUD/USD Forward Rate		0.7721
	+		+
<b>Basis Component</b>	AUD per tonne		-\$15.00
	+		+
<b>Other Components</b>	Eg. Grade spreads & quality payment scales		\$10.00
	-		-
<b>Fee</b>	Product Fee		\$6.00
	=		=
<b>Final Return (Delivered Port)</b>	Flexi-3 Return per tonne <sup>1</sup>		\$164.25 <sup>1</sup>

1. The delivered port return is inclusive of storage and handling charges but exclusive of levies and freight charges. Some states will vary with respect to the inclusion of receival fees in storage and handling charges.



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