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Teucrium Commodity Trust
Form S-1
March 27, 2018

As filed with the Securities and Exchange Commission on March 27, 2018

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-1
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Teucrium Commodity Trust
(Registrant)

Delaware
(State or other jurisdiction of incorporation or organization)

6799
(Primary Standard Industrial Classification Code Number)

45-0602467
(I.R.S. Employer Identification No.)

c/o Teucrium Trading, LLC
115 Christina Landing Drive
Unit 2004
Wilmington, DE 19801
Phone: (302) 543-5977
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Dale Riker
Chief Executive Officer
c/o Teucrium Trading, LLC
115 Christina Landing Drive
Unit 2004
Wilmington, DE 19801
Phone: (302) 543-5977
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copy to:
W. Thomas Conner, Esq.
VedderPrice P.C.

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1633 Broadway
31st Floor
New York, New York 10019

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

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If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company under Rule 12b-2 of the Securities Exchange Act of 1934. (Check one):

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company

CALCULATION OF REGISTRATION FEE

	Proposed Maximum Offering Price Per Share*	Amount of Registration Fee
Common units of Teucrium Agricultural Fund, a series of the Registrant	23.35	*

As discussed below, pursuant to Rule 415(a)(6) under the Securities Act, this Registration Statement carries over * 4,650,000 shares that have been previously registered, for which filing fees have already been paid. The filing fee previously paid with respect to the shares being carried forward to this Registration Statement reduces the amount of fees currently due to \$0.00.

This Registration Statement contains a combined prospectus under Rule 429 of the Securities Act which related to earlier Registration Statements (File No. 333-201953). Upon effectiveness, this Registration Statement, which is a new Registration Statement, will also act as a post-effective amendment to each such earlier Registration Statement.

Pursuant to Rule 415(a)(6) under the Securities Act, the securities registered pursuant to this Registration Statement include unsold securities previously registered for sale pursuant to the Registrant's Registration Statement on Form S-1 (File No. 333-201953), filed by the Registrant on April 13, 2015 ("2015 Registration Statement"). The 2015 Registration Statement registered shares of beneficial interest of the Registrant with a maximum aggregate offering price of \$153,682,500. The 2015 Registration Statement carried over unsold securities previously registered for sale

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pursuant to the Registrant's Registration Statement on Form S-1 (File No. 333- 173691), filed with the SEC on December 5, 2011. Approximately 4,650,000 of such shares of beneficial interests registered on the Registration Statement filed on February 9, 2015 remain unsold. The unsold amount of shares of common stock (and associated filing fees paid) is being carried forward to this Registration Statement. Pursuant to Rule 415(a)(6), the offering of unsold securities under the prior Registration Statement will be deemed terminated as of the date of effectiveness of this Registration Statement.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Teucrium Agricultural Fund
4,650,000 Shares

The Teucrium Agricultural Fund (the “Fund” or “Us” or “We”) is a commodity pool that is a series of the Teucrium Commodity Trust (“Trust”), a Delaware statutory trust. The Fund issues common units representing fractional undivided beneficial interests in such Fund, called “Shares.” The Fund continuously offers creation baskets consisting of 25,000 Shares (“Creation Baskets”) at their net asset value (“NAV”) to “Authorized Purchasers” (as defined below). Authorized Purchasers, in turn, may offer to the public Shares of any baskets they create. Authorized Purchasers sell such Shares, which are listed on the NYSE Arca exchange (“NYSE Arca”), to the public at per-Share offering prices that are expected to reflect, among other factors, the trading price of the Shares on the NYSE Arca, the NAV of the Fund at the time the Authorized Purchaser purchased the Creation Baskets and the NAV at the time of the offer of the Shares to the public, the supply of and demand for Shares at the time of sale, and the liquidity of the markets for agricultural commodity interests in which the Fund invests. A list of the Fund’s Authorized Purchasers as of the date of this Prospectus can be found under “Plan of Distribution – Distributor and Authorized Purchasers” on page 45. The prices of the Shares offered by Authorized Purchasers are expected to fall between the Fund’s NAV and the trading price of the Shares on the NYSE Arca at the time of sale. The Fund’s Shares may trade in the secondary market at prices that are lower or higher than their NAV per Share. Fund Shares are listed on the NYSE Arca under the symbol “TAGS.”

The Fund’s sponsor is Teucrium Trading, LLC (the “Sponsor”). The investment objective of the Fund is to have the daily changes in percentage terms of the Fund’s NAV per Share reflect the daily changes in percentage terms of a weighted average of the NAVs per share of four commodity pools sponsored by the Sponsor that track benchmarks of futures contracts relating to corn, wheat, soybeans and sugar, respectively.

This is a best efforts offering; the distributor, Foreside Fund Services, LLC (the “Distributor”), is not required to sell any specific number or dollar amount of Shares, but will use its best efforts to sell Shares. An Authorized Purchaser is under no obligation to purchase Shares. This is intended to be a continuous offering that will terminate May 1, 2021, unless suspended or terminated at any earlier time for certain reasons specified in this prospectus or unless extended as permitted under the rules under the Securities Act of 1933. See “Prospectus Summary – The Shares” and “Creation and Redemption of Shares – Rejection of Purchase Orders” below.

Investing in the Fund involves significant risks. See “What Are the Risk Factors Involved with an Investment in the Fund?” beginning on page 8. The Fund is not a mutual fund registered under the Investment Company Act of 1940 and is not subject to regulation under such Act.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION (“SEC”) NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SECURITIES OFFERED IN THIS PROSPECTUS, OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE COMMODITY FUTURES TRADING COMMISSION HAS NOT PASSED UPON THE MERITS OF PARTICIPATING IN THIS POOL NOR HAS THE COMMISSION PASSED ON THE ADEQUACY OR ACCURACY OF THIS DISCLOSURE DOCUMENT.

This prospectus is in two parts: a disclosure document and a statement of additional information. These parts are bound together, and both contain important information.

Per Share Per Basket

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Price of the Shares¹ \$22.88 \$572,000

1. Based on closing net asset value on January 31, 2018. The price will vary based on net asset value in effect on a particular day. No commissions or discounts are paid to Authorized Purchasers in connection with the sale of Creation Baskets. The Sponsor pays certain fees to the Distributor. See “The Offering – Plan of Distribution” on page 42.

The date of this prospectus is May 1, 2018

COMMODITY FUTURES TRADING COMMISSION

RISK DISCLOSURE STATEMENT

YOU SHOULD CAREFULLY CONSIDER WHETHER YOUR FINANCIAL CONDITION PERMITS YOU TO PARTICIPATE IN A COMMODITY POOL. IN SO DOING, YOU SHOULD BE AWARE THAT COMMODITY INTEREST TRADING CAN QUICKLY LEAD TO LARGE LOSSES AS WELL AS GAINS. SUCH TRADING LOSSES CAN SHARPLY REDUCE THE NET ASSET VALUE OF THE POOL AND CONSEQUENTLY THE VALUE OF YOUR INTEREST IN THE POOL. IN ADDITION, RESTRICTIONS ON REDEMPTIONS MAY AFFECT YOUR ABILITY TO WITHDRAW YOUR PARTICIPATION IN THE POOL.

FURTHER, COMMODITY POOLS MAY BE SUBJECT TO SUBSTANTIAL CHARGES FOR MANAGEMENT, AND ADVISORY AND BROKERAGE FEES. IT MAY BE NECESSARY FOR THOSE POOLS THAT ARE SUBJECT TO THESE CHARGES TO MAKE SUBSTANTIAL TRADING PROFITS TO AVOID DEPLETION OR EXHAUSTION OF THEIR ASSETS. THIS DISCLOSURE DOCUMENT CONTAINS A COMPLETE DESCRIPTION OF EACH EXPENSE TO BE CHARGED THIS POOL AT PAGE 43 AND A STATEMENT OF THE PERCENTAGE RETURN NECESSARY TO BREAK EVEN, THAT IS, TO RECOVER THE AMOUNT OF YOUR INITIAL INVESTMENT, AT PAGE 6.

THIS BRIEF STATEMENT CANNOT DISCLOSE ALL THE RISKS AND OTHER FACTORS NECESSARY TO EVALUATE YOUR PARTICIPATION IN THIS COMMODITY POOL. THEREFORE, BEFORE YOU DECIDE TO PARTICIPATE IN THIS COMMODITY POOL, YOU SHOULD CAREFULLY STUDY THIS DISCLOSURE DOCUMENT, INCLUDING A DESCRIPTION OF THE PRINCIPAL RISK FACTORS OF THIS INVESTMENT, AT PAGE 5.

YOU SHOULD ALSO BE AWARE THAT THIS COMMODITY POOL MAY TRADE FOREIGN FUTURES OR OPTIONS CONTRACTS. TRANSACTIONS ON MARKETS LOCATED OUTSIDE THE UNITED STATES, INCLUDING MARKETS FORMALLY LINKED TO A UNITED STATES MARKET, MAY BE SUBJECT TO REGULATIONS WHICH OFFER DIFFERENT OR DIMINISHED PROTECTION TO THE POOL AND ITS PARTICIPANTS. FURTHER, UNITED STATES REGULATORY AUTHORITIES MAY BE UNABLE TO COMPEL THE ENFORCEMENT OF THE RULES OF REGULATORY AUTHORITIES OR MARKETS IN NON-UNITED STATES JURISDICTIONS WHERE TRANSACTIONS FOR THE POOL MAY BE EFFECTED.

SWAPS TRANSACTIONS, LIKE OTHER FINANCIAL TRANSACTIONS, INVOLVE A VARIETY OF SIGNIFICANT RISKS. THE SPECIFIC RISKS PRESENTED BY A PARTICULAR SWAP TRANSACTION NECESSARILY DEPEND UPON THE TERMS OF THE TRANSACTION AND YOUR CIRCUMSTANCES. IN GENERAL, HOWEVER, ALL SWAPS TRANSACTIONS INVOLVE SOME COMBINATION OF MARKET RISK, CREDIT RISK, COUNTERPARTY CREDIT RISK, FUNDING RISK, LIQUIDITY RISK, AND OPERATIONAL RISK.

HIGHLY CUSTOMIZED SWAPS TRANSACTIONS IN PARTICULAR MAY INCREASE LIQUIDITY RISK, WHICH MAY RESULT IN A SUSPENSION OF REDEMPTIONS. HIGHLY LEVERAGED TRANSACTIONS MAY EXPERIENCE SUBSTANTIAL GAINS OR LOSSES IN VALUE AS A RESULT OF RELATIVELY SMALL CHANGES IN THE VALUE OR LEVEL OF AN UNDERLYING OR RELATED MARKET FACTOR.

IN EVALUATING THE RISKS AND CONTRACTUAL OBLIGATIONS ASSOCIATED WITH A PARTICULAR SWAP TRANSACTION, IT IS IMPORTANT TO CONSIDER THAT A SWAP TRANSACTION MAY BE MODIFIED OR TERMINATED ONLY BY MUTUAL CONSENT OF THE ORIGINAL PARTIES AND SUBJECT TO AGREEMENT ON INDIVIDUALLY NEGOTIATED TERMS. THEREFORE, IT MAY NOT BE POSSIBLE

FOR THE COMMODITY POOL OPERATOR TO MODIFY, TERMINATE, OR OFFSET THE POOL'S OBLIGATIONS OR THE POOL'S EXPOSURE TO THE RISKS ASSOCIATED WITH A TRANSACTION PRIOR TO ITS SCHEDULED TERMINATION DATE.

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TEUCRIUM AGRICULTURAL FUND

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STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes “forward-looking statements” which generally relate to future events or future performance. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential” or the negative of these terms or other comparable terminology. All statements (other than statements of historical fact) included in this prospectus that address activities, events or developments that will or may occur in the future, including such matters as movements in the commodities markets and indexes that track such movements, the Fund’s operations, the Sponsor’s plans and references to the Fund’s future success and other similar matters, are forward-looking statements. These statements are only predictions. Actual events or results may differ materially. These statements are based upon certain assumptions and analyses the Sponsor has made based on its perception of historical trends, current conditions and expected future developments, as well as other factors appropriate in the circumstances. Whether or not actual results and developments will conform to the Sponsor’s expectations and predictions, however, is subject to a number of risks and uncertainties, including the special considerations discussed in this prospectus, general economic, market and business conditions, changes in laws or regulations, including those concerning taxes, made by governmental authorities or regulatory bodies, and other world economic and political developments. See “What Are the Risk Factors Involved with an Investment in the Fund?” Consequently, all the forward-looking statements made in this prospectus are qualified by these cautionary statements, and there can be no assurance that actual results or developments the Sponsor anticipates will be realized or, even if substantially realized, that they will result in the expected consequences to, or have the expected effects on, the Fund’s operations or the value of its Shares.

PROSPECTUS SUMMARY

This is only a summary of the prospectus and, while it contains material information about the Fund and its Shares, it does not contain or summarize all of the information about the Fund and the Shares contained in this prospectus that is material and/or which may be important to you. You should read this entire prospectus, including “What Are the Risk Factors Involved with an Investment in the Fund?” beginning on page 8, before making an investment decision about the Shares. In addition, this prospectus includes a statement of additional information that follows and is bound together with the primary disclosure document. Both the primary disclosure document and the statement of additional information contain important information.

Principal Offices of the Fund and the Sponsor

The principal office of the Trust and the Fund is located at 115 Christina Landing Drive Unit 2004, Wilmington, DE 19801. The telephone number is (302) 543-5977. The Sponsor’s principal office is also located at 115 Christina Landing Drive Unit 2004, Wilmington, DE 19801, and its telephone number is also (302) 543-5977.

Breakeven Point

The amount of trading income required for the redemption value of a Share at the end of one year to equal the selling price of the Share, assuming a selling price of \$22.88 (the NAV per Share as of January 31, 2018), is \$0.11 or 0.48% of the selling price. For more information, see “Breakeven Analysis” below.

Overview of the Fund

The Teucrium Agricultural Fund (the “Fund” or “Us” or “We”) is a commodity pool that issues Shares that may be purchased and sold on the NYSE Arca. The Fund is a series of the Trust, a Delaware statutory trust organized on September 11, 2009. The Fund is one of five series of the Trust (collectively, the “Teucrium Funds”); each series operates as a separate commodity pool. Additional series of the Trust may be created in the future. The Trust and the Fund operate pursuant to the Trust’s Second Amended and Restated Declaration of Trust and Trust Agreement (the “Trust Agreement”). The Fund was formed and is managed and controlled by the Sponsor, Teucrium Trading, LLC. The Sponsor is a limited liability company formed in Delaware on July 28, 2009 that is registered as a commodity pool operator (“CPO”) with the Commodity Futures Trading Commission (“CFTC”) and is a member of the National Futures Association (“NFA”). The Sponsor also registered as a Commodity Trading Advisor (“CTA”) with the NFA effective September 8, 2017.

The investment objective of the TAGS is to have the daily changes in percentage terms of the NAV of its Shares reflect the daily changes in percentage terms of a weighted average (the “Underlying Fund Average”) of the NAVs per share of four other commodity pools that are series of the Trust and are sponsored by the Sponsor: the Teucrium Corn Fund, the Teucrium Wheat Fund, the Teucrium Soybean Fund and the Teucrium Sugar Fund (collectively, the “Underlying Funds”). The Underlying Fund Average will have a weighting of 25% to each Underlying Fund, and the Fund’s assets will be rebalanced, generally on a daily basis, to maintain the approximate 25% allocation to each Underlying Fund:

TAGS Benchmark

Underlying Fund Weighting

CORN	25%
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SOYB	25%
CANE	25%
WEAT	25%

The Fund does not intend to invest directly in futures contracts (“Futures Contracts”), although it reserves the right to do so in the future, including if an Underlying Fund ceases operations or if shares of an Underlying Fund cease trading on NYSE Arca.

The investment objective of each Underlying Fund is to have the daily changes in percentage terms of its shares’ NAV reflect the daily changes in percentage terms of a weighted average of the closing settlement prices for certain Futures Contracts for the commodity specified in the Underlying Fund’s name. (This weighted average is referred to herein as the Underlying Fund’s “Benchmark,” the Futures Contracts that at any given time make up an Underlying Fund’s Benchmark are referred to herein as the Underlying Fund’s “Benchmark Component Futures Contracts,” and the commodity specified in the Underlying Fund’s name is referred to herein as its “Specified Commodity.”)

Specifically, the Teucrium Corn Fund’s Benchmark is: (1) the second-to-expire Futures Contract for corn traded on the Chicago Board of Trade (“CBOT”), weighted 35%, (2) the third-to-expire CBOT corn Futures Contract, weighted 30%, and (3) the CBOT Corn Futures Contract expiring in the December following the expiration month of the third-to-expire contract, weighted 35%.

The Teucrium Wheat Fund's Benchmark is: (1) the second-to-expire CBOT Wheat Futures Contract, weighted 35%, (2) the third-to-expire CBOT Wheat Futures Contract, weighted 30%, and (3) the CBOT Wheat Futures Contract expiring in the December following the expiration month of the third-to-expire contract, weighted 35%.

The Teucrium Soybean Fund's Benchmark is: (1) the second-to-expire CBOT Soybean Futures Contract, weighted 35%, (2) the third-to-expire CBOT Soybean Futures Contract, weighted 30%, and (3) the CBOT Soybean Futures Contract expiring in the November following the expiration month of the third-to-expire contract, weighted 35%, except that CBOT Soybean Futures Contracts expiring in August and September will not be part of the Teucrium Soybean Fund's Benchmark because of the less liquid market for these Futures Contracts.

The Teucrium Sugar Fund's Benchmark is: (1) the second-to-expire Sugar No. 11 Futures Contract traded on ICE Futures US ("ICE Futures"), weighted 35%, (2) the third-to-expire ICE Futures Sugar No. 11 Futures Contract, weighted 30%, and (3) the ICE Futures Sugar No. 11 Futures Contract expiring in the March following the expiration month of the third-to-expire contract, weighted 35%. (Although Sugar Futures Contracts are primarily traded on the ICE Futures, they may also be traded on the New York Mercantile Exchange ("NYMEX"). Any reference to the ICE Futures in relation to the Teucrium Sugar Fund should also be read as a reference to NYMEX. Although Corn, Soybean and Wheat Futures Contracts are primarily traded on the CBOT, they may also be traded on the ICE. Any reference to CBOT Futures in relation to the Teucrium Corn, Soybean and/or Wheat Fund(s) should also be read as a reference to ICE Futures.)

Each Underlying Fund seeks to achieve its investment objective by investing under normal market conditions in Benchmark Component Futures Contracts or, in certain circumstances, in other Futures Contracts for its Specified Commodity. In addition, and to a limited extent, an Underlying Fund also may invest in exchange-traded options on Futures Contracts for its Specified Commodity in furtherance of the Underlying Fund's investment objective. Once position limits or accountability levels on Futures Contracts on an Underlying Fund's Specified Commodity are applicable, each Underlying Fund's intention is to invest in contracts and instruments such as cash-settled options on Futures Contracts and forward contracts, and other over-the-counter transactions that are based on the price of its Specified Commodity or Futures Contracts on its Specified Commodity (collectively, "Other Commodity Interests," and together with Futures Contracts, "Commodity Interests"). See "The Offering – Futures Contracts" below. By utilizing certain or all of these investments, the Sponsor endeavors to cause each Underlying Fund's performance to closely track that of its Benchmark. The Sponsor expects to manage the Fund's and the Underlying Funds' investments directly, although it has been authorized by the Trust to retain, establish the terms of retention for, and terminate third-party commodity trading advisors to provide such management. The Sponsor is also authorized to select broker-dealers to execute the Fund's transactions in the Underlying Funds and futures commission merchants ("FCMs") to execute the Underlying Funds' transactions in Futures Contracts.

The Underlying Funds seek to achieve their investment objectives primarily by investing in Commodity Interests such that daily changes in each Underlying Fund's NAV are expected to closely track the changes in its respective Benchmark. Each Underlying Fund's positions in Commodity Interests are changed or "rolled" on a regular basis in order to track the changing nature of its Benchmark. For example, several times a year (on the dates on which Futures Contracts on the Underlying Fund's Specified Commodity expire), a particular Futures Contract will no longer be a Benchmark Component Futures Contract, and the Underlying Fund's investments will have to be changed accordingly. In order that the Underlying Funds' trading does not signal potential market movements and to make it more difficult for third parties to profit by trading ahead based on such expected market movements, the Underlying Funds' investments may not be rolled entirely on that day, but rather may be rolled over a period of several days.

The Underlying Funds incur certain expenses in connection with their operations, and hold most of their assets in income-producing, cash and cash equivalents for margin and other liquidity purposes and to meet redemptions that may be necessary on an ongoing basis. These expenses and income cause imperfect correlation between changes in

the Underlying Fund's NAV and changes in each respective Benchmark, because the Benchmarks do not reflect expenses or income. Investors should be aware that because the Underlying Funds incur certain expenses on an ongoing basis, they may incur a partial or complete loss of their investment even when the performance of the Benchmarks are positive.

In seeking to achieve each Underlying Fund's investment objective of tracking its Benchmark, the Sponsor may for certain reasons cause the Underlying Fund to enter into or hold Futures Contracts other than the Benchmark Component Futures Contracts and/or Other Commodity Interests. Other Commodity Interests that do not have standardized terms and are not exchange-traded, referred to as "over-the-counter" Commodity Interests, can generally be structured as the parties to the Commodity Interest contract desire. Therefore, an Underlying Fund might enter into multiple over-the-counter Other Commodity Interests related to its Specified Commodity that are intended to replicate the performance of Benchmark Component Futures Contracts of the Underlying Fund, or a single over-the-counter Other Commodity Interest designed to replicate the performance of the individual of its Benchmark as a whole. Assuming that there is no default by a counterparty to an over-the-counter Other Commodity Interest, the performance of the Other Commodity Interest will necessarily correlate with the performance of the Underlying Fund's Benchmark or the applicable Benchmark Component Futures Contract. The Underlying Funds might also enter into or hold Commodity Interests other than Benchmark Component Futures Contracts to facilitate effective trading, consistent with the discussion of an Underlying Fund's "roll" strategy in the preceding paragraph. In addition, an Underlying Fund might enter into or hold Commodity Interests related to its Specified Commodity that would be expected to alleviate overall deviation between the Underlying Fund's performance and that of its Benchmark that may result from certain market and trading inefficiencies or other reasons. By utilizing certain or all of the investments described above, the Sponsor endeavors to cause each Underlying Fund's performance to closely track that of its Benchmark.

While the Fund expects to maintain substantially all of its assets in shares of the Underlying Funds at all times, the Fund may hold some residual amount of assets in cash equivalents, and/or merely hold such assets in cash (generally in interest-bearing accounts). The Underlying Funds invest in Commodity Interests to the fullest extent possible without being leveraged or unable to satisfy their expected current or potential margin or collateral obligations with respect to their investments in Commodity Interests. After fulfilling such margin and collateral requirements, the Underlying Funds invest the remainder of the proceeds from the sale of baskets in cash or cash equivalents. Therefore, the focus of the Sponsor in managing the Underlying Funds is investing in Commodity Interests and cash and/or cash equivalents. The Underlying Funds earn interest income from the cash equivalents that it purchases and on the cash they hold at financial institutions.

The Sponsor endeavors to place the Fund's trades in the Underlying Funds and otherwise manage the Fund's investments so that the Fund's average daily tracking error against the Underlying Fund Average will be less than 10 percent over any period of 30 trading days. More specifically, the Sponsor endeavors to manage the Fund so that A will be within plus/minus 10 percent of B, where:

A is the average daily change in the Fund's NAV for any period of 30 successive valuation days, i.e., any trading day as of which the Fund calculates its NAV, and

B is the average daily change in the Underlying Fund Average over the same period.

The Sponsor believes that the net effect of this expected relationship and the expected relationship described above between the Fund's NAV and the Underlying Fund Average will be that the changes in the price of the Fund's Shares on the NYSE Arca will track, in percentage terms, changes in the Underlying Fund Average. This relationship may be affected by various market factors, including but not limited to, the number of shares of the Fund outstanding and the liquidity of the underlying holdings. However, there is no guarantee that the Shares will not trade at appreciable discounts from, and/or premiums to, the Fund's NAV.

The Sponsor employs a “neutral” investment strategy intended so that the Fund tracks the changes in the Underlying Fund Average and each Underlying Fund tracks the changes in its Benchmark regardless of whether the Underlying Fund Average or Benchmark goes up or goes down. The Fund’s and Underlying Funds’ “neutral” investment strategies are designed to permit investors generally to purchase and sell the Fund’s Shares for the purpose of investing indirectly in the agricultural commodities market in a cost-effective manner. Such investors may include participants in agricultural industries and other industries seeking to hedge the risk of losses in their commodity-related transactions, as well as investors seeking exposure to the agricultural commodities market. Accordingly, depending on the investment objective of an individual investor, the risks generally associated with investing in the agricultural commodities market and/or the risks involved in hedging may exist. In addition, an investment in the Fund involves the risks that the changes in the price of the Fund’s Shares will not accurately track the changes in the Underlying Fund Average, that changes in the price of the shares of the Underlying Funds will not accurately track the changes in their Benchmarks, and that changes in the Benchmarks will not closely correlate with changes in the prices of the Specified Commodities on the spot market. Furthermore, as noted above, the Fund and Underlying Funds may also elect to invest in cash and/or cash equivalents. The Sponsor does not expect there to be any meaningful correlation between the performance of the Fund’s and Underlying Funds’ investments in cash and/or cash equivalents and the changes in the prices of the Specified Commodities or Commodity Interests. While the level of interest earned on or the market price of these investments may in some respects correlate to changes in the price of the Specified Commodities, this correlation is not anticipated as part of the Fund’s efforts to meet its objective. This and certain risk factors discussed in this prospectus may cause a lack of c