

GENESIS ENERGY LP
Form 8-K
November 06, 2012

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

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): November 6, 2012

GENESIS ENERGY, L.P.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	1-12295 (Commission File Number)	76-0513049 (I.R.S. Employer Identification No.)
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919 Milam Suite 2100, Houston, Texas (Address of principal executive offices)	77002 (Zip Code)
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(713) 860-2500
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240-14a-12)

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___ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240-14d-2(b))

___ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240-13e-4(c))

Item 2.02. Results of Operations and Financial Condition

We issued a press release on November 6, 2012 regarding our financial results for the quarter ended September 30, 2012, and will hold a webcast conference call discussing those results on November 6, 2012 at 9:00 a.m. Eastern time. A copy of this earnings press release is furnished as Exhibit 99.1 to this report. The webcast conference call will be available for replay on our website at www.genesisenergy.com for 30 days. A summary of this conference call is archived on our website.

As provided in General Instruction B.2 to Form 8-K, the information furnished in this Item 2.02 and in Exhibit 99.1 hereto shall not be deemed “filed” for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing with the Securities and Exchange Commission, except as shall be expressly provided by specific reference in such filing.

Use of Non-GAAP Financial Measures

Our press release and the accompanying schedules include non-generally accepted accounting principle (“non-GAAP”) financial measures of Available Cash before Reserves and Adjusted EBITDA. The accompanying schedules provide reconciliations of these non-GAAP financial measures to their most directly comparable financial measures calculated in accordance with generally accepted accounting principles in the United States of America (“GAAP”). Our non-GAAP financial measures should not be considered as alternatives to GAAP measures of liquidity or financial performance. We believe that investors benefit from having access to the same financial measures being utilized by management, lenders, analysts and other market participants.

Available Cash before Reserves. Available Cash before Reserves, also referred to as distributable cash flow, is commonly used as a supplemental financial measure by management and by external users of financial statements such as investors, commercial banks, research analysts and rating agencies, to assess: (1) the financial performance of our assets without regard to financing methods, capital structures, or historical cost basis; (2) the ability of our assets to generate cash sufficient to pay interest costs and support our indebtedness; (3) our operating performance and return on capital as compared to those of other companies in the midstream energy industry, without regard to financing and capital structure; and (4) the viability of projects and the overall rates of return on alternative investment opportunities. Because Available Cash before Reserves excludes some items that affect net income or loss and because these measures may vary among other companies, the Available Cash before Reserves data presented in our press release may not be comparable to similarly titled measures of other companies.

Available Cash before Reserves is a performance measure used by our management to compare cash flows generated by us to the cash distribution paid to our common unitholders. This is an important financial measure to our public unitholders since it is an indicator of our ability to provide a cash return on their investment. Specifically, this financial measure aids investors in determining whether or not we are generating cash flows at a level that can support a quarterly cash distribution to the partners. Lastly, Available Cash before Reserves is the quantitative standard used throughout the investment community with respect to publicly-traded partnerships.

Available Cash before Reserves is net income as adjusted for specific items, the most significant of which are the addition of non-cash expenses (such as depreciation and amortization), the substitution of distributable cash generated by our equity investees in lieu of our equity income attributable to our equity investees, the elimination of gains and losses on asset sales (except those from the sale of surplus assets) and unrealized gains and losses on derivative transactions not designated as hedges for accounting purposes, the elimination of expenses related to acquiring or constructing assets that provide new sources of cash flows and the subtraction of maintenance capital expenditures, which are expenditures that are necessary to sustain existing (but not to provide new sources of) cash flows.

Adjusted EBITDA. Adjusted earnings before interest, taxes, depreciation and amortization (“Adjusted EBITDA”) is commonly used as a supplemental financial measure by management and external users of our financial statements, such as investors, commercial banks, research analysts and rating agencies. Since Adjusted EBITDA excludes some, but not all, items that affect net income or loss and because these measures may vary among other companies, the Adjusted EBITDA data presented in this press release may not be comparable to similarly titled measures of other companies.

We define Adjusted EBITDA as net income or loss plus net interest expense, income taxes, depreciation and amortization plus other specific items, the most significant of which are the addition of cash received from direct financing leases not included in income, non-cash equity-based compensation expense, expenses related to acquiring assets that provide new sources of cash flow and the effects of available cash generated by equity method investees not included in income. We also exclude the effect on net income or loss of unrealized gains or losses on derivative transactions.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

The following materials are filed as exhibits to this Current Report on Form 8-K.

Exhibit No.	Description
99.1	Genesis Energy, L.P. press release, dated November 6, 2012

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GENESIS ENERGY, L.P.
(A Delaware Limited Partnership)

By: GENESIS ENERGY, LLC, as General Partner

Date: November 6, 2012

By: /s/ Robert V. Deere
Robert V. Deere
Chief Financial Officer

formerly Teucrium's President, has been appointed as Teucrium's Chief Investment Officer and President, and (3) Barbara Riker has been appointed as Teucrium's Chief Financial Officer, Chief Accounting Officer and Chief Compliance Officer. Ms. Riker is married to the current Chief Executive Officer of Teucrium, Mr. Riker.

The Investment Objective of the Funds

The investment objective of CORN is to have the daily changes in percentage terms of the Shares' NAV reflect the daily changes in percentage terms of a weighted average of the closing settlement prices for three futures contracts for corn ("Corn Futures Contracts") that are traded on the Chicago Board of Trade ("CBOT"), specifically (1) the second-to-expire CBOT Corn Futures Contract, 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%, less the Fund's expenses.

The investment objective of NAGS is to have the daily changes in percentage terms of the Shares' NAV reflect the daily changes in percentage terms of a weighted average of the following: the nearest to spot month March, April, October and November Henry Hub Natural Gas Futures Contracts traded on the New York Mercantile Exchange ("NYMEX"), weighted 25% equally in each contract month.

The investment objective of CRUD is to have the daily changes in percentage terms of the Shares' NAV reflect the daily changes in percentage terms of a weighted average of the closing settlement prices for futures contracts for WTI crude oil, also known as Texas Light Sweet crude oil ("Oil Futures Contracts") traded on the NYMEX, specifically (1) the nearest to spot June or December Oil Futures Contract, weighted 35%; (2) the June or December Oil Futures Contract following the aforementioned (1), weighted 30%; and (3) the next December Oil Future Contract that immediately follows the aforementioned (2), weighted 35%.

The investment objective of SOYB is to have the daily changes in percentage terms of the Shares' NAV reflect the daily changes in percentage terms of a weighted average of the closing settlement prices for three futures contracts for soybeans ("Soybean Futures Contracts") that are traded on the CBOT. The three Soybean Futures Contracts will generally be: (1) 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%.

The investment objective of CANE is to have the daily changes in percentage terms of the Shares' NAV reflect the daily changes in percentage terms of a weighted average of the closing settlement prices for three futures contracts for sugar ("Sugar Futures Contracts") that are traded on ICE Futures US ("ICE Futures"), specifically: (1) the second-to-expire Sugar No. 11 Futures Contract (a "Sugar No. 11 Futures Contract"), weighted 35%, (2) the third-to-expire Sugar No. 11 Futures Contract, weighted 30%, and (3) the Sugar No. 11 Futures Contract expiring in the March following the expiration month of the third-to-expire contract, weighted 35%.

The investment objective of WEAT is to have the daily changes in percentage terms of the Shares' NAV reflect the daily changes in percentage terms of a weighted average of the closing settlement prices for three futures contracts for wheat ("Wheat Futures Contracts") that are traded on the CBOT, specifically: (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 investment objective of the TAGS is to have the daily changes in percentage terms of the net asset value ("NAV") of its common units ("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.

This weighted average of the referenced specific Futures Contracts for each Fund is referred to herein as the “Benchmark,” and the specific Futures Contracts that at any given time make up the Benchmark for that Fund and are referred to herein as the “Benchmark Component Futures Contracts.”

The notional amount of each Benchmark Component Futures Contract included in each Benchmark is intended to reflect the changes in market value of each such Benchmark Component Futures Contract within the Benchmark. The closing level of each Benchmark is calculated on each business day by the Bank of New York Mellon (the “Administrator”) based on the closing price of the futures contracts for each of the underlying Benchmark Component Futures Contracts and the notional amounts of such Benchmark Component Futures Contracts.

Each Benchmark is rebalanced periodically to ensure that each of the Benchmark Component Futures Contracts is weighted in the same proportion as in the investment objective for each Fund. The following tables reflect the September 30, 2011, Benchmark Component Futures Contracts weights for each of the Operating Funds:

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CORN Benchmark Component Futures Contracts	Notional Value	Weight (%)
CBOT Corn Futures (1,186 contracts, settlement date March 14, 2012)	\$ 35,920,975	34
CBOT Corn Futures (1,005 contracts, settlement date May 14, 2012)	30,828,375	30
CBOT Corn Futures (1,328 contracts, settlement date December 14, 2012)	37,565,800	36
Total at September 30, 2011	\$ 104,315,150	100%

NAGS Benchmark Component Futures Contracts	Notional Value	Weight (%)
NYMEX Natural Gas Futures (11 contracts, settlement date February 27, 2012)	\$ 452,100	25
NYMEX Natural Gas Futures (11 contracts, settlement date March 28, 2012)	450,670	25
NYMEX Natural Gas Futures (11 contracts, settlement date September 26, 2012)	470,470	25
NYMEX Natural Gas Futures (10 contracts, settlement date October 29, 2012)	443,800	25
Total at September 30, 2011	\$ 1,817,040	100%

CRUD Benchmark Component Futures Contracts	Notional Value	Weight (%)
WTI Crude Oil Futures (21 contracts, settlement date November 18, 2011)	\$ 1,665,930	35
WTI Crude Oil Futures (18 contracts, settlement date May 22, 2012)	1,450,080	30
WTI Crude Oil Futures (20 contracts, settlement date November 16, 2012)	1,644,800	35
Total at September 30, 2011	\$ 4,760,810	100%

SOYB Benchmark Component Futures Contracts	Notional Value	Weight (%)
CBOT Soybean Futures (13 contracts, settlement date January 13, 2012)	\$ 773,175	35
CBOT Soybean Futures (11 contracts, settlement date March 14, 2012)	659,038	30
CBOT Soybean Futures (13 contracts, settlement date November 14, 2012)	776,425	35
Total at September 30, 2011	\$ 2,208,638	100%

CANE Benchmark Component Futures Contracts	Notional Value	Weight (%)
ICE Sugar Futures (31 contracts, settlement date April 30, 2012)	\$ 854,112	35

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ICE Sugar Futures (27 contracts, settlement date June 29, 2012)	720,014	30
ICE Sugar Futures (32 contracts, settlement date February 28, 2013)	833,997	35
Total at September 30, 2011	\$ 2,408,123	100%

96

WEAT Benchmark Component Futures Contracts	Notional Value	Weight (%)
CBOT Wheat Futures (24 contracts, settlement date March 14, 2012)	\$ 775,800	35
CBOT Wheat Futures (20 contracts, settlement date May 14, 2012)	668,500	30
CBOT Wheat Futures (22 contracts, settlement date December 14, 2012)	787,875	35
Total at September 30, 2011	\$ 2,232,175	100%

The price relationship between the near month Futures Contract to expire and the Benchmark Component Futures Contracts will vary and may impact both the total return of each Fund over time and the degree to which such total return tracks the total return of the price indices related to the commodity of each Fund. In cases in which the near month contract's price is lower than later-expiring contracts' prices (a situation known as "contango" in the futures markets), then absent the impact of the overall movement in commodity prices the value of the Benchmark Component Futures Contracts would tend to decline as they approach expiration. In cases in which the near month contract's price is higher than later-expiring contracts' prices (a situation known as "backwardation" in the futures markets), then absent the impact of the overall movement in a Fund's prices the value of the Benchmark Component Futures Contracts would tend to rise as they approach expiration.

The total portfolio composition for each Operating Fund is disclosed each business day that the NYSE Arca is open for trading on the Fund's website. The website for CORN is www.teucriumcornfund.com; for NAGS is www.teucriumnagsfund.com; for CRUD is www.teucriumcrudfund.com; for CANE is www.teucriumcanefund.com; for SOYB is www.teucriumsoybfund.com; for WEAT is www.teucriumweatfund.com. These sites are accessible at no charge. The website disclosure of portfolio holdings is made daily and includes, as applicable, the name and value of each Futures Contract and Cleared Swap (for example, like Corn Futures Contracts, Cleared Corn Swaps are standardized as to certain material economic terms, including that each such swap be for a quantity of 5,000 bushels, which permits less flexibility in their structuring than with over-the-counter Corn Interests. The two parties to a Cleared Corn Swap agree on the specific fixed price component and the calendar month of expiration, and agree to submit the Cleared Corn Swap to the clearing organization. The clearing organization assumes the credit risk relating to the transaction, which effectively eliminates the creditworthiness of the counterparty as a risk. Unlike Corn Futures Contracts, Cleared Corn Swaps call for settlement in cash, and do not permit settlement by delivery or receipt of physical corn). The specific types of Other Interests (in addition to futures contracts, options on futures contracts and cleared swaps, derivative contracts) that are tied to various commodities are entered into outside of public exchanges. These "over-the-counter" contracts are entered into between two parties in private contracts. For example, unlike Futures Contracts and Cleared Corn Swaps, which are guaranteed by a clearing organization, each party to an over-the-counter derivative contract bears the credit risk of the other party, (i.e., the risk that the other party will not be able to perform its obligations under its contract), and characteristics of such Other Interests, the name and value of each Treasury security and cash equivalent, and the amount of cash held in the Fund's portfolio.

Consistent with achieving a Fund's investment objective of closely tracking the Benchmark, the Sponsor may for certain reasons cause the Fund to enter into or hold Futures Contracts other than the Benchmark Component Futures Contracts, Cleared Swaps and/or Other Interests. For example, certain Cleared Corn Swaps have standardized terms similar to, and are priced by reference to, a corresponding Benchmark Component Futures Contract. Additionally, Other Corn Interests that do not have standardized terms and are not exchange-traded, referred to as "over-the-counter" Corn Interests, can generally be structured as the parties to the Corn Interest contract desire. Therefore, each Fund might enter into multiple Cleared Swaps and/or over-the-counter Interests intended to exactly replicate the performance of each of the Benchmark Component Futures Contracts for the Fund, or a single over-the-counter Interest designed to replicate the performance of the Benchmark as a whole. Assuming that there is no default by a

counterparty to an over-the-counter Interest, the performance of the Interest will necessarily correlate exactly with the performance of the Benchmark or the applicable Benchmark Component Futures Contract. Each Fund might also enter into or hold Interests other than Benchmark Component Futures Contracts to facilitate effective trading, consistent with the discussion of the Fund's "roll" strategy. In addition, each Fund might enter into or hold Interests that would be expected to alleviate overall deviation between the Fund's performance and that of the 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 will endeavor to cause the Fund's performance to closely track that of the Benchmark of the Fund.

The Sponsor employs a "neutral" investment strategy intended to track the changes in the Benchmark of each Fund regardless of whether the Benchmark goes up or goes down. The Fund's "neutral" investment strategy is designed to permit investors generally to purchase and sell the Fund's Shares for the purpose of investing indirectly in the commodity-specific market in a cost-effective manner. Such investors may include participants in the specific industry and other industries seeking to hedge the risk of losses in their commodity specific-related transactions, as well as investors seeking exposure to that commodity market. Accordingly, depending on the investment objective of an individual investor, the risks generally associated with investing in the commodity-specific market and/or the risks involved in hedging may exist. In addition, an investment in a Fund involves the risks that the changes in the price of the Fund's Shares will not accurately track the changes in the Benchmark, and that changes in the Benchmark will not closely correlate with changes in the price of the commodity on the spot market. The Sponsor does not intend to operate each Fund in a fashion such that its per share NAV equals, in dollar terms, the spot price of the commodity or the price of any particular commodity-specific Futures Contract.

The Sponsor

Teucrium Trading, LLC is the sponsor of the Trust and each of the series of the Trust. The Sponsor is a Delaware limited liability company, formed on July 28, 2009. The principal office is located at 232 Hidden Lake Road, Brattleboro, Vermont 05301. The Sponsor is registered as a commodity pool operator (“CPO”) with the Commodity Futures Trading Commission (“CFTC”) and became a member of the National Futures Association (“NFA”) on November 10, 2009. The Trust and the Funds operate pursuant to the Trust Agreement.

Under the Trust Agreement, the Sponsor is solely responsible for the management, and conducts or directs the conduct of the business of the Trust, the Funds, and any other Fund that may from time to time be established and designated by the Sponsor. The Sponsor is required to oversee the purchase and sale of Shares by firms designated as “Authorized Purchasers” and to manage the Funds’ investments, including to evaluate the credit risk of futures commission merchants and swap counterparties and to review daily positions and margin/collateral requirements. The Sponsor has the power to enter into agreements as may be necessary or appropriate for the offer and sale of the Funds’ Shares and the conduct of the Trust’s activities. Accordingly, the Sponsor is responsible for selecting the Trustee, Administrator, Marketing Agent, the independent registered public accounting firm of the Trust, and any legal counsel employed by the Trust. The Sponsor is also responsible for preparing and filing periodic reports on behalf of the Trust with the SEC and providing any required certification for such reports. No person other than the Sponsor and its principals was involved in the organization of the Trust or the Funds.

Teucrium Trading, LLC designs the Funds to offer liquidity, transparency, and capacity in single-commodity investing for a variety of investors, including institutions and individuals, in an exchange-traded product format. The Funds have also been designed to mitigate the impacts of contango and backwardation, situations that can occur in the course of commodity trading which can affect the potential returns to investors. Backwardation is defined as a market condition in which a futures price of a commodity is lower in the distant delivery months than in the near delivery months, while contango, the opposite of backwardation, is defined as a condition in which distant delivery prices for futures exceed spot prices, often due to the costs of storing and insuring the underlying commodity.

Performance Summary

This report covers the period from January 1, 2011 or the commencement of operation, whichever is applicable, to September 30, 2011, for each Operating Fund. NAGS and CRUD commenced operations on February 1, 2011, and February 23, 2011, respectively, while CANE, SOYB and WEAT commenced operation on September 19, 2011.

The performance of each Operating Fund for the period January 1, 2011 to September 30, 2011 and the exchange-traded Shares are detailed below in “Results of Operations.” Past performance of a Fund is not necessarily indicative of future performance.

CORN Per Share Operation Performance	
Net asset value (“NAV”) at beginning of period	\$ 39.06
Income from investment operations:	
Investment income	0.02
Net realized and unrealized gain on commodity futures contracts	1.73
Total expenses	(0.72)
Net increase in net asset value	1.05
Net asset value end of period	\$ 40.11
Total Return	2.69%
Ratios to Average Net Assets (Annualized)	
Total expense	2.15%

Net investment loss

(2.09)%

98

NAGS Per Share Operation Performance	
Net asset value (“NAV”) at beginning of period	\$ 25.00
Income (loss) from investment operations:	
Investment income	0.01
Net realized and unrealized loss on commodity futures contracts	(4.73)
Total expenses	(2.07)
Net decrease in net asset value	(6.79)
Net asset value end of period	\$ 18.21
Total Return	(27.16)%
Ratios to Average Net Assets (Annualized)	
Total expense	14.14%
Net investment loss	(14.07)%
CRUD Per Share Operation Performance	
Net asset value (“NAV”) at beginning of period	\$ 50.00
Income from investment operations:	
Investment income	0.02
Net realized and unrealized gain on commodity futures contracts	(8.78)
Total expenses	(2.87)
Net decrease in net asset value	(11.63)
Net asset value end of period	\$ 38.37
Total Return	(23.26)%
Ratios to Average Net Assets (Annualized)	
Total expense	9.84%
Net investment loss	(9.79)%
SOYB Per Share Operation Performance	
Net asset value (“NAV”) at beginning of period	\$ 25.00
Income from investment operations:	
Investment income	-
Net realized and unrealized gain on commodity futures contracts	(3.09)
Total Expenses	-
Net decrease in net asset value	(3.09)
Net asset value end of period	\$ 21.91
Total Return	(12.36)%
Ratios to Average Net Assets (Annualized)	
Total expense	0.16%
Net investment loss	(0.15)%
CANE Per Share Operation Performance	
Net asset value (“NAV”) at beginning of period	\$ 25.00
Income from investment operations:	
Investment income	-
Net realized and unrealized gain on commodity futures contracts	(0.82)
Total Expenses	(0.01)
Net decrease in net asset value	(0.83)
Net asset value end of period	\$ 24.17
Total Return	(3.32)%
Ratios to Average Net Assets (Annualized)	

Total expense	0.66%
Net investment loss	(0.65)%

WEAT Per Share Operation Performance	
Net asset value (“NAV”) at beginning of period	\$ 25.00
Income from investment operations:	
Investment income	-
Net realized and unrealized gain on commodity futures contracts	(2.55)
Total Expenses	-
Net decrease in net asset value	(2.55)
Net asset value end of period	\$ 22.45
Total Return	(10.20)%
Ratios to Average Net Assets (Annualized)	
Total expense	0.38%
Net investment loss	(0.37)%

Calculating NAV

The NAV of each Fund is calculated by:

- Taking the current market value of its total assets, and
- Subtracting any liabilities.

The Administrator, the Bank of New York Mellon, calculates the NAV of each Operating Fund once each trading day. It calculates NAV as of the earlier of the close of the New York Stock Exchange or 4:00 p.m., New York time. The NAV for a particular trading day will be released after 4:15 p.m., New York time.

In determining the value of the Futures Contracts for each Operating Fund, the Administrator uses the closing price on the exchange on which the commodity is traded (typically 2:15 p.m. New York time for the CBOT, 2:30 p.m., New York time, for the NYMEX, and 2:00 p.m., New York time, for ICE). The Administrator determines the value of all other investments for each Operating Fund as of the earlier of the close of the New York Stock Exchange or 4:00 p.m., New York time, in accordance with the current Services Agreement between the Administrator and the Trust. The value of Cleared Swaps and over-the-counter Interests will be determined based on the value of the commodity or Futures Contract underlying such Interest, except that a fair value may be determined if the Sponsor believes that a Fund is subject to significant credit risk relating to the counterparty to such Interest. For purposes of financial statements and reports, the Sponsor will recalculate the NAV of a specific Fund where necessary to reflect the “fair value” of a Futures Contract when the Futures Contract of such Fund closes at its price fluctuation limit for the day. Treasury Securities held by the Operating Fund are valued by the Administrator using values received from recognized third-party vendors (such as Reuters) and dealer quotes. The NAV includes any unrealized profit or loss on open Interests and any other credit or debit accruing to each Fund but unpaid or not received by the Operating Fund.

In addition, in order to provide updated information relating to the Operating Funds for use by investors and market professionals, the NYSE Arca calculates and disseminates throughout the trading day an updated indicative fund value for each Operating Fund. The indicative fund value is calculated by using the prior day’s closing NAV per share of the Operating Fund as a base and updating that value throughout the trading day to reflect changes in the value of the Operating Fund’s commodity Interests during the trading day. Changes in the value of Treasury Securities and cash equivalents will not be included in the calculation of indicative value. For this and other reasons, the indicative fund value disseminated during NYSE Arca trading hours should not be viewed as an actual real time update of the NAV for each Operating Fund. The NAV is calculated only once at the end of each trading day.

The indicative fund value is disseminated on a per share basis every 15 seconds during regular NYSE Arca trading hours of 9:30 a.m., New York time, to 4:00 p.m., New York time. The normal trading hours for Corn, Soybean and Wheat Futures Contracts on the CBOT are 10:30 a.m., New York time, to 2:15 p.m. New York time, the normal trading hours for Natural Gas and WTI Crude Oil Futures Contracts on the NYMEX are 9:00 a.m., New York time, to 2:30 p.m., New York time, and the normal trading hours for Sugar Futures Contracts on ICE are 3:00 a.m., New York time to 2:00 p.m. New York time. This means that there is a gap in time at the beginning and the end of each day during which the Operating Fund's Shares are traded on the NYSE Arca, but, for example, real-time CBOT trading prices for Corn Futures Contracts traded on such Exchange are not available. As a result, during those gaps there will be no update to the indicative fund values.

The NYSE Arca disseminates the indicative fund value through the facilities of CTA/CQ High Speed Lines. In addition, the indicative fund value is published on the NYSE Arca's website and is available through on-line information services such as Bloomberg and Reuters.

Dissemination of the indicative fund values provides additional information that is not otherwise available to the public and is useful to investors and market professionals in connection with the trading of Shares of the Operating Funds on the NYSE Arca. Investors and market professionals are able throughout the trading day to compare the market price of each Operating Fund and its indicative fund value. If the market price of the Shares of an Operating Fund diverges significantly from the indicative fund value, market professionals will have an incentive to execute arbitrage trades. For example, if an Operating Fund appears to be trading at a discount compared to the indicative fund value, a market professional could buy an Operating Fund's Shares on the NYSE Arca, aggregate them into Redemption Baskets, and receive the NAV of such Shares by redeeming them to the Trust. Such arbitrage trades can tighten the tracking between the market price of an Operating Fund and the indicative fund value and thus can be beneficial to all market participants.

Critical Accounting Policies

The Trust's critical accounting policies for all the Funds, those that are currently operating and those that will operate in the future, are as follows:

Preparation of the financial statements and related disclosures in conformity with U.S. generally-accepted accounting principles ("GAAP") requires the application of appropriate accounting rules and guidance, as well as the use of estimates, and requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expense and related disclosure of contingent assets and liabilities during the reporting period of the consolidated financial statements and accompanying notes. The Trust's application of these policies involves judgments and actual results may differ from the estimates used.

The Funds hold a significant portion of its assets in futures contracts and United States Treasury Obligations, both of which are recorded on a trade date basis and at fair value in the consolidated financial statements, with changes in fair value reported in the consolidated statement of income and expenses.

The use of fair value to measure financial instruments, with related unrealized gains or losses recognized in earnings in each period is fundamental to the Trust's financial statements. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (the exit price).

In determining fair value of United States Treasury Obligations and commodity futures contracts, the Funds use unadjusted quoted market prices in active markets. GAAP fair value measurement and disclosure guidance requires a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The hierarchy gives the highest priority to unadjusted quoted prices for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. See the notes within the financial statements in Item 1 for further information.

Unrealized gains or losses on open contracts are reflected in the statements of financial condition and in the difference between the original contract amount and the market value (as determined by exchange settlement prices for futures contracts and related options and cash dealer prices at a predetermined time for forward contracts, physical commodities, and their related options) as of the last business day of the year or as of the last date of the financial statements. Changes in the unrealized gains or losses between periods are reflected in the statement of operations. The Funds earn interest on assets denominated in U.S. dollars on deposit with the Futures Commission Merchant at 85% of the overnight of Federal Funds Rate. In addition, the Funds earn interest on funds held at the custodian at prevailing market rates earned on such investments.

Credit Risk

When any of the Funds enter into commodity Interests, it will be exposed to the credit risk that the counterparty will not be able to meet its obligations. For purposes of credit risk, the counterparty for the Futures Contracts traded on the CBOT, NYMEX, and ICE and for Cleared Swaps is the clearinghouse associated with those exchanges. In general, clearinghouses are backed by their members who may be required to share in the financial burden resulting from the nonperformance of one of their members, which should significantly reduce credit risk. Some foreign exchanges are not backed by their clearinghouse members but may be backed by a consortium of banks or other financial institutions. Unlike in the case of exchange-traded futures contracts, the counterparty to an over-the-counter Corn

Interest contract is generally a single bank or other financial institution. As a result, there will be greater counterparty credit risk in over-the-counter transactions. There can be no assurance that any counterparty, clearinghouse, or their financial backers will satisfy their obligations to any of the Funds.

The Sponsor will attempt to manage the credit risk of each Fund by following certain trading limitations and policies. In particular, each Fund intends to post margin and collateral and/or hold liquid assets that will be equal to approximately the face amount of the Interests it holds. The Sponsor will implement procedures that will include, but will not be limited to, executing and clearing trades and entering into over-the-counter transactions only with parties it deems creditworthy and/or requiring the posting of collateral by such parties for the benefit of each Fund to limit its credit exposure.

Any commodity broker for any of the Funds, when acting as the futures commission merchant in accepting orders to purchase or sell futures contracts on United States exchanges, will be required by CFTC regulations to separately account for and treat as belonging to the Fund all of the Fund's assets that relate to domestic futures contract trading. These commodity brokers are not allowed to commingle the assets of that Fund with the commodity broker's other assets, although commodity brokers are allowed to commingle the assets of multiple customers in a bulk segregated account. In addition, the CFTC requires commodity brokers to hold in a secure account the assets of each Fund related to foreign futures contract trading.

Liquidity and Capital Resources

All of the sources of capital for each Fund are derived from the offering of Shares to Authorized Purchasers. Authorized Purchasers may then subsequently redeem such Shares. The Funds in turn allocate their net assets to commodities trading. A significant portion of the Net Asset Value is held in United States Treasury securities and cash and cash equivalents, which is used as margin for each Fund's trading in commodities. The percentage that United States Treasury securities bear to the total net assets will vary from period to period as the market values of each Fund's commodity Interests change. The balance of the net assets is held in each Fund's commodity trading account. Interest earned on the Fund's interest-bearing funds is paid to the Fund.

The investments of each Fund in commodity Interests may be subject to periods of illiquidity because of market conditions, regulatory considerations and other reasons. For example, for the Corn Fund, the CBOT limits the fluctuations in Corn Futures Contract prices during a single day by regulations referred to as "daily limits." During a single day, no trades may be executed at prices beyond the daily limit. Once the price of a Corn Futures Contract has increased or decreased by an amount equal to the daily limit, positions in the contracts can neither be taken nor liquidated unless the traders are willing to effect trades at or within the limit. Such market conditions could prevent a Fund from promptly liquidating a position in Futures Contracts.

Market Risk

Trading in commodity Interests such as Futures Contracts will involve the Funds entering into contractual commitments to purchase or sell specific amounts of commodities at a specified date in the future. The gross or face amount of the contracts is expected to significantly exceed the future cash requirements of each Fund as each Fund intends to close out any open positions prior to the contractual expiration date. As a result, each Fund's market risk is the risk of loss arising from the decline in value of the contracts, not from the need to make delivery under the contracts. The Funds consider the "fair value" of derivative instruments to be the unrealized gain or loss on the contracts. The market risk associated with the commitment by the Funds to purchase a specific commodity will be limited to the aggregate face amount of the contracts held.

The exposure of the Funds to market risk will depend on a number of factors including the markets for the specific commodity, the volatility of interest rates and foreign exchange rates, the liquidity of the commodity-specific Interest markets and the relationships among the contracts held by each Fund.

Regulatory Environment

On July 21, 2010, "The Dodd-Frank Wall Street Reform and Consumer Protection Act" was signed into law. The Dodd-Frank Act includes provisions altering the regulation of commodity interests. Provisions in the new law include the requirement that position limits be established on a wide range of commodity interests including energy-based and other commodity futures contracts, certain cleared commodity swaps and certain over-the-counter commodity contracts; new registration, recordkeeping, capital and margin requirements for "swap dealers" and "major swap participants" as determined by the new law and applicable regulations; and the forced use of clearinghouse mechanisms for most swap transactions that are currently entered into in the over-the-counter market. Additionally, the new law requires the aggregation, for purposes of position limits, of all positions in commodity futures and certain commodity swaps held by a single entity and its affiliates, whether such positions exist on U.S. futures exchanges, non-U.S. futures exchanges, or in over-the-counter swaps. The CFTC, along with the SEC and other federal regulators, has been tasked with developing the rules and regulations enacting the provisions noted above. The CFTC has now issued proposed versions of all of the rules it is required to promulgate under the Dodd-Frank Act but continues to issue proposed versions of additional rules that it has authority to promulgate. In addition, the CFTC has begun to issue final rules under the Dodd-Frank Act and is expected to issue additional final rules during the last four months of 2011

and into 2012. The effect of future regulatory change on the Funds and the exact timing of such changes are impossible to predict but the change could be substantial and adverse. Specifically, the new law and the rules that are currently being and are expected to be promulgated thereunder may negatively impact the Funds' abilities to meet their investment objectives either through limits or requirements imposed on them or on their counterparties. In particular, new position limits imposed the Funds or counterparties may impact the Funds' ability to invest in a manner that most efficiently meets its investment objective and new requirements, including capital and mandatory clearing, may increase the cost of the Funds' investments and doing business.

On January 13, 2011, the CFTC proposed new rules, which if implemented in their proposed form, would establish position limits and limit formulas for certain physical commodity futures and options executed pursuant to the rules of designated contract markets (i.e., certain regulated exchanges) and commodity swaps that are economically equivalent to such futures and options contracts. The CFTC has also proposed aggregate position limits that would apply across different trading venues to contracts based on the same underlying commodity. At this time, it is unknown precisely when such position limits would take effect. The CFTC's position limits for futures contracts held during the last few days of trading in the near month contract to expire, which, under the CFTC's proposed rule, would be substantially similar to the position limits currently set by the exchanges, could take effect as early as the fourth quarter of 2011. Based on the CFTC's current proposal, other position limits would not take effect until March 2012 or later.

Off Balance Sheet Financing

As of September 30, 2011, neither the Trust nor any of the Funds has any loan guarantees, credit support or other off-balance sheet arrangements of any kind other than agreements entered into in the normal course of business, which may include indemnification provisions relating to certain risks service providers undertake in performing services which are in the best interests of the Funds. While the exposure of each Fund under these indemnification provisions cannot be estimated, they are not expected to have a material impact on the financial positions of each Fund.

Redemption Basket Obligation

Other than as necessary to meet the investment objective of the Funds and pay the contractual obligations described below, the Funds will require liquidity to redeem Redemption Baskets. Each Fund intends to satisfy this obligation through the transfer of cash of the Fund (generated, if necessary, through the sale of Treasury Securities) in an amount proportionate to the number of units being redeemed.

Contractual Obligations

The primary contractual obligations of each Fund will be with the Sponsor and certain other service providers. The Sponsor, in return for its services, will be entitled to a management fee calculated as a fixed percentage of each Fund's NAV, currently 1.00% of its average net assets. Each Fund will also be responsible for all ongoing fees, costs and expenses of its operation, including (i) brokerage and other fees and commissions incurred in connection with the trading activities of the Fund; (ii) expenses incurred in connection with registering additional Shares of the Fund or offering Shares of the Fund; (iii) the routine expenses associated with the preparation and, if required, the printing and mailing of monthly, quarterly, annual and other reports required by applicable U.S. federal and state regulatory authorities, Trust meetings and preparing, printing and mailing proxy statements to Shareholders; (iv) the payment of any distributions related to redemption of Shares; (v) payment for routine services of the Trustee, legal counsel and independent accountants; (vi) payment for routine accounting, bookkeeping, custodial and transfer agency services, whether performed by an outside service provider or by affiliates of the Sponsor; (vii) postage and insurance; (viii) costs and expenses associated with client relations and services; (ix) costs of preparation of all federal, state, local and foreign tax returns and any taxes payable on the income, assets or operations of the Fund; and (xi) extraordinary expenses (including, but not limited to, legal claims and liabilities and litigation costs and any indemnification related thereto). On July 29, 2011, the Sponsor filed a Form 8-K with the SEC which stated that effective August 1, 2011, the Sponsor has agreed to voluntarily cap the management fee and expenses of NAGS at 1.5% per annum of the daily net assets of the Fund. The cap may be terminated by the Sponsor at any time with 90 days' notice. For an initial period, the Sponsor waived any management fees and other expenses that may be paid by SOYB, CANE and WEAT; the funds that commenced operations on September 19, 2011. This election is subject to change by the Sponsor, at its discretion.

While the Sponsor has agreed to pay registration fees to the SEC, FINRA and any other regulatory agency in connection with the offer and sale of the Shares offered through each Fund's prospectus, the legal, printing, accounting and other expenses associated with such registrations, and the initial fee of \$5,000 for listing the Shares on the NYSE Arca, each Fund will be responsible for any registration fees and related expenses incurred in connection with any future offer and sale of Shares of the Fund in excess of those offered through its prospectus.

Each Fund pays its own brokerage and other transaction costs. The Fund will pay fees to Futures Commission Merchants in connection with its transactions in futures contracts. Futures Commission Merchant fees are estimated to be 0.06% annually for each Fund. In general, transaction costs on over-the-counter Interests and on Treasuries and other short-term securities will be embedded in the purchase or sale price of the instrument being purchased or sold, and may not readily be estimated. Other expenses to be paid by the Funds, including but not limited to the fees paid to the Custodian, fees paid to the Distributor and marketing expenses with respect to each Fund, are estimated to be 0.34% per Fund once the assets of the Fund reach \$100 million. The Sponsor may, in its discretion, pay or reimburse a Fund for, or waive a portion of its management fee to offset, expenses that would otherwise be borne by that Fund.

Any general expenses of the Trust will be allocated among the Funds and any other series of the Trust as determined by the Sponsor in its sole and absolute discretion. The Trust is also responsible for extraordinary expenses, including, but not limited to, legal claims and liabilities and litigation costs and any indemnification related thereto. The Trust and/or the Sponsor may be required to indemnify the Trustee, Distributor or Administrator under certain

circumstances.

The parties cannot anticipate the amount of payments that will be required under these arrangements for future periods as the NAV and trading levels to meet investment objectives for each Fund will not be known until a future date. These agreements are effective for a specific term agreed upon by the parties with an option to renew, or, in some cases, are in effect for the duration of each Fund's existence. The parties may terminate these agreements earlier for certain reasons listed in the agreements.

On October 31, 2011, the Fund filed a Form 8-K with the SEC which described modifications to the contractual relationship with Foreside Fund Services, LLC ("Foreside"), the Trust and the Sponsor. Foreside will continue to serve as the distributor for the Fund, however, as of October 1, 2011, the Distribution Consulting and Marketing Services Agreement that was previously in place between the parties has been terminated.

103

Market Outlook

The Corn Market

Corn is the most widely produced livestock feed grain in the United States, and the majority of the United States' corn crop is used in livestock feed. Corn is also processed into food and industrial products, including starch, sweeteners, corn oil, and beverage and industrial alcohol. Additionally, corn is used in ethanol production.

The United States is the world's leading producer and exporter of corn. Approximately 85% of U.S. produced corn is sold domestically, while approximately 15% is exported. Corn grain represented approximately 12 percent of all U.S. agricultural exports by value during 2008. Besides the United States, other principal world corn exporters include Argentina and China. Brazil, Ukraine, Romania, and South Africa also produce significant corn exports in certain years.

Standard Corn Futures Contracts trade on the CBOT in units of 5,000 bushels, although 1,000 bushel "mini-corn" Corn Futures Contracts also trade. Three grades of corn are deliverable under CBOT Corn Futures Contracts: Number 1 yellow, which may be delivered at 1.5 cents over the contract price; Number 2 yellow, which may be delivered at the contract price; and Number 3 yellow, which may be delivered at 1.5 cents under the contract price. There are five months each year in which CBOT Corn Futures Contracts expire: March, May, July, September and December.

The United States Department of Agriculture ("USDA") publishes monthly and annual updates for U.S. domestic and worldwide corn production and consumption. These reports are available on the USDA's website, www.usda.gov, at no charge. On October 12, 2011, the USDA released its monthly World Agricultural and Supply and Demand Estimates and estimated that for the Crop Year 2011-2012, the yield per acre for U.S. production would be 148.1 bushels per acre with 91.9 million acres planted and 83.9 million acres harvested. The total domestic supply of corn is similarly estimated to be 13,576 million bushels with total usage, including exports, forecast at 12,710 million bushels. The USDA projects that the resulting "Ending Stocks" or inventory will be 866 million bushels, down significantly from the 1,708 million bushels for the 2009-2010 Crop Year, and down from the 1,128 million bushels estimated for the 2010-2011 Crop Year. The USDA's projected "Carry-out Days Supply," which is defined as the Ending Stocks divided by the demand per day, is 24.9 days, down significantly from the 47.7 days in 2009-2010, but only down slightly for the 31.5 days for the USDA's October 12 estimate for 2010-2011.

Natural Gas and the Natural Gas Market

Natural gas accounts for almost a quarter of U.S. energy consumption. The price of natural gas is established by the supply and demand conditions in the North American market, and more particularly, in the main refining center of the U.S. Gulf Coast. Natural gas has limited means of transportation and distribution and therefore is not a commodity with a "global" price. As a result, the natural gas market is mostly affected by events that happen locally or are confined to the North American Continent. The primary means for transporting natural gas is through pipeline, although natural gas may be liquefied in order to be transported outside the pipeline structure.

There are four main costs, therefore prices, associated with natural gas – wellhead price, transport (long-distance and local distribution), storage and delivery. Wellhead prices are deregulated in North America. Transportation costs are regulated by the National Energy Boards and local regulators regulate local distribution costs. Prices are also measured for different end-users such as residential usage, commercial, industrial or electrical utility. The largest share of the final price to all end-users is the distribution costs due to the limited means of distribution. Most large commercial users buy natural gas directly from producers or market makers, thereby reducing price.

Both weather and population changes affect consumption of natural gas. In addition, alternative fuels and competition from other sources of energy such as oil, wind energy and coal can affect the price of natural gas.

The natural gas market essentially constitutes an auction, where the highest bidder wins the supply. When markets are “strong” (i.e., when demand is high and/or supply is low), the bidder must be willing to pay a higher premium to capture the supply. When markets are “weak” (i.e., when demand is low and/or supply is high), a bidder may choose not to outbid competitors, waiting instead for later, possibly lower priced, supplies. Demand for natural gas by consumers, as well as agricultural, manufacturing and transportation industries, determines overall demand for natural gas. Since the precursors of product demand are linked to economic activity, natural gas demand will tend to reflect economic conditions.

The NYMEX is the world’s largest physical commodity futures exchange and the dominant market for the trading of energy and precious metals. The Natural Gas Futures Contracts trades in units of 10,000 MMBtu and is based on delivery at the Henry Hub in Louisiana, the nexus of 16 intra- and interstate natural gas pipeline systems that draw supplies from the region’s prolific gas deposits. The pipelines serve markets throughout the U.S. East Coast, the Gulf Coast, the Midwest and up to the Canadian border.

The United States Energy Information Administration (“EIA”) publishes daily, weekly, monthly and annual information regarding the natural gas industry, usage and supply estimates. The information is available on the EIA’s website, www.eia.gov, at no charge.

WTI Light, Sweet Crude Oil and the Oil Industry

WTI light, sweet crude oil comprises a blend of several U.S. domestic streams of crude oil delivered to Cushing, Oklahoma, where there are many intersecting pipelines and storage facilities, along with easy access to refiners and suppliers. WTI light, sweet crude oil flows both inbound and outbound from Cushing.

Light, sweet crudes are preferred by refiners because of the low sulfur content and relatively high yields of high-value products such as gasoline, diesel fuel, heating oil, and jet fuel. The price of light, sweet crude oil has historically exhibited periods of significant volatility.

Demand for petroleum products by consumers, as well as agricultural, manufacturing and transportation industries, determines demand for crude oil by refiners. Since product demand is linked to economic activity, crude oil demand will tend to reflect economic conditions. According to the U.S. Primary Energy Consumption by Source and Sector, for 2009, about 72% of petroleum was used for transportation, 22% by industry, 5% for residential and 1% for electricity production. Changes in consumer behavior, such as mass transportation initiatives, alternative fuels, and change in economic standards in China and India may change petroleum consumption. In addition, other factors such as weather also influence product and crude oil demand.

Crude oil supply is determined by economic, political and environmental factors. Oil prices (along with drilling costs, availability of attractive prospects for drilling, taxes and technology, among other factors) determine exploration and development spending, which influence output capacity with a lag. In the short run, production decisions by OPEC also affect supply and prices. Oil export embargoes represent other routes through which political developments move the market. Oil extraction may also have a significant impact on the environment, from accidents and routine activities such as seismic exploration and drilling. It is not possible to predict the aggregate effect of all or any combination of these factors.

The United States Energy Information Administration (“EIA”) publishes daily, weekly, monthly and annual information regarding the crude oil industry, usage and supply estimates. The information is available on the EIA’s website, www.eia.gov, at no charge.

The Soybean Market

Soybean production is concentrated in the central U.S., Brazil, Argentina, and China. The United States Department of Agriculture has estimated that, in 2009, the United States produced approximately 3.36 billion bushels of soybeans or approximately 36% of estimated world production.

The soybean processing industry converts soybeans into soybean meal, soybean hulls, and soybean oil. Soybean meal and soybean hulls are processed into soy flour or soy protein, which are used by livestock producers and the farm fishing industry as feed. Soybean oil is sold in multiple grades and is used by the food and chemical industries. The food industry uses soybean oil in cooking and salad dressings, baking and frying fats, and butter substitutes, among other uses. In addition, the soybean industry continues to introduce soy-based products as substitutes to various petroleum-based products including lubricants, plastics, ink, crayons and candles. Soybean oil is also converted to biodiesel for use as fuel.

Standard Soybean Futures Contracts trade on the CBOT in units of 5,000 bushels, although 1,000 bushel “mini-sized” Soybean Futures Contracts also trade. Three grades of soybean are deliverable under CBOT Soybean Futures Contracts: Number 1 yellow, which may be delivered at 6 cents per bushel over the contract price; Number 2 yellow, which may be delivered at the contract price; and Number 3 yellow, which may be delivered at 6 cents per bushel under the contract price. There are seven months each year in which CBOT Soybean Futures Contracts

expire: January, March, May, July, August, September and November.

The United States Department of Agriculture (“USDA”) publishes monthly and annual updates for U.S. domestic and worldwide soybean production and consumption. These reports are available on the USDA’s website, www.usda.gov, at no charge. On October 12, 2011, the USDA released its monthly World Agricultural and Supply and Demand Estimates and estimated that for the Crop Year 2011-2012, the yield per acre for U.S. production would be 41.5 bushels per acre with 75.0 million acres planted and 73.7 million acres harvested. The total domestic supply of soybeans is similarly estimated to be 3,290 million bushels with total usage, including exports, forecast at 3,130 million bushels. The USDA projects that the resulting “Ending Stocks” or inventory will be 160 million bushels, up from the 151 million bushels for the 2009-2010 Crop Year, and down from the 215 million bushels estimated for the 2010-2011 Crop Year. The USDA’s projected “Carry-out Days Supply,” which is defined as the Ending Stocks divided by the demand per day, is 18.7 days, up from the 16.4 days in 2009-2010, but down slightly from the 23.9 days for the USDA’s October 12 estimate for 2010-2011.

The Sugar Market

Sugarcane accounts for about 70% of the world’s sugar production, and sugar beets account for the remainder of the world’s sugar production. Sugar manufacturers use sugar beets and sugarcane as the raw material from which refined sugar (sucrose) for industrial and consumer use is produced. Sugar is produced in various forms, including granulated, powdered, liquid, brown, and molasses. The food industry (in particular, producers of baked goods, beverages, cereal, confections, and dairy products) uses sugar and sugarcane molasses to make sugar-containing food products. Sugar beet pulp and molasses products are used as animal feed ingredients. Ethanol is an important by-product of sugarcane processing. Additionally, the material that is left over after sugarcane is processed is used to manufacture paper, cardboard, and “environmentally friendly” eating utensils.

In 2005, the leading producers of sugarcane were Brazil, India, and China, with Brazil producing about one-third of the world's sugarcane. The principal world producers of sugar beets in 2005 included France, Germany, and the U.S.

The United States Department of Agriculture ("USDA") publishes on U.S. domestic and worldwide sugar production and consumption. These reports are available on the USDA's website, www.usda.gov, at no charge.

The Wheat Market

Wheat is used to produce flour, the key ingredient for breads, pasta, crackers and many other food products, as well as several industrial products such as starches and adhesives. Wheat by-products are used in livestock feeds. Wheat is the principal food grain produced in the United States, and the United States' output of wheat is typically exceeded only by that of China, the European Union and India. Typically, almost half of the U.S. wheat crop is exported, although the United States also imports wheat, principally from Canada.

There are several types of wheat grown in the U.S., which are classified in terms of color, hardness, and growing season. CBOT Wheat Futures Contracts call for delivery of #2 soft red winter wheat, which is generally grown in the eastern third of the United States, but other types and grades of wheat may also be delivered in certain circumstances. (Grade #1 soft red winter wheat may be delivered at 3 cents per bushel over the contract price.) Winter wheat is planted in the fall and is harvested in the late spring or early summer of the following year, while spring wheat is planted in the spring and harvested in late summer or fall of the same year.

Standard Wheat Futures Contracts trade on the CBOT in units of 5,000 bushels, although 1,000 bushel "mini-wheat" Wheat Futures Contracts also trade. There are five months each year in which CBOT Corn Futures Contracts expire: March, May, July, September and December.

The United States Department of Agriculture ("USDA") publishes monthly and annual updates for U.S. domestic and worldwide wheat production and consumption. These reports are available on the USDA's website, www.usda.gov, at no charge. On October 12, 2011, the USDA released its monthly World Agricultural and Supply and Demand Estimates and estimated that for the Crop Year 2011-2012, the yield per acre for U.S. production would be 43.9 bushels per acre with 54.4 million acres planted and 45.7 million acres harvested. The total domestic supply of wheat is similarly estimated to be 2,990 million bushels with total usage, including exports, forecast at 2,153 million bushels. The USDA projects that the resulting "Ending Stocks" or inventory will be 837 million bushels, down from the 976 million bushels for the 2009-2010 Crop Year, and down from the 862 million bushels estimated for the 2010-2011 Crop Year. The USDA's projected "Carry-out Days Supply," which is defined as the Ending Stocks divided by the demand per day, is 141.9 days, down from the 176.5 days in 2009-2010, but up from the 121.5 days for the USDA's October 12 estimate for 2010-2011.

Benchmark Performance

The Operating Funds are new and have a limited operating history. Investing in commodity Interests subjects the Funds to the risks of the underlying commodity market, and this could result in substantial fluctuations in the price of each Fund's Shares. Unlike mutual funds, the Funds generally will not distribute dividends to Shareholders. Investors may choose to use the Funds as a means of investing indirectly in the underlying commodity, and there are risks involved in such investments. The Sponsor has limited experience operating a commodity pool. Investors may choose to use the Funds as vehicles to hedge against the risk of loss, and there are risks involved in hedging activities.

During the period from January 1, 2011 through September, 2011, (for NAGS and CRUD for those days during this period after which those Funds had commenced operations) the average daily change in the NAV of CORN, CRUD and NAGS was within plus/minus 10 percent of the average daily change in the Benchmark of the Fund, as stated in

the prospectus for each Fund. As CANE, SOYB and WEAT commenced operation on September 19, 2011 and were only trading for ten days before the September 30, 2011 quarter-end, information in this section is not presented for those three funds.

Frequency Distribution of Premiums and Discounts: NAV versus the 4pm Bid/Ask Midpoint on the NYSE Arca

CORN

The performance data above for the Teucrium Corn Fund represents past performance. Past performance is not a guarantee of future results. Investment return and value of the Fund's Shares will fluctuate so that an investor's Shares, when sold, may be worth more or less than their original cost. Performance may be lower or higher than performance data quoted. The NAVs reflected on this graph have not been adjusted for any particular day when CBOT corn futures were in a "lock limit" situation.

107

NAGS

The performance data above for the Teucrium Natural Gas Fund represents past performance. Past performance is not a guarantee of future results. Investment return and value of the Fund's Shares will fluctuate so that an investor's Shares, when sold, may be worth more or less than their original cost. Performance may be lower or higher than performance data quoted.

CRUD

The performance data above for the Teucrium WTI Crude Oil Fund represents past performance. Past performance is not a guarantee of future results. Investment return and value of the Fund's Shares will fluctuate so that an investor's Shares, when sold, may be worth more or less than their original cost. Performance may be lower or higher than performance data quoted.

Description

The above frequency distribution charts presents information about the difference between the daily market price for Shares of each Operating Fund and the Operating Fund's reported Net Asset Value per share. The amount that an Operating Fund's market price is above the reported NAV is called the premium. The amount that an Operating Fund's market price is below the reported NAV is called the discount. The market price is determined using the midpoint between the highest bid and the lowest offer on the listing exchange, as of the time that the Operating Fund's NAV is calculated (usually 4:00 p.m., New York time). The horizontal axis of the chart shows the premium or discount expressed in basis points. The vertical axis indicates the number of trading days in the period covered by the chart. Each bar in the chart shows the number of trading days in which the Operating Fund traded within the premium/discount range indicated.

*A unit that is equal to 1/100th of 1% and is used to denote the change in a financial instrument.

NEITHER THE PAST PERFORMANCE OF A FUND NOR THE PRIOR INDEX LEVELS AND CHANGES, POSITIVE OR NEGATIVE, SHOULD BE TAKEN AS AN INDICATION OF THE FUND'S FUTURE PERFORMANCE.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable to Smaller Reporting Companies

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of the management of the Sponsor, including Dale Riker, its Principal Executive Officer, Sal Gilbertie, its President and Chief Investment Officer and Barbara Riker, its Principal Financial Officer, the Trust carried out an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rule 13a-15(e) or 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this quarterly report, and, based upon that evaluation, Dale Riker, the Chief Executive Officer, Sal Gilbertie, the President and Chief Investment Officer and Barbara Riker, the Chief Financial Officer of the Sponsor (collectively the Sponsor's Executive Officers), concluded that the Trust's disclosure controls and procedures were effective to ensure that information the Trust is required to disclose in the reports that it files or submits with the Securities and Exchange Commission (the "SEC") under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and to ensure that information required to be disclosed by the Trust in the reports that it files or submits under the Exchange Act is accumulated and communicated to management of the Sponsor, including its Executive Officers, as appropriate to allow timely decisions regarding required disclosure. The scope of the evaluation of the effectiveness of the design and operation of its disclosure controls and procedures covers both the Trust and each Fund thereof.

Changes in Internal Control over Financial Reporting

On September 30, 2011, the Company filed a Form 8-K with the SEC that included amendments to the Operating Agreement of Teucrium Trading, LLC reflecting changes to the officer positions and duties for the Trust and the Funds. Effective as of September 30, 2011, Teucrium and, as a result, the Funds and the Trust, will be managed both formally and operationally by three officers: (1) a Chief Executive Officer, (2) a Chief Investment Officer and President and (3) a Chief Financial Officer, Chief Accounting Officer and Chief Compliance Officer. The Chief Executive Officer will be responsible for the overall strategic direction of Teucrium and will have general control of its business. The Chief Investment Officer and President will be primarily responsible for trade operations and portfolio activities with respect to the Fund and each other fund that is a series of the Registrant. The Chief Financial Officer, Chief Accounting Officer and Chief Compliance Officer will act as Teucrium's principal financial and accounting officer, which position will include the functions previously performed by the Treasurer (this position replaces the Treasurer position), and will administer Teucrium's regulatory compliance program. Pursuant to the procedures specified in the LLC Agreement as of the Effective Date, (1) Dale Riker, formerly Teucrium's Treasurer and Secretary, has been appointed as Teucrium's Chief Executive Officer (Mr. Riker will retain his position as Teucrium's Secretary), (2) Sal Gilbertie, formerly Teucrium's President, has been appointed as Teucrium's Chief Investment Officer and President, and (3) Barbara Riker has been appointed as Teucrium's Chief Financial Officer, Chief Accounting Officer and Chief Compliance Officer. Ms. Riker is married to the current Chief Executive Officer of Teucrium, Mr. Riker.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 1A. Risk Factors.

Not applicable to Smaller Reporting Companies.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(a) On July 31, 2010, the Sponsor made the following capital contributions and received the following shares for that contribution prior to each Fund's commencement of operations; such shares were sold in private offerings exempt from registration under Section 4(2) of the Securities Act of 1933, as amended:

1. a \$100 capital contribution to the Teucrium WTI Crude Oil Fund, a separate series of the Trust, in exchange for two shares of such fund;
2. a \$100 capital contribution to the Teucrium Natural Gas Fund, another series of the Trust, in exchange for four shares of such fund;

3. a \$100 capital contribution to the Teucrium Soybean Fund, another series of the Trust, in exchange for four shares of such fund;
 4. a \$100 capital contribution to the Teucrium Sugar Fund, another series of the Trust, in exchange for four shares of such fund; and
 5. a \$100 capital contribution to the Teucrium Wheat Fund, another series of the Trust, in exchange for four shares of such fund.
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6. a \$100 capital contribution to the Teucrium Agricultural Fund, another series of the Trust, in exchange for two shares of such fund.

(b) The registration statement on Form S-1 registering 30,000,000 common units, or “Shares,” of the Teucrium Corn Fund (File No. 333-162033) was declared effective on June 7, 2010. From October 1, 2010 through September 30, 2011, 2,700,000 Shares of the Fund were sold at an aggregate offering price of \$112,678,258. The Fund paid fees to Foreside Fund Services, LLC for its services as Marketing Agent to the Fund from October 1, 2010 through September 30, 2011 in an amount equal to \$151,743, resulting in net offering proceeds of \$112,526,515. The offering proceeds were invested in corn futures contracts and cash and cash equivalents in accordance with the Fund’s investment objective stated in the prospectus.

The registration statement on Form S-1 registering 40,000,000 common units, or “Shares,” of Teucrium Natural Gas Fund (File No. 333-167593) was declared effective on October 22, 2010. From February 1, 2011 (the commencement of the offering) through September 30, 2011, 200,000 Shares of the Fund were sold at an aggregate offering price of \$5,000,000. The Fund paid fees to Foreside Fund Services, LLC for its services as Marketing Agent to the Fund through September 30, 2011 in an amount equal to \$38,072, resulting in net offering proceeds of \$4,961,928. The offering proceeds were invested in natural gas futures contracts and cash and cash equivalents in accordance with the Fund’s investment objective stated in the prospectus.

The registration statement on Form S-1 registering 15,000,000 common units, or “Shares,” of Teucrium WTI Crude Oil Fund (File No. 333-167594) was declared effective on October 22, 2010. From February 23, 2011 (the commencement of the offering) through September 30, 2011, 125,000 Shares of the Fund were sold at an aggregate offering price of \$6,077,099. The Fund paid fees to Foreside Fund Services, LLC for its services as Marketing Agent to the Fund through September 30, 2011 in an amount equal to \$ 55,141, resulting in net offering proceeds of \$6,021,958. The offering proceeds were invested in crude oil futures contracts and cash and cash equivalents in accordance with the Fund’s investment objective stated in the prospectus.

The registration statement on Form S-1 registering 10,000,000 common units, or “Shares,” of Teucrium Soybean Fund (File No. 333-167590) was declared effective on June 17, 2011. From September 19, 2011 (the commencement of the offering) through September 30, 2011, 100,000 Shares of the Fund were sold at an aggregate offering price of \$2,500,000. The Fund paid fees to Foreside Fund Services, LLC for its services as Marketing Agent to the Fund through September 30, 2011 in an amount equal to \$0, resulting in net offering proceeds of \$2,500,000. The offering proceeds were invested in soybean futures contracts and cash and cash equivalents in accordance with the Fund’s investment objective stated in the prospectus.

The registration statement on Form S-1 registering 10,000,000 common units, or “Shares,” of Teucrium Sugar Fund (File No. 333-167585) was declared effective on June 17, 2011. From September 19, 2011 (the commencement of the offering) through September 30, 2011, 100,000 Shares of the Fund were sold at an aggregate offering price of \$2,500,000. The Fund paid fees to Foreside Fund Services, LLC for its services as Marketing Agent to the Fund through September 30, 2011 in an amount equal to \$0, resulting in net offering proceeds of \$2,500,000. The offering proceeds were invested in sugar futures contracts and cash and cash equivalents in accordance with the Fund’s investment objective stated in the prospectus.

The registration statement on Form S-1 registering 10,000,000 common units, or “Shares,” of Teucrium Wheat Fund (File No. 333-167591) was declared effective on June 17, 2011. From September 19, 2011 (the commencement of the offering) through September 30, 2011, 100,000 Shares of the Fund were sold at an aggregate offering price of \$2,500,000. The Fund paid fees to Foreside Fund Services, LLC for its services as Marketing Agent to the Fund through September 30, 2011 in an amount equal to \$0, resulting in net offering proceeds of \$2,500,000. The offering proceeds were invested in wheat futures contracts and cash and cash equivalents in accordance with the Fund’s investment objective stated in the prospectus.

(c)The following chart shows the number of Shares redeemed by Authorized Participants for each month during the quarter ended September 30, 2011:

110

Issuer Purchases of CORN Shares:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
July 1, 2011 to July 31, 2011	100,000	\$ 42.05	N/A	N/A
Aug 1, 2011 to Aug 31, 2011	300,000	\$ 45.39	N/A	N/A
Sept 1, 2011 to Sept 30, 2011	100,000	\$ 50.08	N/A	N/A
Total	500,000	\$ 45.66		

Issuer Purchases of NAGS Shares: Nothing to Report

Issuer Purchases of CRUD Shares: Nothing to Report

Issuer Purchases of SOYB Shares: Nothing to Report

Issuer Purchases of CANE Shares: Nothing to Report

Issuer Purchases of WEAT Shares: Nothing to Report

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Reserved.

Item 5. Other Information.

None.

Item 6. Exhibits.

The following exhibits are filed as part of this report as required under Item 601 of Regulation S-K:

- 3.1 Second Amended and Restated Declaration of Trust and Trust Agreement of the Registrant. (1)
- 3.2 Certificate of Trust of the Registrant. (2)
- 3.3 Instrument establishing the Fund. (3)
- 10.1 Form of Authorized Purchaser Agreement. (3)
- 10.2 Distribution Services Agreement. (1)
- 10.3 Amended and Restated Distribution Services Agreement. (4)

- 10.4 Amendment to Amended and Restated Distribution Services Agreement. (4)
- 10.5 Second Amendment to Amended and Restated Distribution Services Agreement. (4)
- 10.6 Global Custody Agreement. (5)
- 10.7