



25 Questions
Every Investor Should
Know About

Four Seasons
Commodities Corporation

Four Seasons Commodities Corporation (FSCC) was formed in 2006 by Steve DeCook and Malinda Goldsmith. These two industry professionals possess a collective 70 years of experience in agricultural commodity analysis and trading.

The firm has two distinct programs the Hawkeye Spread Program traded by Steve DeCook, and the Lone Star Program traded by Malinda Goldsmith. Both programs trade exclusively in agricultural futures and options on domestic futures exchanges. The firm employs a fundamental discretionary trading style, drawing upon such considerations as supply/demand analysis, seasonal patterns, weather forecasts, and historical price/use ratios. FSCC attempts to control risk by utilizing spread trades, a low margin-to-equity ratio, option volatility calculations and other proprietary techniques. Trade duration may vary from a few days to several months, although most trades tend to be relatively long-term.

1.) What is the name of the program/ programs and who are the listed Principals?

Four Seasons Commodities Corporation principals are Steve DeCook and Malinda Goldsmith.

2.) Can you provide us with some details of your corporate background?

FSCC was registered with the NFA on May 1, 2006 and incorporated January 23, 2006. Principals have been in the U.S. agricultural commodities business for combined 70+ years. Steve DeCook started in the business in 1968; Malinda Goldsmith started in 1981. They have been collaborating since 1984.

FSCC has a presence in Des Moines, Iowa and in Dallas, Texas. Analysis and trading activities occur at both locations, while administrative matters are handled through the Dallas office.

3.) Who are the Principals with trading authority?

Steve DeCook has trading authority of the Hawkeye Program. Malinda Goldsmith has trading authority of the Lone Star Program.

4.) Can you provide details on the principal and/or managers' education, career and trading background?

Steve DeCook has been in the futures business since 1968 and worked at a variety of firms before joining efforts with Malinda Goldsmith in 1984. Steve holds Bachelor's and Master's Degrees in Agricultural Economics from Iowa State University.

Malinda Goldsmith has been associated with a variety of firms since starting in this industry in 1982. She earned a Bachelor of Arts Degree from Oklahoma University and a Juris Doctorate from Vanderbilt University School of Law.

5.) Which firm calculates your performance numbers?

NAV Consulting, Inc. is our independent accountant and they calculate our performance numbers.

6.) What is the minimum investment for your program?

Our minimum investment varies by program:

Hawkeye is \$500,000

Lone Star is \$200,000

7.) Do you accept notional funding?

Yes, we accept notional funding. As a matter of fact, most of our clients use notional funding.

8.) What is your management and incentive fee structure?

Our management and incentive fee structures vary depending on the size of the account and how long the client has been with FSCC. Typically, our management and incentive fee structures are 2/20 and 0/25.

9.) What is your program's capacity?

We feel very comfortable trading a combined sum up to \$125,000,000 between the two programs.

10.) When did you start trading this program?

Four Seasons Commodities Corporation was founded in January 2006 and both the Hawkeye and Lone Star programs were started then.

11.) What type of accounts do you manage?

We manage institutional accounts, IRA accounts, trust accounts, funds and individual trading accounts for high net worth clients.



Malinda Goldsmith
Principal of Four Seasons Commodity Corporation

12.) Can you give a brief description of your program?

Our fundamental trading decisions are driven by an analysis of domestic and global supply and demand of agricultural products. We gather information from an array of contacts gleaned from our combined 70+ years of experience in trading, then apply our own analyses to make trading decisions. We also use seasonal price patterns in our analysis.

Our contacts and resources are proprietary, but they range from seed dealers to commercial firms to agricultural think-tanks. The majority of our trades are spread trades, including but not limited to calendar spreads, intra-market spreads, and inter-market spreads.

Options are utilized a great deal in our program, both outright and as an element of a futures/options strategy. Trades can last anywhere from a few weeks, to a several months and on rare occasion, upwards of a year.

13.) Do you have a systematic or discretionary approach to the market and what are your program goals?

We are 100% discretionary. We gather information from technical analysis, past performance records, respected colleagues, industry friends and current events before making a trade decision. Many factors coalesce to create a trading idea but our final decision to act is discretionary.

14.) What is the average holding period for each trade?

We have no “average holding period” for trades. All our trades are based on day to day information as well as information we get from our many personal resources and research. Our trades can last anywhere from a few days to several months and in rare occasions, a year.

15.) Do you trade options within your program? If yes, please describe the types of options traded and how options risk is monitored.

Options are a substantial part of our trading program. We use virtually every type of option strategy. We sell strangles, buy straddles, and bull call spreads, etc. We monitor risk using delta values or futures equivalents.

16.) Are there any liquidity constraints in the markets you trade?

No.

17.) In what types of market environments does your trading program do well and /or struggle?

Do well: We do well in both trending and trading range markets.

Struggle: We could struggle when an unexpected geopolitical event or natural disaster has an outsized



Steve DeCook,
Principal of Four Seasons Commodity Corporation

PHOTOGRAPHY BY BRENT ISENBERGER

impact on a commodity we are trading.

18.) What is the standard range of margin to equity usage for the program and how long do you hold the average trade?

Our standard range of margin to equity usage is 10-15% for both programs. As a rule of thumb, we hold our average trade in the Hawkeye Program for several months and trades in the Lone Star account for several weeks.

19.) How do you manage risk/reward and what metrics are employed?

We started Four Seasons Commodities with the intent of managing risk/reward and that is why we primarily focus on spread trading. Spread trades generally have lower volatility than flat price trades of the same commodities.

We also limit our trading to those markets in which we have particular knowledge and expertise. FSCC will not trade in markets outside of those in American agriculture.

Significantly adverse price behavior may lead to an exit for the entire (remainder of

the) position at which time a repair strategy would be implemented. After the fall of 2008, the manager will use 3 times the possible options gains to set loss limits internally. The trend following system will adjust position with a change in the trend. The adaptive multi-level applied risk systems continually monitors market exposure and utilizes very low or no leverage.

20.) What are the optimal market conditions for your strategy?

With our discretionary trading philosophy and our ability to react quickly, we can find winning trades in all market conditions.

21.) Describe your worst drawdown to date, how did it happen and what actions have been taken (if any) to prevent similar drawdowns?

Our worst month in FSCC's history was September of 2011 when our composite performance was down about 9%. To set the stage, sovereign debt issues had created a bearish macroeconomic environment. High grain prices had whittled away at demand, and our bullish grain strategies lost ground all month. The last day of the month was a bearish shocker of a USDA stocks report, and our markets traded limit down to add to performance woes. USDA Reports, be they shocking or boring, are a fact of life in our business. Although 9% is on the very high end of our anticipated drawn down range, we know that a loss of that magnitude could occur again. One of our goals, however is to react more quickly to "game changing" news.

22.) What are your investment goals?

Our goal is to return 12-15% per year, after taxes, to our clients with reasonably low volatility.

23.) What makes your program unique and different from other managers in your sector?

We have over 70+ years of combined experience trading and analyzing US agricultural commodities. Our system is driven by analysis of domestic and global supply and demand of agricultural products. We are extremely nimble and react quickly to change when appropriate. Our contact network is invaluable. We often say, you cannot "google" the immensely valuable information we have access to through our contacts.

24.) Do you feel you have an edge if so what is it?

We feel our greatest edge is our discretionary trading style. Today's volatile markets change more quickly than ever and we think that the human brain is a superior trading tool at times like this. Together we have traded across five decades, and we have successfully navigated hundreds of trends, and unexpected events.

We have seen wild weather markets and quiet trading range markets and everything in-between. We also feel that both our spread trading and our use of options help to limit risk in our portfolios. In addition, our small margin-to-equity ratio (rarely more than 15%) helps to control the downside during the inevitable losing periods. Finally, the fact that we specialize in agriculture is an advantage, because it gives our clients exposure to that particular sector. Our program is not correlated with the stock and bond market.

25.) What is the one piece of advice that you would give to a new start-up CTA?

Make great contacts. Throw out a wide net and work hard to cultivate insightful and valuable contacts around the world that can help you make good sound decisions.

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