



A monthly magazine created exclusively for advisors.




An Investing Cornucopia

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From seed to stomach, the food movement is capturing the world. There are celebrity chefs, cooking shows, organic markets, new farming techniques, urban farms, genetically modified seeds that increase yields and an entire activist movement that spans the globe speaking out on everything from product labeling to leftovers.

The world's richest man, Bill Gates, is devoting the lion's share of his fortune to agricultural innovations. Jim Rogers, the famed global investor, proclaims that if you want to make money—become a farmer.

With such a mind-boggling supermarket of disruptive players, agents and opportunities—the \$7.6 trillion agribusiness market is the world's biggest industry—where on earth do you or should you invest to create the most impact, both financially and socially?

To identify both the obstacles and opportunities in this industry, Private Wealth interviewed those putting their money where their mouths are:

Richard Lackey, founder, The Global Food Exchange

The GFE is the world's first exchange for critical relief supplies. When disasters strike, governments and relief agencies need to be able to service affected areas with a ready supply of food and water. This is where the GFE steps in. With "Relief Vaults" on hand, supplies can be shipped more quickly to meet an urgent need. Investors can play their part by participating in a food-price arbitrage.

"We've been able to create a management strategy for investments directly in food," says Lackey. He notes that the majority of traditional food investments are commodities-driven. And those investments are bets on short-term movements. The GFE has upended the traditional system by revolutionizing inefficiencies in the production and distribution of food and related supplies.

"As long-term food investors, we're able to buy for the opposite end of the spectrum. We can buy when certain products are in oversupply," Lackey says. "Then we can sell at traditional market price or at a slight premium."

Funds target a 10% to 12% annual return. And with a global focus, GFE can source production in the developing world to provide economic benefits and sell to governments and relief agencies in the developed world.

As natural disasters continue to rise (in the last 10 years, 7,594 disasters have killed more than 1.8 million people and affected more than 2.8 billion others, at a cost of more than \$1.365 trillion), the emergency supply and food sector is likely to rise, too.

GFE targets high-net-worth investors, family offices and institutional investors who buy in via partnership interests. It's a unique fund strategy and one worth checking out: www.globalfoodexchange.org

Duane Dahl, founder, Agrilicious

Agrilicious is all about local farming and the benefits that accrue from buying locally: the health benefits, energy benefits, economic benefits and community benefits.

Dahl, a serial entrepreneur and investor, launched agrilicious.org with the mission to expand the family-farmer connection while celebrating the food experience. The site is a hub that connects local farmers with markets and consumers.

Dahl, who has created and sold numerous Internet properties, says, "Our food system is at a unique point of inflection in time. The food shift, top to bottom, is upon us," he says. "Our school systems are embracing change—Internet entrepreneurs are focused on contributing through socially beneficial technologies—and even Walmart now sources \$4 billion from over 1 million small and medium-sized farmers nationwide. These are exciting times."

Indeed, Walmart describes the dynamic this way: "By forming direct connections between farmers, markets and training, we are strengthening local economies, providing access to affordable food and establishing supply chain transparency."

There is a good business reason for the big retailer to strike relationships with local farmers: Small and medium-sized farmers in emerging markets will be counted on to meet half the increased global demand for food and clothing through 2050.

In today's flat world, investing local may, in fact, be a global play.

**Larry Kopald, co-founder,
The Carbon Underground**

In addition to focusing on local farms, farming technique is a growing space of investment interest.

"If I were looking to make money and make a difference, I would look straight down, for that's where the big money is about to be found," says Kopald, echoing comments by international investor Jim Rogers, the chairman of Rogers Holdings, that agriculture is the new "new thing."

Fertile soil, it turns out, is a diminishing asset, and as a result food prices can do nothing but rise—even without the addition of another two billion mouths to feed by 2050.

"Topsoil is disappearing, yields are threatened due to over-chemicalization of that soil, and the new research connecting industrial agriculture to climate change means change is imperative," says Kopald. "The good news is that this change is also very lucrative. Here are the facts: Industrial agriculture contributes more man-made CO2 to the atmosphere than the burning of fossil fuels, yet—despite industry claims—does not lead to greater yields or food security."

According to research done at scores of universities, revealed by institutions as diverse as the Rodale Institute, the World Bank and the United Nations, the same relative food yields can be achieved using “regenerative” techniques.

Regenerative techniques are more refined than organic farming in general. Tilling, rotating crops and using natural fertilizers, among many other practices, are leveraged to regenerate soils and make them more productive. Moreover, healthy soil re-sequesters carbon into the soil, making it even healthier and more productive.

“Carbon is the new black gold, and the production of food is already seeing an emerging bandwagon of interest from investors to energy companies to governments,” Kopald says. “Healthier food means healthier populations. Greater food security means more efficiency and reduced global conflicts. Allowing soil to naturally sequester carbon again means reversing climate change. For investors, it’s a smorgasbord of opportunities.”

For an interesting take on regenerative farming, read about The Carbon Underground at www.thecarbonunderground.org.

Dylan Ratigan, former talk-show host and best-selling author, now a hydroponic farming entrepreneur Ratigan rather famously left his highly rated talk show on MSNBC in 2012 and turned his sights on a hydroponic construction and engineering firm, among other ventures, after being inspired by “veterans who went to war for global security.”

He says he realized the path forward for global security is a revolution in global resource systems.

“In order to form an opinion on equipment and technology that are best supplied for global ag, you have to first understand why there is a lack thereof. The drivers of decent ag are increasing scarcity of fertile soil and access to water,” Ratigan says.

Hydroponic technology encompasses different forms of growing plants in aquatic-based, soil-less or hyper-reduced soil environments. Hydroponics uses mineral nutrients to feed plants in water, without soil, or with not much soil. Drip systems are perhaps the oldest and with most well-known types of hydroponics, whereby nutrients are fed directly through a network to plants. Other more advanced methodologies include utilizing growth trays—and even aeroponics, which uses air as the growth medium—as the primary growing medium.

Machinery systems are key to hydroponic farming, and Ratigan has been testing a proprietary growing system. He quips that much like how pornography promulgated Internet technology, marijuana farmers over the last 30 years have paved the way for hydroponics. Hydroponic farming can be done in just about any climate and in just about any sized environment. Think greenhouse.

Less than 1% of agricultural production is aided by hydroponics, so the growth potential is massive.

“It’s a hedge against water scarcity and soil quality with climate benefits,” Ratigan says.

More information on his ventures and adventures can be found at www.dylanratigan.com

The Farm 2050 Collective

Enveloping all agricultural corners and aspects is FARM 2050—a venture launched by a consortium of tech investors: Innovation Endeavors (Google Executive Chairman Eric Schmidt's venture capital fund) and Flextronics Lab IX.

FARM 2050 says its aim is to advance the future of food through supporting “AgTech” entrepreneurs and start-ups: “We are excited about how entrepreneurs can apply cutting-edge technologies to improve food production today and how advances in data science and robotics now enable us to rethink the way we seed, cultivate and harvest food. As resources are not growing, we believe that innovation is fundamental to overcoming this challenge.”

Farm 2050 brings together researchers, farmers, entrepreneurs, manufacturers and distributors to accelerate the path for new disruptive AgTech ventures. It is actively soliciting start-ups to invest in.

To be sure, hedge funds have been in the game of purely investing in agriculture. But FARM 2050 is venture-oriented in scope and practice.

Check out its website www.farm2050.com.

It's conventional wisdom to invest with your head. But the new food movement may have many investors turning to their stomachs for choice.