

press release

13 June 2011

Fund in Focus: First State Global Agribusiness fund

Sheridan Admans, investment adviser at The Share Centre, explains how investors could benefit from exposure to equity investments involved in agriculture and farming related issues and may wish to consider the First State Agri-business fund.

“This fund has a short history as it was only launched in May 2010, but is managed by a team with a wealth of experience in managing natural resources. Proving investors are willing to accept the higher level of risk associated with sector specific funds, investing in this fund should provide a good global coverage of companies that are involved in the agricultural industry.

“According to the US Census Bureau the world population on 29 June 2010 was 6.8 bn, in 1990 it was 5.2 bn, and is expected to rise to 8.2 bn by 2030. This increase in population should see a need for more efficient use of technology to meet demand and quality of produce, replenishment of raw materials and the distribution and efficient use of the globe's most precious commodity, fresh water.

“In addition, emerging economies are also experiencing the impact of urbanisation. Higher urbanisation should lead to higher wages, better living standards and a movement away from low energy produced food staples towards meat and dairy produce. For examples, to produce one pound of beef requires seven pounds of corn, to produce 1 pound of pork requires 6.5 pounds of corn and 1 pound of poultry requires 2.6 pounds of corn (source: US Dept of Agriculture).

“As populations expand in emerging economies, particularly in Africa and Asia, demand for corn will rise to meet the growing demand for meat. This is in part the reason China is becoming a net importer of corn for the first time.

“It's not just the emerging economies dietary changes which are having an impact. In the last

decade the West has experienced an increased demand for organic produce. Land producing organic produce yields 50% less than a fertilised field and requires considerably more water. (Source: Agarbericht 2007).

“The benefit of investing in the companies or a fund that specialises in this sector is that regardless of weather patterns, disease and drought, through advances in technology these companies seek to enhance yields, streamline production, replenish raw materials and reduce water wastage. This should add value to the business in which the fund manager invests without exposing it to less controllable elements such as weather.”

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Note to editors:

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