

AgFood Opportunities Fund – Investor Update

November 2021



Facts		Performance after fees to 30 November	
Past performance is not indicative of future performance			
Portfolio Value	\$15.0m on 30 Nov 2021 Inc. \$3.5m committed funds	Fund	From 31 Jul 2021 = -14.20%pa Annual since 1 Aug 2020 = -3.46%pa
Fund commenced	1 Aug, 2020	Benchmark	From 31 July 2021 = 1.51% Annual = 4.53%pa
Minimum Investment	A\$100,000	Fees	
Income distribution date	31 Jul 2022	Entry Fee	0.3%
Unit Valuation	Sydney Business Day	Management Fee	1.5% p.a. plus GST of Fund's NAV
Unit Price – Indicative – Daily	\$0.9600 – 22 Dec 2021	Performance Fee	20% p.a. plus GST of amount by which Fund's return exceeds benchmark subject to high water mark
Unit Price (NAV) – Monthly	\$0.9541 – 30 Nov 2021		

UNIT PRICE

2020	1-Aug-20	Aug	Sep	Oct	Nov	Dec
Unit Price	1.000	0.9996	0.9956	0.9896	1.0305	1.0667
Monthly Delta		-0.04%	-0.40%	-0.60%	4.13%	3.51%
Annualised		-0.48%	-2.61%	-4.10%	9.43%	16.76%

2021	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	22-Dec*
Unit Price	1.0916	1.0920	1.0808	1.1088	1.1087	1.0521	1.1120	1.0801	1.0077	0.9932	0.9541	0.9600
Monthly Delta	2.33%	0.04%	-1.03%	2.80%	-0.01%	-5.66%	5.99%	-3.19%	-7.24%	-1.45%	-3.91%	0.59%
Annualised	19.16%	16.29%	12.36%	14.76%	13.18%	5.70%	11.20%	7.37%	0.66%	-0.54%	-3.46%	

*Unaudited

SUMMARY

The AgFood Opportunities Fund's performance for calendar year to date is down 13%, and is down 4% since 1 August 2020 inception, all after fees. Our two key listed investments (TasFoods 30% of Fund and Wingara 11%) are in transition. The new CEO's and refreshed Board now have plans, people and funds to deliver improvements. Since mid-year both companies have delivered revenue growth, and are now seeking to lower supply chain costs and deliver cash flow growth.

We re-started our Site Trips a few weeks ago and met CEO/MD's at the facilities which will drive growth: Wingara (Bendigo hay presses), Ridley (Wellsford feed mill), Select Harvests (Mildura Orchard), Cann Group (Mildura cannabis production) and APIAM (Bendigo distribution centre and ACE Laboratory vaccine production) and highlight key takeaways in updates below.

We aim to deliver a steady 8-10%pa over three years that is not correlated to index performance, thus delivering active alternative investment returns which are defensive. We will have periods of underperformance during changes in cornerstone investments. Our assistance and support of management and staff lead to a stronger platform with more sustainable growth.

We are building two platform companies across Sustainability and Technology – as shown in our Matrix of Investment below.

In recent updates we highlighted a potential investment in Carbon Link (Carbon Sequestration). This investment was postponed due to changing needs for external investment from AgFood and another investor. We decided to withdraw our offer.

We have two early-stage Unlisted Investments under consideration with Sustainability and Technology attributes:

Canadian/Australian fermentation technology and supply chain which takes wine grade waste and ferments to a "phenolic marc" product which enhances flavour for plant-based food. We have the opportunity to be a lead investor for the transition from small scale Canadian commercial operations to larger scale Canadian and Australian operations. Their existing Canadian processor supplies 540t Marc (C\$1.5m) to 10 Canadian customers. Over a three-year period they aim to have at least one processor in Australia and Canada supplying 2000t Marc, across 20+ Canadian and Australian customers from traditional and disruptive sectors"; and

Upcoming events – We have a series of site trips planned for Tasmania (TasFoods, Yumbah/Cameron Oysters), South Australia (Yumbah Wine Crush) and Brisbane (Health Plant & Protein) in the new year. This leads onto evokeAg on 15/16 March in Sydney and our major conference on 7 June in Melbourne with many of our portfolio companies presenting – see below.



Differentiators

Focus	<div style="background-color: #00a651; color: white; padding: 10px; margin-bottom: 5px;">Aquaculture</div> <p>Yumbah Aquaculture 4%</p>	<div style="background-color: #00a651; color: white; padding: 10px; margin-bottom: 5px;">Brand</div> <p>TasFoods (TFL.ASX) 13% Pental (PTL.ASX)</p>	<div style="background-color: #00a651; color: white; padding: 10px; margin-bottom: 5px;">Plant Protein</div> <p>Wingara (WNR.ASX) 7% Health Plant & Protein (HPP.ASX) Select Harvests (SHV.ASX)</p>
Change	<div style="background-color: #00a651; color: white; padding: 10px; margin-bottom: 5px;">People</div> <p>Elders (ELD.ASX) Bega Cheese (BGA.ASX) Ridley (RIC.ASX)</p>	<div style="background-color: #008000; color: white; padding: 10px; margin-bottom: 5px;">Sustainable Alternative Defensive</div>	<div style="background-color: #00a651; color: white; padding: 10px; margin-bottom: 5px;">Technology</div> <p>Marley Spoon (MMM.ASX) Cann Group (CAN.ASX)</p>
Screen	<div style="background-color: #d9ead3; padding: 10px; margin-bottom: 5px;">Proactive Management</div> <p>Experienced People Respect external advisors</p>	<div style="background-color: #d9ead3; padding: 10px; margin-bottom: 5px;">Scalable Niche</div> <p>Supply chain position Scope to grow</p>	<div style="background-color: #d9ead3; padding: 10px; margin-bottom: 5px;">Capital Preservation</div> <p>Major change with funding External investment welcome</p>
	Leader	Core	Emerging

Source: AgFood Fund

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CURRENT PLATFORM

AgFood Opportunities Fund is 57% in ASX listed shares, 20% in unlisted investments and 23% in cash (mostly in committed funds). We have a number of unlisted opportunities which will move us to 40/60 unlisted and listed companies across sustainable platforms in: protein; aquaculture; brand and technology.

1. **Protein** – We have three cornerstone positions in emerging companies that use around 55% of the Fund and holdings in agfood leaders:
 - 12.2% of TasFoods (TFL) – Premium Tasmanian dairy and poultry;
 - 8.6% of Wingara (WNR) – Oaten hay processing and supply into North Asian dairy; and,
 - 1.8% of Health Plant & Protein (HPP) – Hawaiian Macadamia and North American distribution)
 - AgFood protein leaders include Elders (ELD), Select Harvests (SHV) and Ridley (RIC)
2. **Aquaculture** – We have 20% of the Fund in Aquaculture.
 - We invested \$3m into the unlisted Yumbah Aquaculture equity raising. Yumbah/Cameron Oysters made operating \$10.4m EBITDA to 30 June 2021 and is valued at \$80m post purchasing Cameron’s Oysters and Enterprise Value of \$103m (EV/EBITDA of 9.9x) – *Source: Company AGM.*
 - We expect Yumbah to IPO with an 18-month time frame and activate a few internal or external growth opportunities ahead of an IPO
3. **Brand/Distribution** – We have positions in leading food brands such as TasFoods (“Pyengana”, “Nichols”, “Betta Milk”, 29% of Portfolio), Bega Cheese (BGA – 0.5%), Marley Spoon (MMM – 0.5%)

FUNDING THE NEXT PHASE

The AgFood Opportunities Fund (“AgFood”) is considering several more significant unlisted investments and listed investment with a combined \$12m of capital over the next 12 months – see below. We divide them into three tiers:

1. Always fund from existing cash and investments.
2. Funded from existing and new funds raised
3. Funded from above and co-investment from other investors (for a fee)

We are currently seeking to raise a further \$5m to \$10m from existing and new investors to have capacity for the Tier 1 and Tier 2 opportunities under consideration.

The AgFood Opportunities Fund Information Memorandum, Unit Pricing and Application Form are available on www.agfood.com.au

UNLISTED COMPANIES UNDER CONSIDERATION

Company Name	Sector	Website	State
Committed Funds			
Yumbah Aquaculture	Aquaculture – abalone, oysters, mussels	yumbah	Vic, SAust & Tas
Cash Generating			
4 x Grower/Processor/Brand	Dairy / Pork / Petfood / Clothes		Australia
2 x Pharmaceutical Producers	Vaccines / Therapy		Australia
Restaurant chain	Food/Entertainment		Australia
Pre-Cash Flow			
Wine waste processor	Canadian/Australian conversion of wine waste		Canadian/Australian
Hatch Biosystems	Insect protein manufacture from waste	Hatch Bio	Vic
AgTech Platform	Plant based biotech		Australia
AgData Platform	Supply chain data		Australia



Opportunities
Fund



PAC
PARTNERS

20th Australasian AgFood Event – In Person

Sustainability & Scalable Cash Flow

Tuesday 7 June 2022 - 8:30am to 5:30pm - Melbourne

→ Speakers include:

AAco (AAC) Hugh Killen (MD)
APIAM (AHX) Chris Richards (MD)
Bega Cheese (BGA) Barry Irvin (Exec Chair)
Bubs Australia (BUB) Kristy Carr (MD)
DeltaAg (Unlisted) Gerard Hines (MD)
Elders (ELD) Mark Allison (MD)
Fonterra Australia (FSF) Rene Dedoncker (MD)
Health, Plant & Protein (HPP) Dennis Lin (MD)
Nutrien (NTR.TSE) Rob Clayton (MD)
Rabo Carbon Bank
Ridley (RIC) Quinton Hildebrand (MD)
Select Harvests (SHV) Paul Thompson (MD)
SunPork Rob van Barneveld (MD)
TasFoods (TFL) Scott Hadley (CEO)
Tassal (TGR) Mark Ryan (MD)
Wingara (WNR) James Whiteside (CEO)
Yumbah David Wood (CEO)
Plus: Gov't/Regulator - Emissions & Clean Energy

→ On-line link:

→ Investor Value-Add:

- 18 Speakers across whole ag food, carbon and water supply chains
- Speakers present for 15min each and Q&A
- Interactive peer panels

→ Reasons to Attend:

- Sustainability, diversity, soil carbon and water management are the critical part of delivering agfood solutions
- Today provides insight, strategy and tangible steps to generate sustainable cash flow
- 20 year track record as #1 investor agfood event

→ Focus on Carbon and Water

Global carbon balance :

- 11Gt added to atmosphere each year from fossil fuels & cement
- 800Gt in the atmosphere
- 600Gt in vegetation and animals
- 1,500Gt in top 1m of soil

Potential solution – sequest 2x fossil fuel/cement carbon made each year

Global water balance

- Six fold increase in fresh water use since 1990
- 70% used in agriculture
- More efficient use of water is part of solution
- Improved soil carbon is critical also

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SITE TRIPS - Wingara – Bendigo - Raywood & Epsom



We were fortunate to meet Wingara's hay buyer/seller Bruce (above) at Epsom Site in Nth Bendigo. Bruce has been with Wingara for five years, and is on the road during Oct-Feb checking and buying hay, and responsible for selling into Chinese and other markets. James Whiteside and his team (Jay, Luke and others) showed the significant improvement in safety, operation and trading culture.

Impact: WNR should convert the extra 50% hay volume growth into strong cash flow growth

Select Harvests – Mildura – Southern Orchard



Almonds enter the drying phase at good size and with little rain/storm damage. Processing and using hull/shell improvements underway.

Impact: SHV is maintaining its global cost advantage.

Cann Group – Mildura manufacturing site, and Melbourne industry event



Cann Group's stage 1a Mildura manufacturing facility will be commissioned in 1H CY'22. Medical Cannabis Industry Association had a face to face event earlier this month

Ridley – Bendigo – Wellsford



Ridley's new Wellsford chicken/pig feed mill is already running at 300,000t/annum, and should step up to 350,000t/annum over the next two years. The regional manager (Gavin Lavers) and site manager (Paul Maher) showed the diverse customer base and product range.

Impact: Three relatively young mills at Ridley (Wellsford, Lara and Pakenham) now account for 40% of production and have the lowest cost base across Victoria and Riverina.

374). The Trustee for Fund is Melbourne Securities Corporation (ACN 160 326 545, AFSL 428289)

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- an author (Paul Jensz) of this report
- a member of the immediate family of an author (Paul Jensz) of this report

Anthony Hall, a non-executive director of AgFood Fund, is a major shareholder and non-executive director of Yumbah.

PAC Partners has in the previous 12 months carried out work on behalf of Companies (BGA, BUB, HPP, CAN, RIC, PBP, PTL, SHV, TFL, WNR, Yumbah) described in this report and received fees on commercial terms for its Research and Corporate services. PAC Partners indirectly benefits from securities of Companies in the Fund via its founding shareholding in AgFood Fund, and directly benefits via its ownership of Units in the Fund.

As a result, investors should be aware that AgFood Fund and PAC Partners may have a conflict of interest that could affect the objectivity of management of the Fund and preparing this report. The AgFood Fund maintains a Conflict of Interest register and manages these conflicts with an independent investment decision making process.

The 8-10% return target over a three year period is not guaranteed.

If any investor has any concerns then they should contact the Fund Manager at info@agfood.com.au or Paul (piensz@agfood.com.au) and Max (maxandrews@agfood.com.au) directly.

For more information about the AgFood Opportunities Fund please visit www.agfood.com.au

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