

AgFood Opportunities Fund – Investor Update

January 2022



Facts		Performance after fees to 31 December	
<small>Past performance is not indicative of future performance</small>			
Portfolio Value	\$15.0m on 31 Jan 2022 Inc. \$3.0m committed funds	Fund	From 31 Jul 2021 = -11%pa Annual since 1 Aug 2020 = -0.62%pa
Fund commenced	1 Aug, 2020	Benchmark	From 31 July 2021 = 1.85% 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	\$0.9966 – 13 Jan 2022	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	\$0.9912 – 31 Dec 2021		

UNIT PRICE

2020	1-Aug-20	Aug	Sep	Oct	Nov	Dec
Unit Price	1.000	1.000	0.996	0.990	1.031	1.067
Monthly Change		-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	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	0.9912
Monthly Change	2.33%	0.04%	-1.03%	2.80%	-0.01%	-5.66%	5.99%	-3.19%	-7.24%	-1.45%	-3.91%	3.71%
Annualised	19.16%	16.29%	12.36%	14.76%	13.18%	5.70%	11.20%	7.37%	0.66%	-0.54%	-3.46%	-0.62%

2022	13 Jan*	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec
Unit Price	0.9966											
Monthly Change	0.54%											
Annualised	-0.23%											

**Unaudited*

SUMMARY

The AgFood Opportunities Fund's performance for 5 months to 31 December is -11.00%, and is -0.62% per annum since 1 August 2020 inception, all after fees. Past performance is not indicative of future performance Please make time to participate in our Investor Update on Wed 9 February – see details on Page 3.

We remain comfortable with the two to three year returns reaching the 8-10%pa returns because of 3-6% underlying growth in agfood ex-farm gate value growth from Australia, and our focus on higher growth areas of aquaculture, protein (plant and animal) and brands. The target returns are not guaranteed.

Over the past six weeks we caught up with leaders of our top five investments, and mapped out the next 25 opportunities with a high weighting to AgTech productivity gains. Our two key listed investments (TasFoods 30% of Fund and Wingara 11%) are in transition. The new CEO's and refreshed Board 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. The carrying values of assets is under increased focus by auditors with disruptions and slow changes, and we would not be surprised with minor write-downs. We will keep managers focussed on sustainable cash flow, and steps to realistic returns on asset.

We re-started our Site Trips a few months 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).

We aim to deliver steady 8-10%pa over three years that is not correlated to index performance, thus delivering active alternative investment returns which are defensive. The target returns are not guaranteed. 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.

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 external investors. We decided to withdraw our offer, and focus on the end customer.

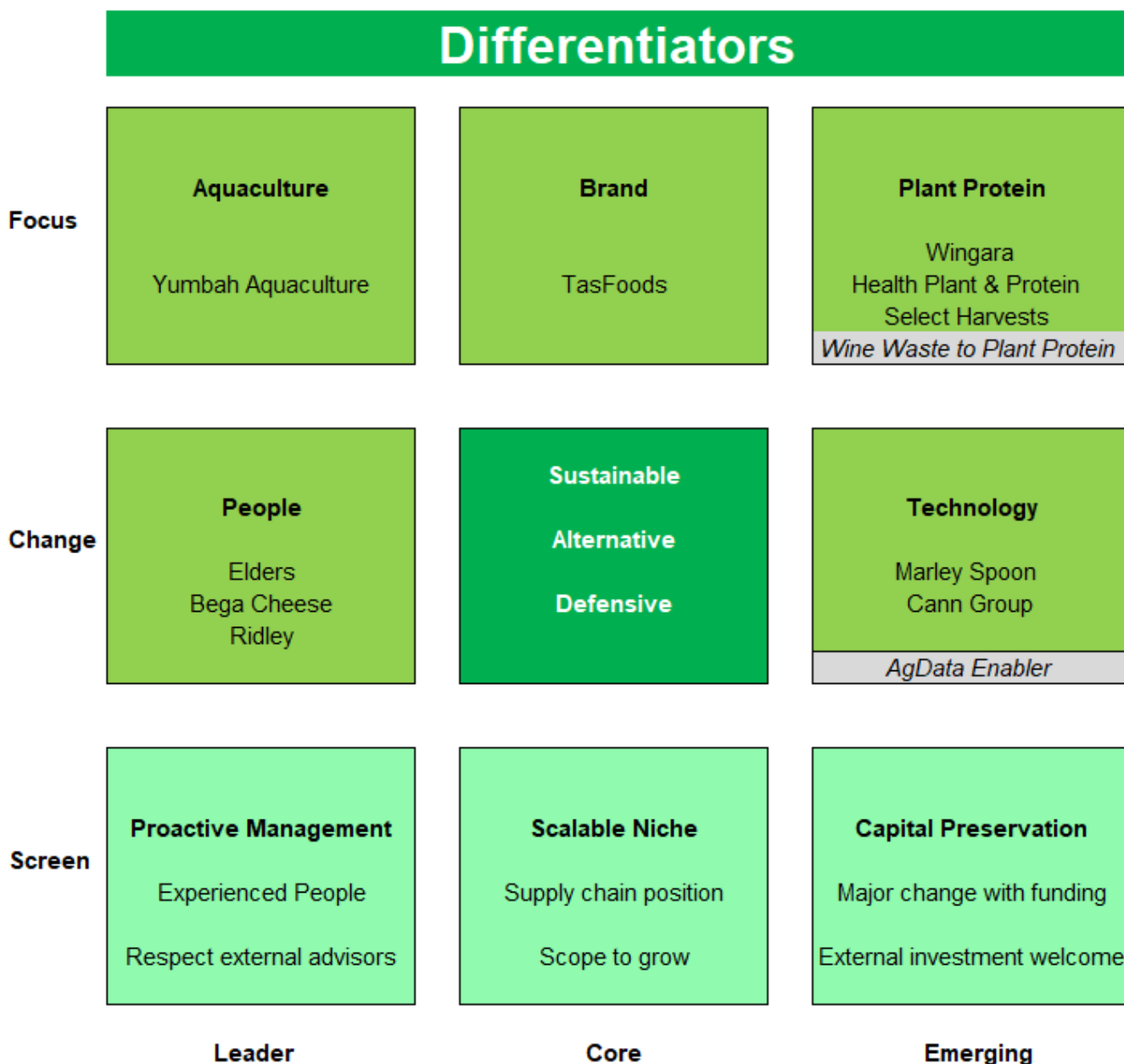
We have two early-stage Unlisted Investments under consideration with Sustainability and Technology attributes:

- 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

- Farm Improvement Enabler. We are in discussions with a number of carbon sequestration, robotic, supply chain and animal tracking devices and services. The route to markets require partnerships with rural services providers. Our plan is to work in between the two and be an enabler.

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 first half of year. Nut Conference 23-25 March in Melbourne. Our major conference is on 7 June in Melbourne with many of our portfolio companies presenting – see below. You are very welcome to join us on any site trip or conference.



Source: AgFood Fund

AgFood Opportunities Fund – Investor Update

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AgFood Opportunities Fund - Quarterly Update - Wednesday 9 February – 5pm

- 0 - Questions at anytime
- 1 - Performance
- 2 - Opportunities - Top Three
- 3 - Next steps

<https://zoom.us/j/96418306453?pwd=SEdsNCtgaXAxTWMzQjV3eIdiUIQ4dz09>

Meeting ID: 964 1830 6453, Passcode: 100370

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

We are currently seeking to raise a further \$5m to \$10m from existing and new investors.

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

UNLISTED COMPANIES – COMMITTED and UNDER CONSIDERATION

Company Name	Sector	Website	State
Committed Funds			
Yumbah Aquaculture	Aquaculture – abalone, oysters, mussels	yumbah	Vic, SAust & Tas
Cash Generating			
3 x Grower/Processor/Brand	Dairy / Pork		Australia
2 x Pharmaceutical Producers	Vaccines / Therapy		Australia
Pre-Cash Flow			
AgData “Enabler” Platform	Supply chain, carbon data		Australia
Hatch Biosystems	Insect protein manufacture from waste	Hatch Bio	Vic
AgTech Platform	Plant based biotech, Robot pick and pack		Australia
AgData	Viticulture, Wild catch fish, Livestock		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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PROPOSED SITE TRIPS – Tasmania

TasFoods will be more than six months through its changes since new CEO Scott Hadley was appointed.

Yumbah's full merger with Cameron Oysters was completed over Dec'21.

See intake for Yumbah's Bicheno abalone farm below (from Feb'21 visit).



AgFood Conference – 6 and 7 June - Melbourne



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.

Nut Conference 23-25 March Melbourne

<https://nutindustry.org.au/shop/2022-conference/>



We attended this three years ago in Sydney and it is the one event in Australia where all off-shore buyers from India, China, Middle East and Europe are present. Peer producers from Nth America (almond, walnut, pecan) and China are also presenting. Adapting to Change is the appropriate theme. Select Harvests and Health, Plant & Protein are two of our companies who will be prominent at this event.

134 783 583) holder of an Australian Financial Services Licence (AFSL No. 335 374). The Trustee for Fund is Melbourne Securities Corporation (ACN 160 326 545, AFSL 428289)

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- an author (Paul Jenz) of this report
- a member of the immediate family of an author (Paul Jenz) 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, CAN, HPP, RIC, 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