

# Thematic Investing | Sustainable Food



## Overview

In an ever-changing health-conscious world, there has been a shift in consumer focus from knowing what is inside food products, to where it came from and its impact on the planet. According to the UN, the world population is expected to grow to nearly 10 billion people by 2030<sup>1</sup> and there is increasing scrutiny on how we will feed this many people whilst also increasing sustainability.

When we think about food and sustainability, it doesn't just mean the change in diets that we have observed recently, particularly the shift to plant based alternatives. It also incorporates food waste, smarter farming, sustainable packaging, animal welfare and global food security. According to the Food and Agriculture Organisation of the United Nations (FAO), one third of all food produced is lost or wasted, which is around 1.3 billion tonnes of food, which costs the global economy close to US\$750 billion each year<sup>2</sup>

Smarter farming using the latest technology is helping the farming industry to become more efficient and increase margins. These developments include initiatives such as minimising fertiliser waste by knowing exactly how much to use and vertical farming which takes up less land area.

## Benefits

- **Environmental stewardship:** By supporting sustainable farming practices, investors contribute to preserving natural resources, reducing carbon emissions, and protecting biodiversity.
- **Health and well-being:** Sustainable food promotes nutritious, chemical-free options, improving public health outcomes and fostering a culture of well-being.
- **Market advantage:** Investing in sustainable food positions businesses to tap into the growing consumer demand for ethically and environmentally conscious products, leading to potential market growth and profitability.

## Challenges

- **Initial costs:** Transitioning to sustainable practices may require significant upfront investments in infrastructure, equipment, and training.
- **Supply chain complexities:** Establishing efficient and reliable supply chains for sustainable food can be complex, especially for shorter and local distribution networks.
- **Consumer perception:** Overcoming limited awareness, price sensitivity, and distinguishing genuine sustainable products amidst greenwashing can pose challenges in the market.

## Shortlist of ETFs to gain exposure to this theme

Ticker	Name	Net Assets (US\$)*	Holdings	Fee*	Link to Factsheet
FOOD AU	BetaShares Global Agriculture Currency Hedged ETF	\$83m	77	0.57%	<a href="#">FOOD AU</a>
IEAT AU	BetaShares Future of Food ETF	\$1.5m	58	0.67%	<a href="#">IEAT AU</a>
KROP US	Global X AgTech & Food Innovation ETF	\$6m	31	0.50%	<a href="#">KROP US</a>
FOOD LN	Rize Sustainable Future of Food UCITS ETF	\$167m	53	0.45%	<a href="#">FOOD LN</a>
VEGI LN	VanEck Sustainable Future of Food UCITS ETF	\$6.7m	43	0.45%	<a href="#">VEGI LN</a>
IVEG US	iShares Emergent Food and AgTech Multisector ETF	\$5m	41	0.47%	<a href="#">IVEG US</a>

\*Data as at 1 October 2023



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1 – [UN Population Estimates](#)

2 – [Food and Agriculture Organisation](#)

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