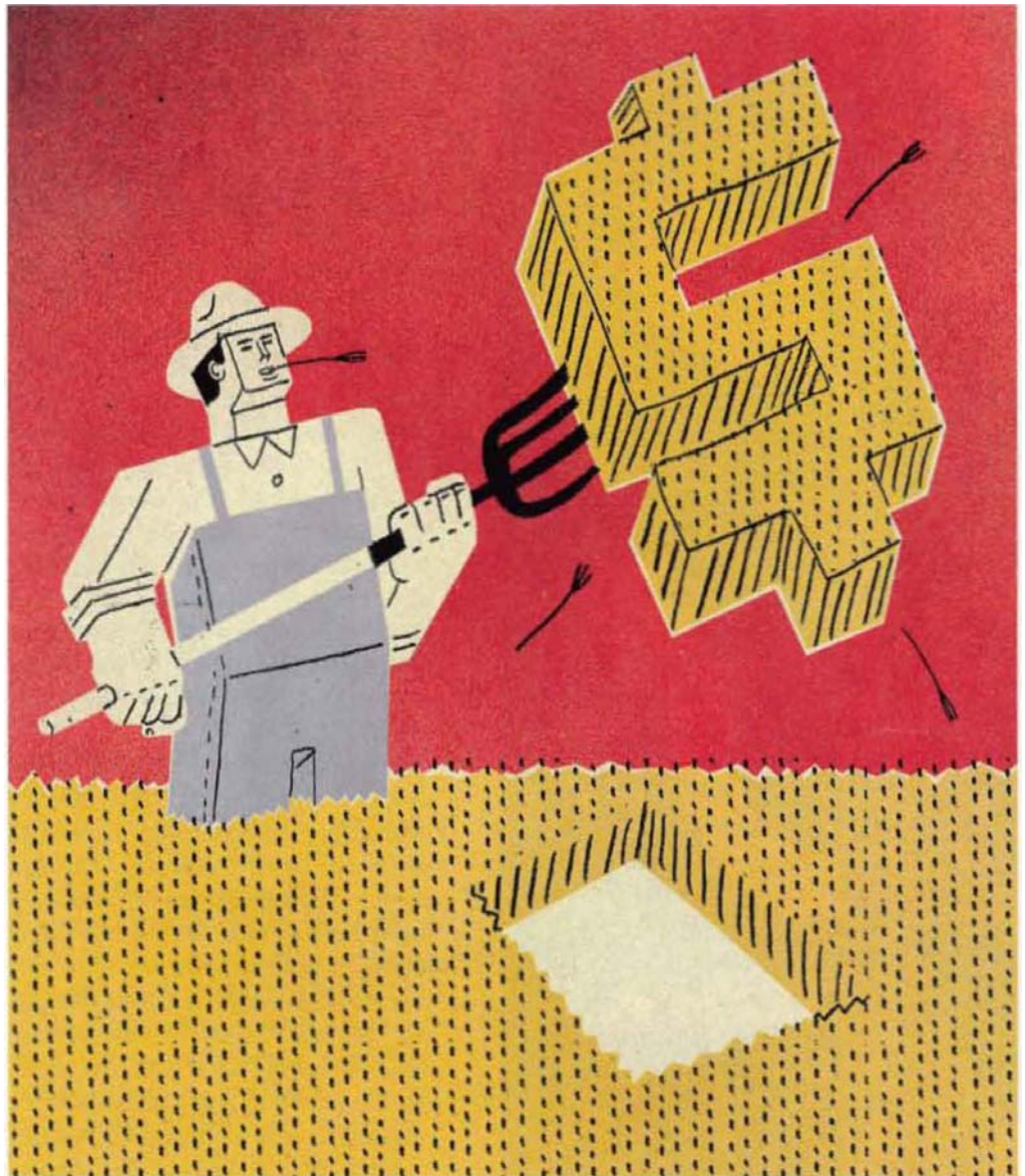


**Excerpts from the Article
“Buying the Farm” by Hillary
Jackson.**

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Illustration by David Plunkert

...So why the big push into agriculture? In a word: demand. The world population is growing fast – it numbers 6.8 billion today and is expected to reach 7 billion in the next two years and more than 9 billion by 2050, according to United Nations projections – and available cropland is declining because of degradation and development, according to the International Food Policy Research Institute. The rapid growth of the middle class in emerging markets like China and India translates into more meat eaters, which in turn drives up demand for farmland as well as water and grain supplies. The increase in the production of biofuels is also ramping up demand.



Meanwhile, food prices are rising. According to the U.N. Food and Agriculture Organization’s Food Price Index, food prices have shot up 24% from the end of 2006 to the end of 2009. The index reached its highest level in 15 months in December because of the rising prices of sugar, oils and fats, and dairy products.

“If you asked me five years ago if I would buy into farmland, I would have said no,” says **Renatto Barbieri, portfolio manager of the recently launched Galtere Global AgriBusiness Fund**. He says this is because farming has not historically produced high yields.

But the changing demand dynamics, coupled with increasing sophistication in the financial management of farming operations, have changed his view. “Today, land, and agribusiness in general, has become a very attractive proposition,” he says.

Barbieri is in the process of building his fund’s investment in farmland and food production-related entities, both in the South America countries of Brazil and Uruguay and in Australia, and the firm aims to have raised \$1 billion toward the effort by the end of this year.

The fund has already invested \$15 million in irrigated rice farms in Brazil, and has begun buying into an Australian livestock operation in New South Wales to produce boxed beef, or cuts of beef that are vacuum packed and boxed for shipment. Ultimately, the fund will allocate 70% to South America and 30% to Australia, Barbieri reports.

In Brazil, the fund plans to invest in agricultural infrastructure initiatives such as warehousing and irrigation projects. The Galtere Global AgriBusiness Fund is structured as a private equity fund and has a 10-year lockup because of the long-term nature of its investments, says Barbieri. It is the first private equity fund for Galtere, which is best known for its commodity hedge funds.

Agriculture is in Barbieri's blood. His family runs a diversified agricultural business in Brazil that has interests in irrigated rice, soybean, beef cattle and sheep farming, and he holds a bachelor's degree in agronomic engineering from his native country's Universidade Federal do Rio Grande do Sul. He has spent more than 20 years in the commodities markets doing trading, structuring, financing, investment and business development. Barbieri calls farming "very provincial business" and says having a background in agribusiness is critical to understanding how to invest wisely in the agriculture sector....