

MARKET RESEARCH

How War Affects Agriculture Investment

Amanda Cheesley, Deputy Editor, London, 1 June 2022



Roberto Viton, founder and managing director at Valoral Advisors, discusses key trends and the impact of the Ukraine war on the food and agriculture investment space.

As inflation starts to bite and geopolitical tensions rise, Roberto Viton from [Valoral Advisors](#) outlined the impact on the food and agriculture space and highlighted key trends.

Talking exclusively to *WealthBriefing*, Viton described how the war in Ukraine has put food systems at the top of the global agenda and accelerated key trends in the sector.

Luxembourg-based Valoral Advisors is an advisory firm specialising in the global food and agriculture investment space, working with private and institutional investors as well as fund managers.

Global wheat prices have soared as a result of lower cereal production in Ukraine, he explained, resulting in higher farmland prices and attracting investors to agriculture real assets. Fertiliser prices have also surged, driven by sanctions on Russian fertiliser exports. Viton said the war will accelerate moves towards regenerative agriculture, precision farming, ag-tech investment, and the replacement of hydrocarbon-based inputs.

"We have already seen a big expansion in ag-tech start-ups recently, reaching 3,300 in Europe and 1,400 in Latin America. They were not half of that seven years ago," he stressed.

Local production incentives are also likely to emerge and new infrastructure investments will be triggered.

Investors are likely to refocus too on regions which are away from the main conflict zones and which look more resilient, Viton continued.

The continued impact of climate change and the scarcity of natural resources will remain major structural trends, causing the production assets and infrastructure of current food production systems to adapt, he added.

In addition, investment in real assets such as agriculture enables investors to hedge against inflation, provides them with a blend of stable income and contributes to the United Nation's Sustainable Development Goals such as attaining zero hunger, the firm said.

With over 800 funds specialising in the food and agriculture sector, worth more than \$125 billion, he believes that adding food and agriculture real assets and infrastructure assets to a diversified portfolio can provide valuable diversification benefits, lower a portfolio's overall volatility and improve its risk-return profile with potential for attractive growth.
