

Interview | 2018

RobecoSAM Sustainable Food

Changes, small and large, help expand investment opportunities in food

The food industry is undergoing radical change that will see tech savvy newcomers disrupt incumbent business models. RobecoSAM's Sustainable Food equity strategy is undergoing some changes of its own. We interviewed Holger Frey for more info and insight on the small changes to the strategy and the bigger changes transforming the food industry.



You've recently changed the name of your fund from Sustainable Agribusiness Equities to the Sustainable Food Equities Strategy. What was behind the change?

Rising food demand, changing consumer preferences and expanding digitization are driving a fundamental transformation of the food industry. Investors can have exposure to these developments by investing along the entire food value chain with all its high-growth niche areas like food analytics and packaging technology.

The previous name was somewhat limited in capturing the full range of underlying business models. We felt the food concept better conveys the investment opportunities to our investors.

Does a new strategy name also mean there will be strategic changes to the investment approach? What impact will this have on investors?

No, the investment process remains intact. What has changed is the investable universe. We've expanded the universe by nearly 25% by adding new companies that are increasing in relevance. These offer greater exposure to niche growth markets and disruptive developments like food automation technologies.

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We've also refined our clusters and sub-clusters that assign companies based on which sub-theme they represent in the overall thematic food universe.

We are convinced the expanded universe will give investors access to additional pockets of growth as well as increased sector diversification throughout the business cycle.

What makes investments in food so interesting?

Food is unique—it has multiple touch points across economic sectors which behave differently throughout the business cycle. Since food is an essential consumable good, companies can benefit from predictable and consistent demand patterns even in times of economic stress.

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In parallel, notable consumption and cultural shifts, like conscious eating in the developed world, open up new and exciting landscapes. This is reflected in the increasing market share for natural and organic food already reaching high single digits in some developed countries.

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Moreover, food security or how to sustainably feed 10 billion people in the coming decades is one of the pressing challenges of our time. We expect higher demand for related AgTech innovations that are improving efficiency, like precision farming. Precision fertilizer alone should help to increase crop yields by 15-20%, even as applied volumes decrease.

The UN's Sustainable Development Goals are gaining influence among investors eager to help contribute to solving global challenges. In what ways does the RobecoSAM food fund support these goals?

Yes, that's right. Our conversations with investors and companies reveal that sustainability and impact topics like increasing access to nutritious food and improving resource efficiency are gaining importance.

Investments in the Sustainable Food strategy contribute positively in three ways:

First, investors are allocating capital to the companies focused on providing solutions to these challenges.

Second, the investment team behind the strategy works with proprietary, theme-specific, sustainability criteria and exclusions, supporting the transformation to a more sustainable food system.

Third, we live active ownership. Through our structured engagement projects with companies, we facilitate awareness and change on themes like food security or animal welfare. We believe this is vital in contributing to the food sector transformation.

Sounds like food qualifies as a full business-cycle investment. Are there any triggers which make it especially relevant right now?

Well, there are many, but the link between big data, technology and the future of food is the one that surprises most investors.

E-commerce and food delivery have pushed food retailers to choose between “race-to-the-bottom” cost-cutting and reinventing the in-store experience.

Since Amazon acquired Whole Foods Market in 2017, a new dynamic has struck food retail. E-commerce and food delivery have pushed food retailers to choose between “race-to-the-bottom” cost-cutting and reinventing the in-store experience. We think “Amazon Go” could embody the future of retail. For sure, more sensors and data capturing technology will enter stores in the coming years. And it won’t end with retail, but will seep and spread until automation and data integration extends throughout the entire food value chain.

These changes will carry direct benefits to end consumers by making products safer and the production process more transparent.



Holger Frey, CAIA
Senior Portfolio Manager

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- > Innovation and disruption in the food value chain are only the beginning. New technologies and consumption shifts create efficiency gains and new growth markets.
 - > Invest in companies that play an integral role in the transformation of the food sector. The strategy focuses on food security and quality, consumption shifts, and innovation-driven productivity gains.
 - > For more information visit: www.robecosam.com/en/professionals/strategies-services/funds
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The RobecoSAM Sustainable Agribusiness Equities Fund has been renamed the RobecoSAM Sustainable Food Equities Fund. The name change of the Luxembourg-domiciled fund was granted approval by the Commission de Surveillance du Secteur Financier (CSSF) on 27 April 2018. The name change is currently pending approval by the Swiss Financial Market Supervisory Authority FINMA.

About RobecoSAM

Founded in 1995, RobecoSAM is an investment specialist focused exclusively on Sustainability Investing. It offers asset management, indices, impact analysis and investment, sustainability assessments, and benchmarking services. Together with S&P Dow Jones Indices, RobecoSAM publishes the globally recognized Dow Jones Sustainability Indices (DJSI) as well as the S&P ESG Factor Weighted Index Series, the first index family to treat ESG as a standalone performance factor using the RobecoSAM Smart ESG methodology. As of December 31, 2017, RobecoSAM had client assets under management, advice and/or license of approximately USD 20 billion.

Important legal information:

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