



# U.S. Farmland's Purpose in Institutional Portfolios

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**CEU Accelerated Learning**

**January 28, 2025**

Apresentation by US Agriculture, LLC  
updated through September 30, 2024 unless  
otherwise noted



For Educational Purposes Only

# Firm Overview

57

Farms

\$625M

FMV of Real Estate\*

54,432

Tillable Acres

64,281

Gross Acres

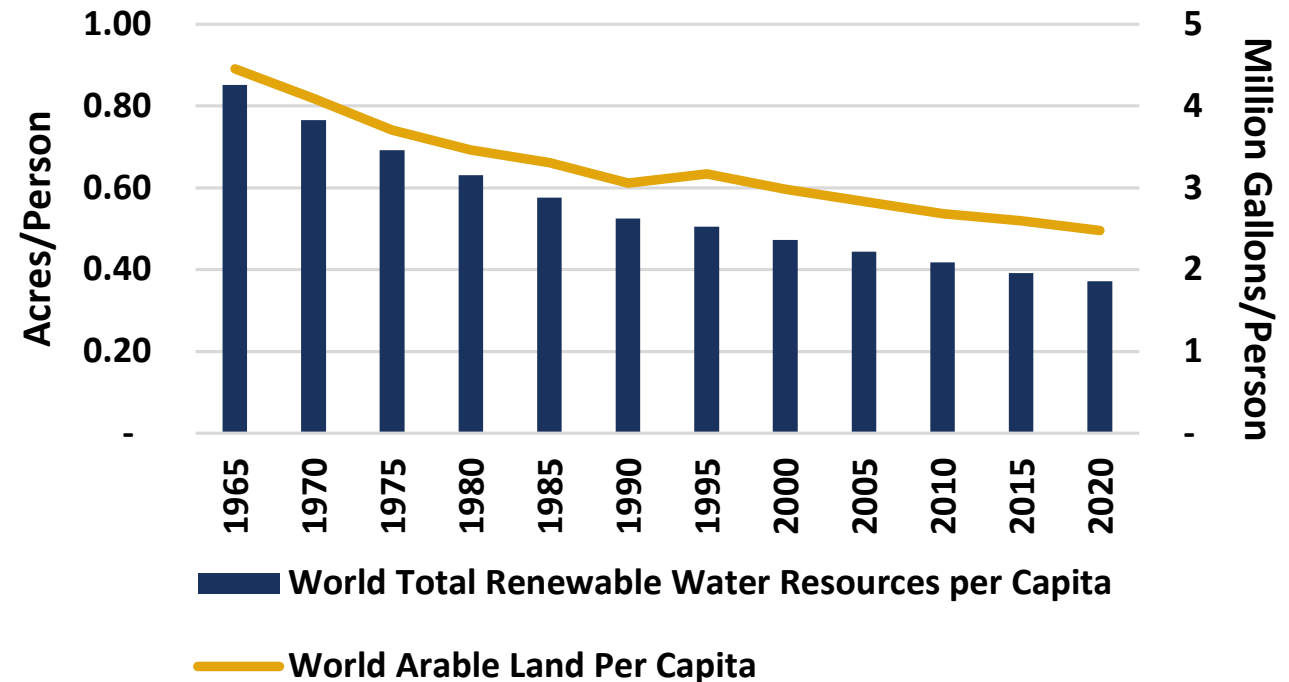
\* The value of farm real estate includes all land and fixed assets.



# Why Farmland?

- Global population expected to grow to 8.5 billion in 2030 and 9.7 billion in 2050
- Protein and calorie consumption per capita increasing
- Scarce Resource - Arable land and water per capita decreasing

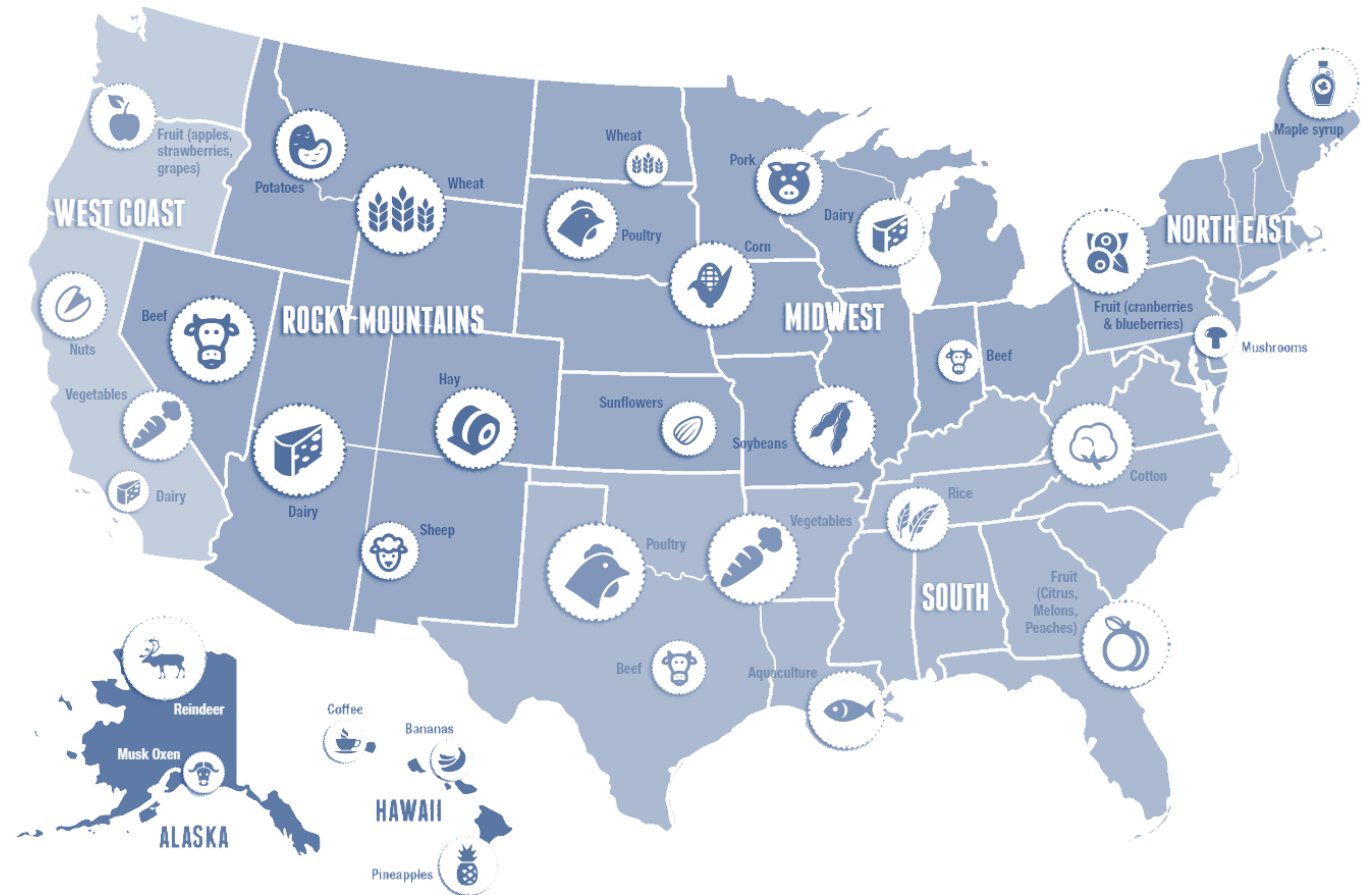
## Renewable Water and Arable Land Per Capita



Sources: United Nations Department of Economic and Social Affairs - "World Population Prospects 2022: Summary of Results", <https://www.un.org/development/desa/pd>; Max Roser, Hannah Ritchie and Pablo Rosado (2020) - "Food Supply". Published online at [OurWorldInData.org](https://ourworldindata.org/food-supply). Retrieved from: '<https://ourworldindata.org/food-supply>'; FAO. 2022. AQUASTAT Main Database, Food and Agriculture Organization of the United Nations (FAO)

# Why US Farmland?

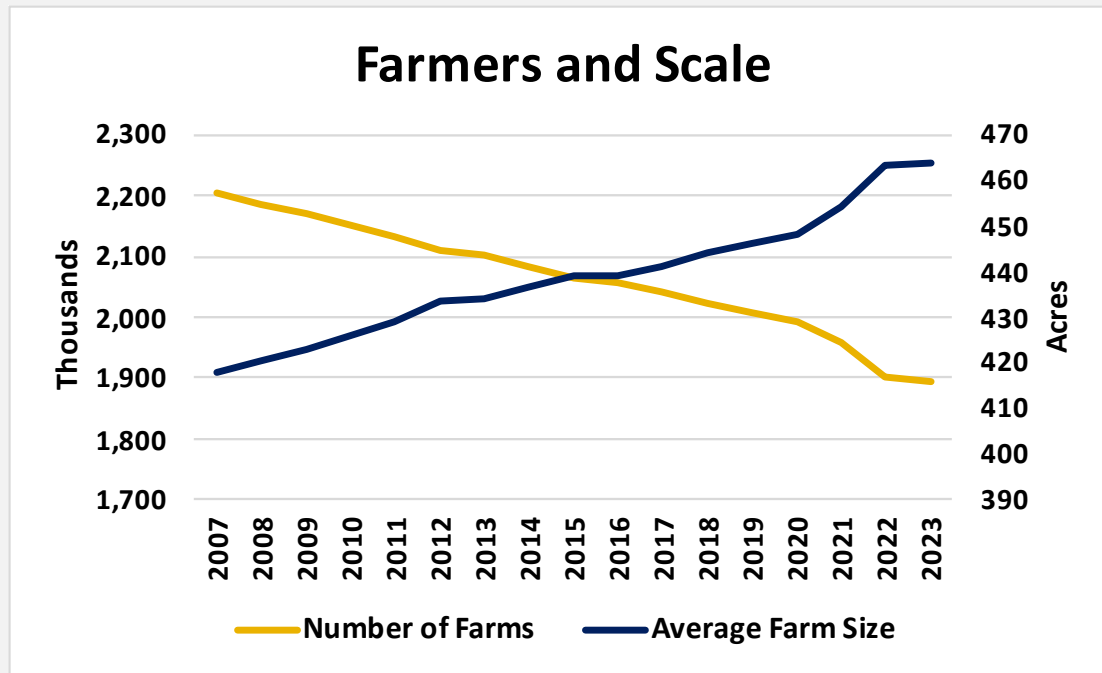
- Varied soils and climates allow for diversification
- Robust transportation infrastructure allows access to world markets
- Investment in technology continues productivity gains
- Crop insurance system creates security for American farmers



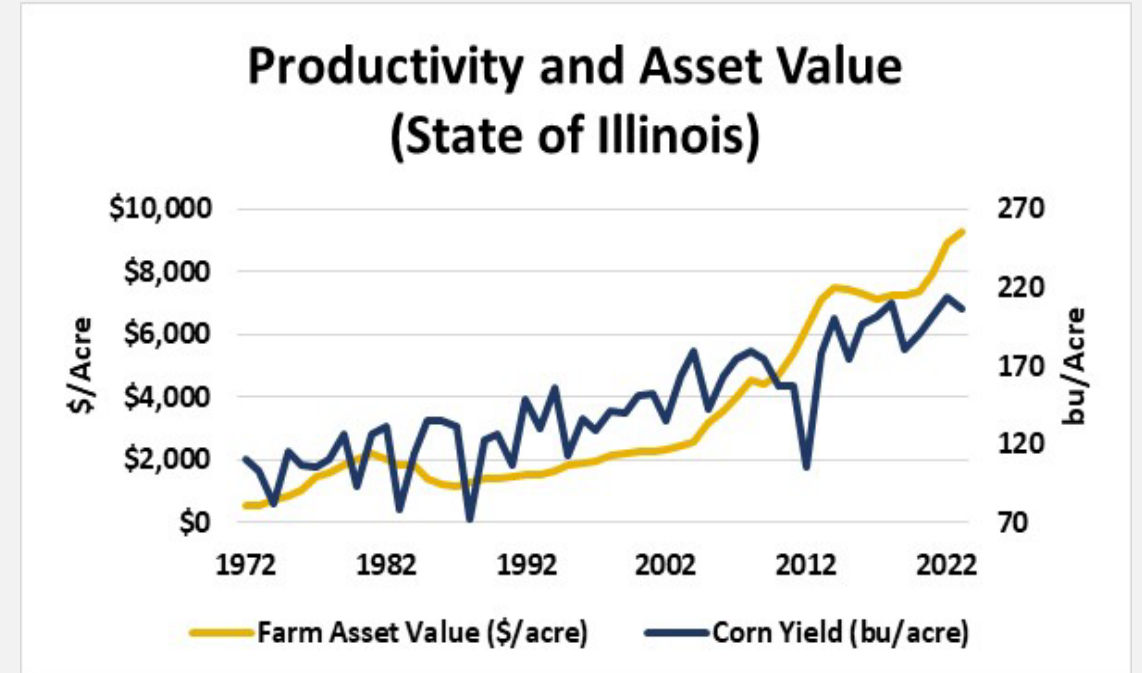
Source: Iowa Agriculture Literacy Foundation

# Why US Farmland?

- Aging operators and increasing capital requirements
- Productivity growth aided by technology



Source: USDA-ERS, data through 2023



Source: USDA NASS Quick Stats, data for Illinois, data through 2023

# Historical Portfolio Benefits of Farmland

- Tangible asset that generates current income and attractive long-term total returns

Annualized Returns Through 2023

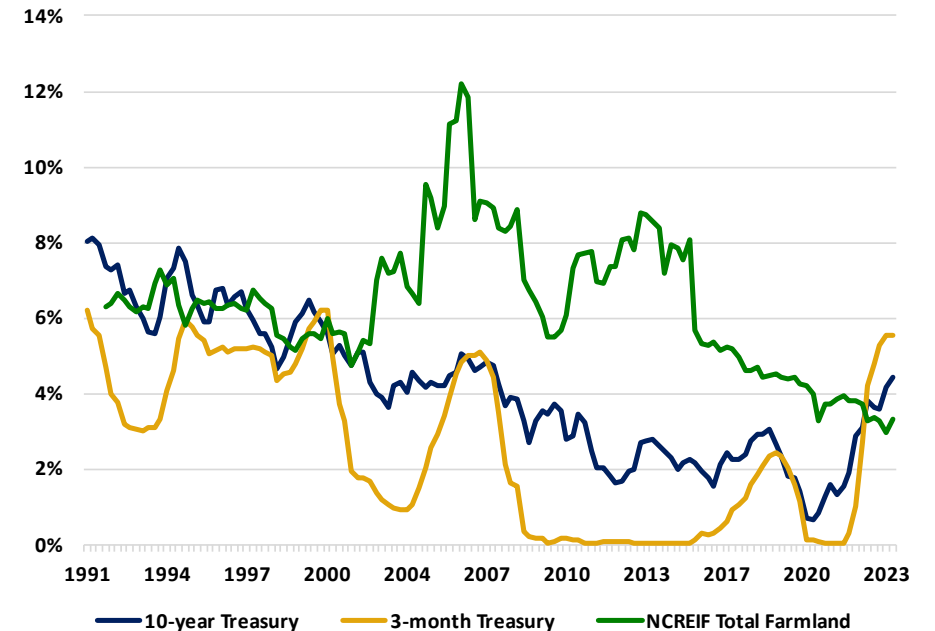
	Farmland	Timber	Real Estate	AA Bonds	S&P 500
1-Year	5.0%	9.5%	-7.9%	2.7%	26.3%
5-Year	6.0%	6.6%	4.3%	0.7%	15.7%
10-Year	7.3%	5.8%	6.8%	1.8%	12.0%
20-Year	12.3%	7.1%	7.7%	3.1%	9.7%

Data as of 12/31/2023. The indices shown above (and referenced below) are unmanaged. Their performance does not reflect fees, expenses, taxes, and other costs associated with a managed fund. It is impossible to invest in an index.

Source: NCREIF Farmland Index (Farmland), NCREIF Timberland Index (Timber), NCREIF Property Index (Real Estate), Ice Data Indices, LLC, ICE BofA AA US Corporate Index Total Return Index Value [BAMLCC0A2AATRIV], retrieved from FRED, Federal Reserve Bank of St. Louis (AA Bonds); yahoo! finance (S&P 500); USAgriculture analysis

**Past performance is no guarantee of future results.**

US Farmland Income Yields Over Time



Data as of 12/31/2023. The indices shown above (and referenced below) are unmanaged. Their performance does not reflect fees, expenses, taxes, and other costs associated with a managed fund. It is impossible to invest in an index.

Source: NCREIF Farmland Index, Board of Governors of the Federal Reserve System (US), 10-Year Treasury Constant Maturity Rate [WGS10YR], 3-Month Treasury Constant Maturity Rate [WGS3MO], retrieved from FRED, Federal Reserve Bank of St. Louis; USAgriculture analysis

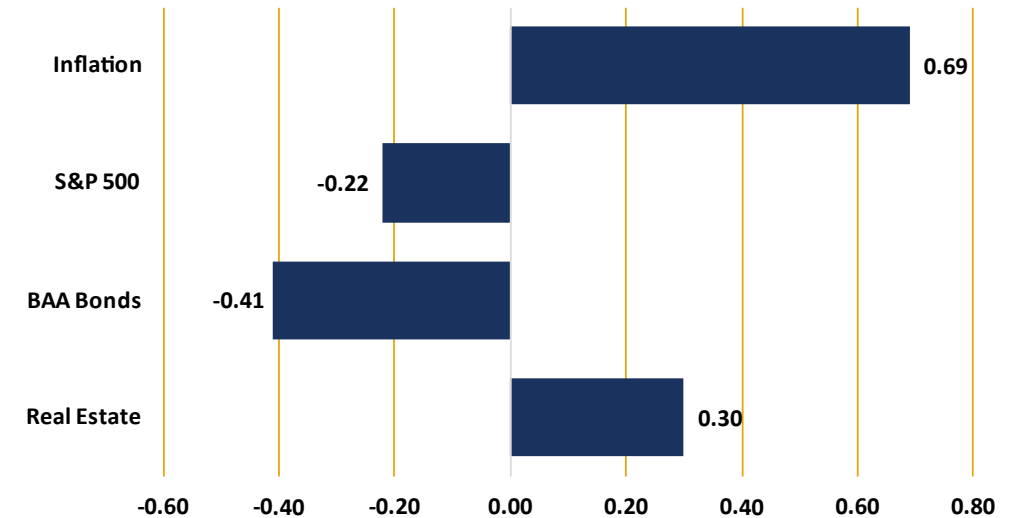
# Historical Portfolio Benefits of Farmland

- Ability to mitigate risk in a market drawdown
- Low correlation to equities, positive correlation to inflation

20-Year Volatility Metrics Through 2023

	Farmland	Timber	Real Estate	AA Bonds	S&P 500
Std. Dev.	7.7%	6.3%	9.4%	5.9%	17.1%
Sharpe	1.24	0.69	0.53	0.10	0.41
Max 1-Yr. Return	33.9%	19.3%	20.1%	10.8%	32.4%
Min. 1-Yr. Return	3.1%	-4.8%	-16.9%	-16.0%	-37.0%
Neg. Years	0	2	3	5	3

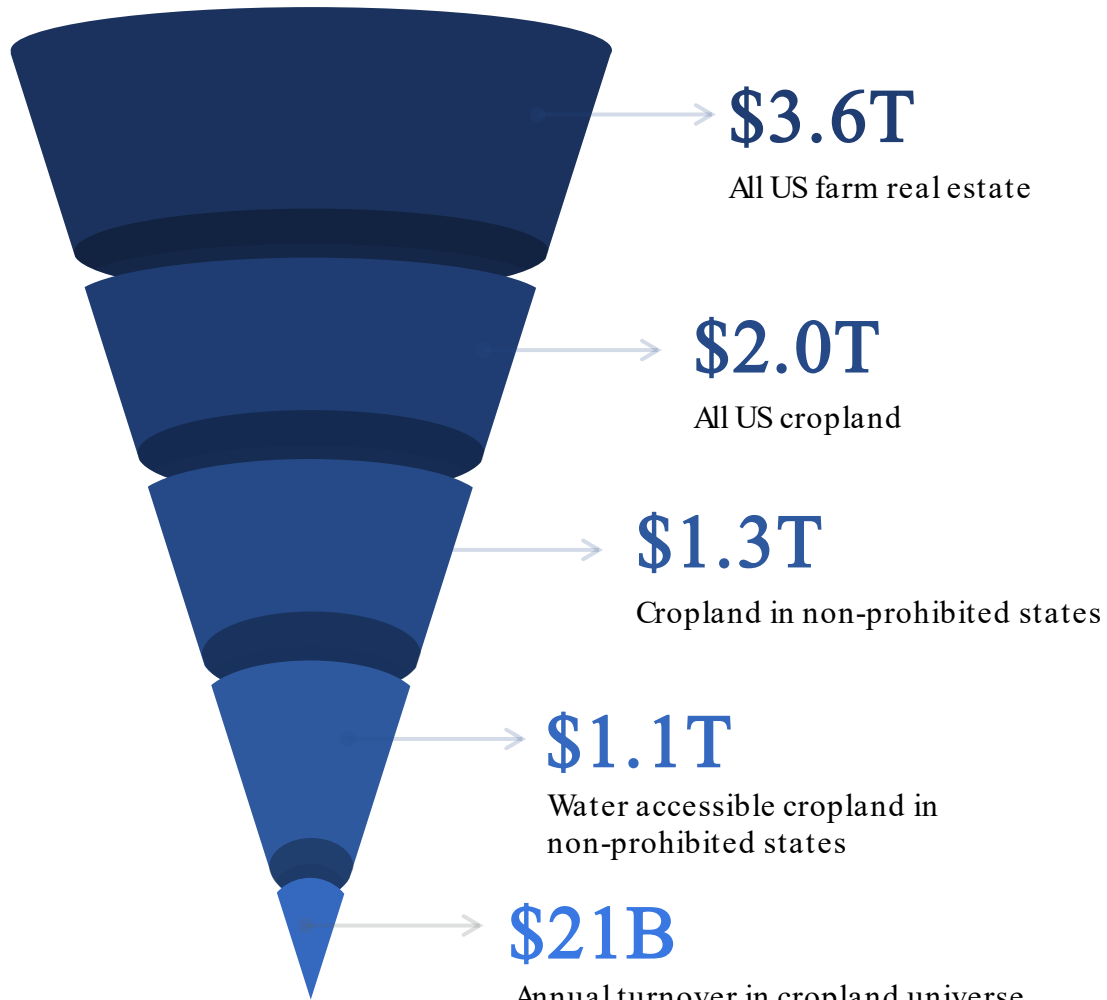
Farmland Correlation Over Last 50 Years



Data as of 12/31/2023. The indices shown above (and referenced below) are unmanaged. Their performance does not reflect fees, expenses, taxes, and other costs associated with a managed fund. It is impossible to invest in an index. Source: NCREIF Farmland Index (Farmland), NCREIF Timberland Index (Timber), NCREIF Property Index (Real Estate), Ice Data Indices, LLC, ICE BofA AA US Corporate Index Total Return Index Value [BAMLCC0A2AATRIV], retrieved from FRED, Federal Reserve Bank of St. Louis (AA Bonds); yahoo! finance (S&P 500); USAgriculture analysis  
**Past performance is no guarantee of future results.**

Data as of 12/31/2023. The indices shown above (and referenced below) are unmanaged. Their performance does not reflect fees, expenses, taxes, and other costs associated with a managed fund. It is impossible to invest in an index. Source: TIAA Center for Farmland Research (Farmland); U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers: All Items in U.S. City Average [CPIAUCSL], retrieved from FRED, Federal Reserve Bank of St. Louis (Inflation); NYU Stern School of Business – Aswath Damodaran’s Historical Returns on Stocks, Bonds, and Bills (S&P 500, Real Estate, and BAA Bonds); USAgriculture analysis

# Farmland Investment Universe



**Sources:** Land Value 2023 Summary (August 2023), <https://usda.library.cornell.edu/concern/publications/pn89d6567>, National Agricultural Statistics Service, USDA; Farms and Land in Farms Summary (February 2024), <https://usda.library.cornell.edu/concern/publications/5712m6524>, National Agricultural Statistics Service, USDA; USAgriculture analysis



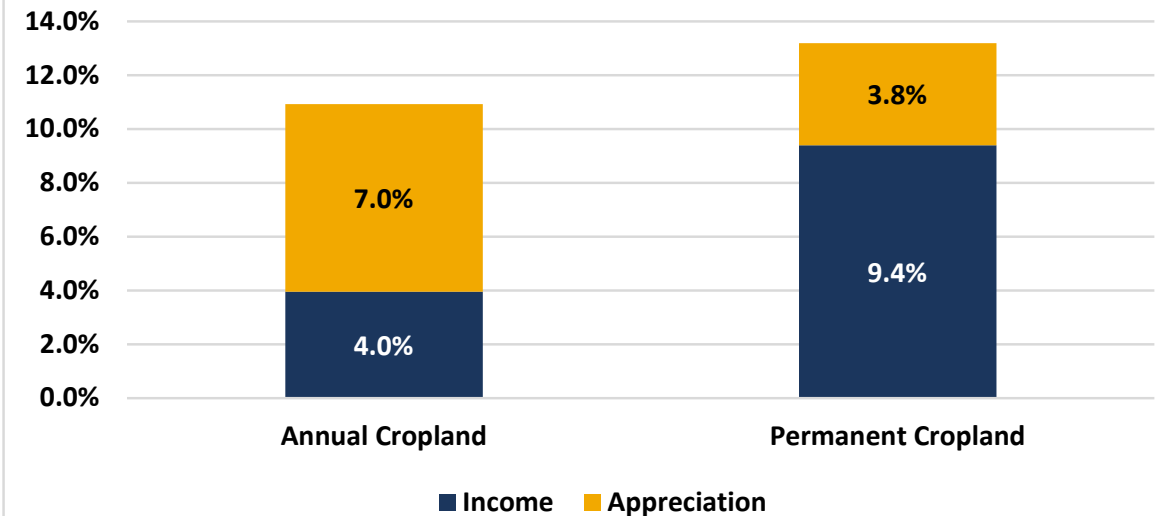
# Differences in Cropland – Annual vs. Permanent

## Characteristics of Cropland

	Annual	Permanent
Lifespan of plantings	< 1 Year	10-40+ Years
Plantings – time to maturity	< 1 Year	3 – 7 Years
Depreciable assets % of total investment	< 5%	~30 - 60%
Labor expense % of variable expenses	~5%	~40 - 60%
Return Mix – Income/Appreciation	35/65	70/30

Source: USAgriculture analysis of data accessed from UC Davis (<https://coststudies.ucdavis.edu/>); Washington State University (<https://quickstats.nass.usda.gov/>); and National Agricultural Statistics Service, USDA (<https://>)

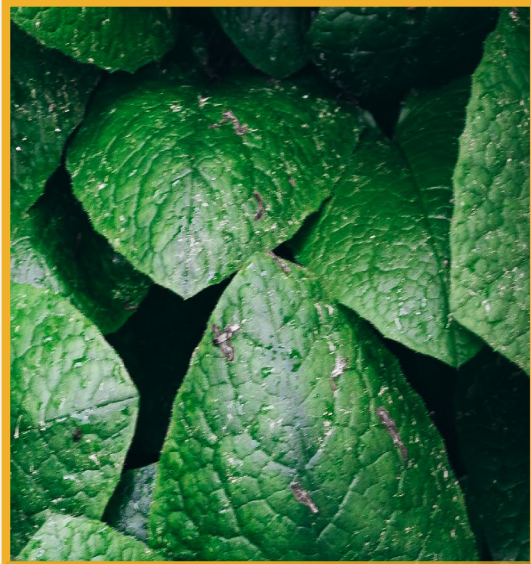
## Annualized Returns for Past 20 Years (as of period ending March 31, 2024)



Data as of 3/31/24. The indices shown above (and referenced below) are unmanaged. Their performance does not reflect fees, expenses, taxes, and other costs associated with a managed fund. It is impossible to invest in an index.

Source: NCREIF Farmland Property Index, Quarterly Detail Report 1q2024, April 25, 2024, National Council of Real Estate Investment Fiduciaries; USAgriculture analysis

# Why Diversification Matters



Crop Risk

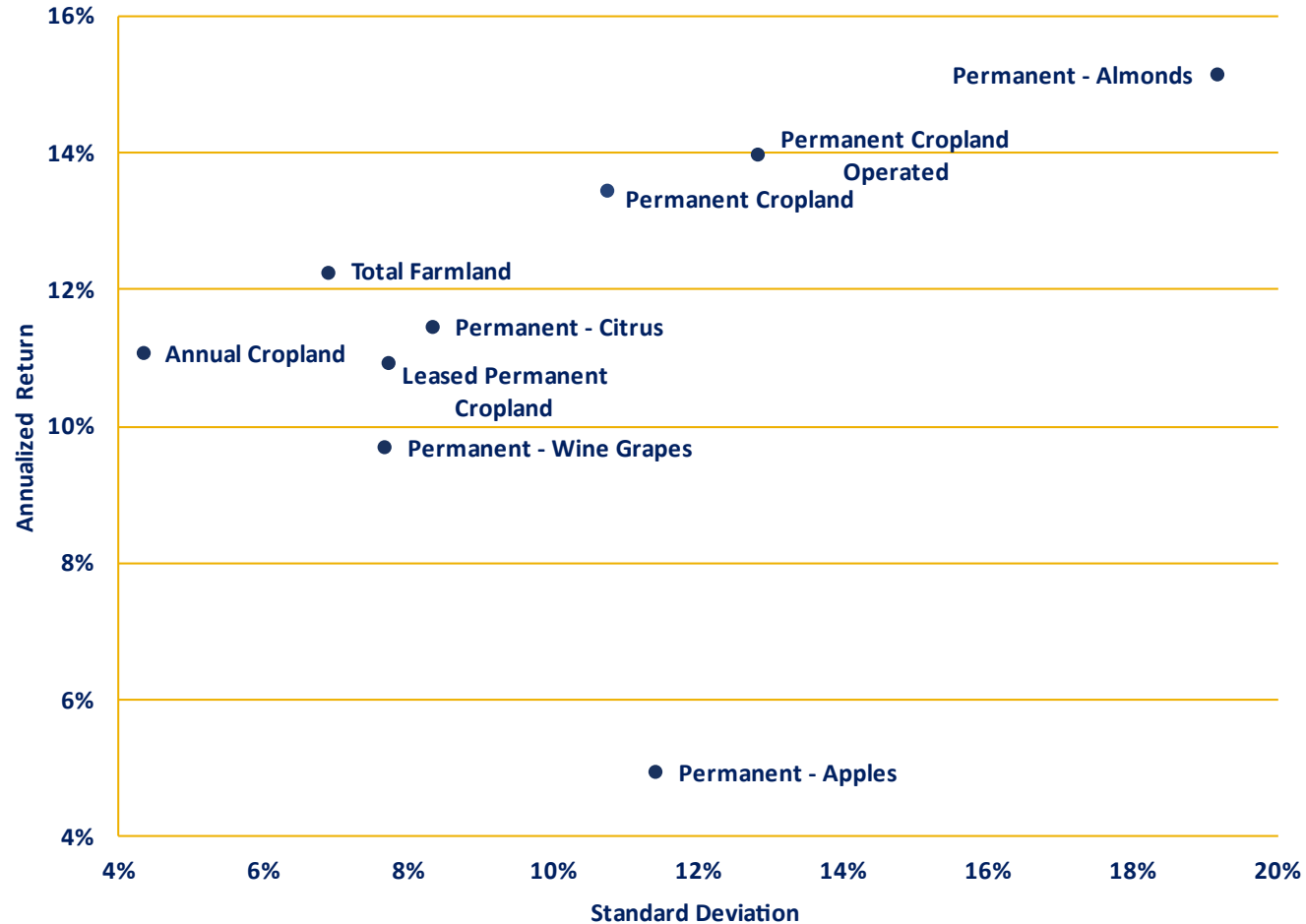


Climate Risk



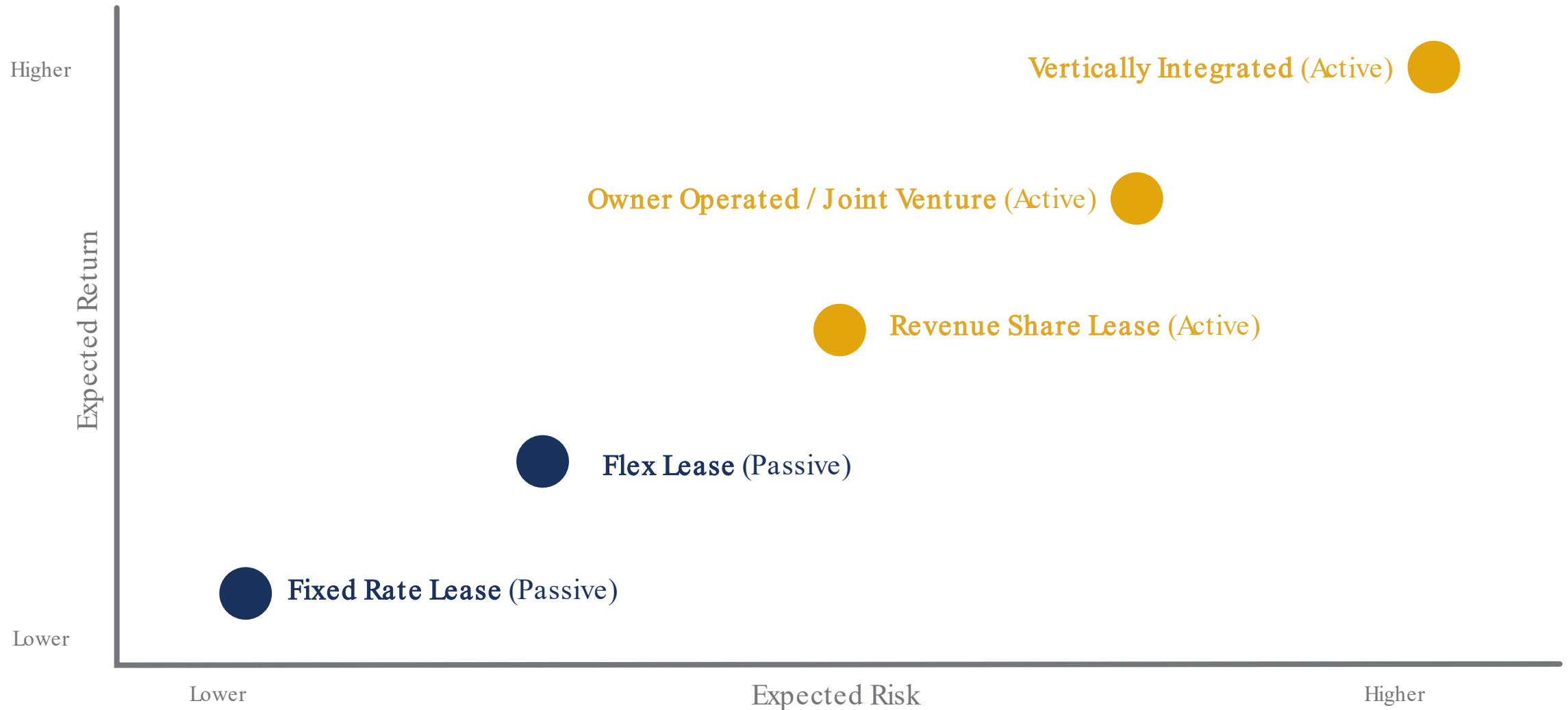
Water Risk

# Cropland Diversification











The index data shown above is from an unmanaged index. Its performance does not reflect fees, expenses, taxes, and other costs associated with a managed fund. It is impossible to invest in an index.  
Source: NCREIF Farmland Index  
Annualized returns and standard deviations based on prior twenty years' quarterly returns as of the period ending 12/31/2023.

# Operating Diversification



# Crop Type Fundamentals

Crop	Healthy	Convenient	Major Global Producer	Trade Exposure	Shelf Life	Varietal Risk	Historic Total Return*
 Almonds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	High	Long	Low	5.9%
 Apples	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Low	Moderate	High	1.3%
 Blueberries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Moderate	Short	Moderate	8.0%
 Corn			<input type="checkbox"/>	High	Long	Low	6.6%
 Citrus	<input type="checkbox"/>	<input type="checkbox"/>		Low	Moderate	Moderate	6.8%
 Vegetables	<input type="checkbox"/>			Moderate	Short	Low	7.7%
 Pistachios	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	High	Long	Low	9.0%
 Stone Fruit	<input type="checkbox"/>			Low	Short	Moderate	9.4%

The index data shown above is from an unmanaged index. Its performance does not reflect fees, expenses, taxes, and other costs associated with a managed fund. It is impossible to invest in an index.

\* All represented by NCREIF 10-year annualized total gross returns as of the quarter ending December 31, 2023, except for blueberries and stone fruit, which are not reported separately by NCREIF. The gross returns shown for blueberries and stone fruit are USAgriculture estimates for mature, fully-developed properties as of the quarter ending December 31, 2023.

# Questions



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