



OMNIGENCE ASSET MANAGEMENT

Canadian Farmland Preserving Capital in Volatile Markets

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KEY WORDS:

Volatility, Correlation, Diversification, Farmland

INTRODUCTION:

Farmland investments are attractive as they provide competitive returns, are effective inflation hedge vehicles and add diversification to investment portfolios. Since the end of WWII farmland has experienced a steady rise in value with very few down years. At the same time, many investors have experienced large and far more frequent declines in the value of their public equity investment portfolios. However, those with an allocation to farmland would have benefited from lower overall portfolio volatility and returns to offset public market losses.

CONCLUSION:

Farmland as an asset class has had a low/negative correlation to most traditional classes, particularly listed equities, commercial real estate and bonds, which provides diversification benefits to its investors during market events as seen in the graph below.

FARMLAND BEHAVES WELL DURING MARKET EVENTS:

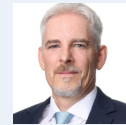
Low cross-correlations are maintained.



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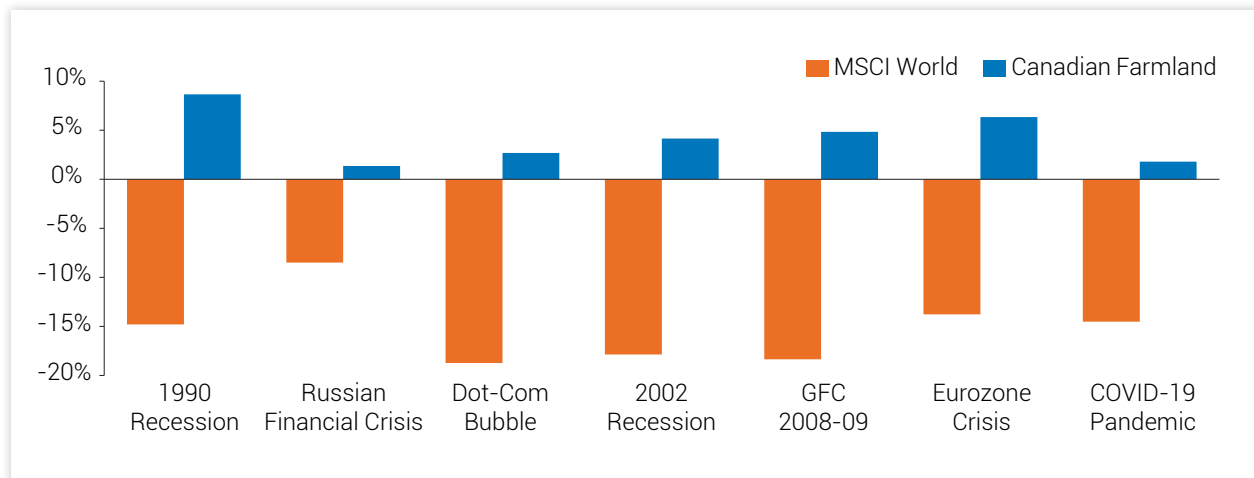
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Source: Statistics Canada, Bank of Canada, MSCI, NCREIF Cropland. 1990 recession: Q1-Q4 1990; Russian Financial Crisis: Q3 1998; Dot-Com Bubble: Q2-Q1 2000-2001; 2002 recession: Q1-Q3 2002; GFC (Global Financial Crisis) 2008-2009: Q4 2007-Q1 2008; Eurozone-Crisis: Q1-Q3 2009; Covid-19 period is Q1 2020



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