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BMO Global Asset Management

Global Agriculture: Trends and the Opportunity

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TODAY'S SPEAKERS



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Table 6 - ETF Flows by Category - Feb 2023

Asset Class	AUM (\$M)	Mkt Shr	Flow (\$M)	Flow/AUM
Equity	\$204,583	62%	\$955	0.5%
Fixed Income	\$99,461	30%	\$2,643	2.7%
Commodities	\$1,616	0%	-\$15	-0.9%
Multi-Asset	\$16,717	5%	\$357	2.2%
Inverse / Levered	\$3,311	1%	\$156	4.8%
Crypto-Asset	\$2,362	1%	-\$52	-2.2%
Total	\$328,050	100%	\$4,045	1.2%

*Equity Flows include option strategies; Source: National Bank of Canada, Bloomberg

Table 7 - Equity ETF Flows by Geography - Feb 2023

Geography	AUM (\$M)	Mkt Shr	Flow (\$M)	Flow/AUM
Canada	\$76,650	37%	\$608	0.8%
United States	\$69,968	34%	\$68	0.1%
DM: Broad	\$22,840	11%	\$370	1.6%
DM: Regional & Country	\$5,693	3%	\$41	0.7%
Emerging Markets	\$5,524	3%	-\$62	-1.1%
Global	\$23,908	12%	-\$71	-0.3%
Total	\$204,583	100%	\$955	0.5%

*Equity Flows include option strategies; Source: National Bank of Canada, Bloomberg

Table 8 - Equity ETF Flows by Sector* - Feb 2023

Sector	AUM (\$M)	Mkt Shr	Flow (\$M)	Flow/AUM
Financials	\$10,110	37%	\$138	1.4%
Energy	\$3,465	13%	\$1	0.0%
Real Estate	\$3,310	12%	\$21	0.6%
Health Care	\$2,801	10%	\$88	3.1%
Technology	\$2,743	10%	-\$89	-3.2%
Utilities	\$2,393	9%	\$10	0.4%
Materials	\$2,221	8%	\$45	1.8%
Other	\$596	2%	-\$1	-0.2%
Total	\$27,638	100%	\$212	0.8%

*Includes all geo focuses and Covered Call Strategies; Source: NBF, Bloomberg

Table 9 - Equity ETF Flows by Focus - Feb 2023

Focus	AUM (\$M)	Mkt Shr	Flow (\$M)	Flow/AUM
Cap-weighted	\$119,152	58%	\$175	0.1%
Dividend / Income	\$22,439	11%	\$201	0.9%
Factor: Low Vol	\$7,915	4%	\$19	0.2%
Factor: Multi-factor	\$2,876	1%	-\$118	-3.9%
Factor: Fundamental	\$5,112	2%	\$65	1.3%
Sector	\$27,638	14%	\$212	0.8%
Thematic	\$12,819	6%	\$238	1.9%
ESG**	\$8,838	4%	\$288	3.3%
Other	\$6,632	3%	\$163	2.5%
Total	\$204,583	100%	\$955	0.5%

*Equity Flows include option strategies; Source: National Bank of Canada, Bloomberg

** Only includes ESG ETFs under Thematic category

Table 10 - Fixed Income ETF Flows by Type - Feb 2023

Type	AUM (\$M)	Mkt Shr	Flow (\$M)	Flow/AUM
Canada Aggregate	\$28,346	28%	\$224	0.8%
Canada Government	\$10,971	11%	\$277	2.5%
Canada Corporate	\$13,026	13%	-\$19	-0.1%
U.S. / North America	\$8,469	9%	\$341	4.1%
Foreign	\$10,169	10%	\$234	2.3%
Sub-Investment Grade	\$4,269	4%	\$253	6.2%
Preferred/Convertible	\$6,337	6%	-\$46	-0.7%
Money Market	\$17,875	18%	\$1,379	8.4%
Total	\$99,461	100%	\$2,643	2.7%

Source: National Bank of Canada, Bloomberg

Table 11 - Fixed Income ETF Flows by Maturity - Feb 2023

Maturity	AUM (\$M)	Mkt Shr	Flow (\$M)	Flow/AUM
Broad/Mixed	\$47,511	48%	\$1,036	2.2%
Ultra Short Term	\$3,843	4%	\$101	2.7%
Short Term	\$16,884	17%	-\$154	-0.9%
Mid Term	\$5,758	6%	\$141	2.5%
Long Term	\$5,367	5%	\$75	1.4%
Real Return	\$1,402	1%	-\$3	-0.2%
Target Maturity	\$820	1%	\$69	9.1%
Money Market	\$17,875	18%	\$1,379	8.4%
Total	\$99,461	100%	\$2,643	2.7%

Source: National Bank of Canada, Bloomberg

ONE MINUTE UPDATE

INFLATION

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THIS WEEK'S TOPIC

GLOBAL AGRICULTURE: TRENDS & THE OPPORTUNITY



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INFLATION: owning exposure to the key risk

Inflation Trends and Outlook

United States



¹ (lhs : std. deviations); ² (rhs : y/y % chng)
Sources: BMO Economics, Haver Analytics

- A large component of recent inflation readings around the world are driven by increased food prices.

year/year % change	2021				2022				2023				2021	2022	2023	2024
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
CANADA																
CPI All Items	1.4	3.3	4.1	4.7	5.8	7.5	7.2	6.7	5.7	3.7	3.4	3.0	3.4	6.8	4.0	2.5
New Core CPIs <i>avg. of measures</i>	1.9	2.5	3.1	3.4	4.3	5.4	5.6	5.7	5.0	4.2	3.4	3.1	2.8	5.2	4.0	2.5
UNITED STATES																
CPI All Items	1.9	4.8	5.3	6.7	8.0	8.6	8.3	7.1	5.5	3.9	3.3	3.2	4.7	8.0	4.0	2.5
Ex. Food and Energy	1.4	3.7	4.1	5.0	6.3	6.0	6.3	6.0	5.3	4.6	3.8	3.4	3.6	6.2	4.3	2.8
PCE Deflator	1.9	4.0	4.5	5.7	6.4	6.6	6.3	5.5	↑4.5	↑3.6	↑3.3	↑3.1	4.0	6.2	↑3.6	2.4
Core PCE Deflator	1.7	3.5	3.9	4.7	5.3	5.0	4.9	4.7	4.2	3.9	3.5	3.2	3.5	5.0	3.7	2.6

Shaded values represent forecasts; arrows mark forecast changes since the previous issue of this publication; Sources: BMO Economics, Haver Analytics

Data as of Jan 31 2023

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DIVERSIFICATION BENEFIT

Low Inflation Regime: 2017-2021

Per-Annum Metrics	Global Ag Index	S&P 500 Index
Returns	11.7%	16.0%
Volatility	16.4%	16.6%

•Correlation: 0.97

High Inflation Regime: 2022

Per-Annum Metrics	Global Ag Index	S&P 500 Index
Returns	8.3%	-12.2%
Volatility	20.8%	17.7%

•Correlation: 0.18

Source: Bloomberg, Solactive; Numbers in Canadian dollar terms. Index returns do not reflect transactions costs or the deduction of other fees and expenses and it is not possible to invest directly in an Index. Past performance is not indicative of future results. Index is Solactive North American Listed Global Agriculture Index (SOLNAAG)

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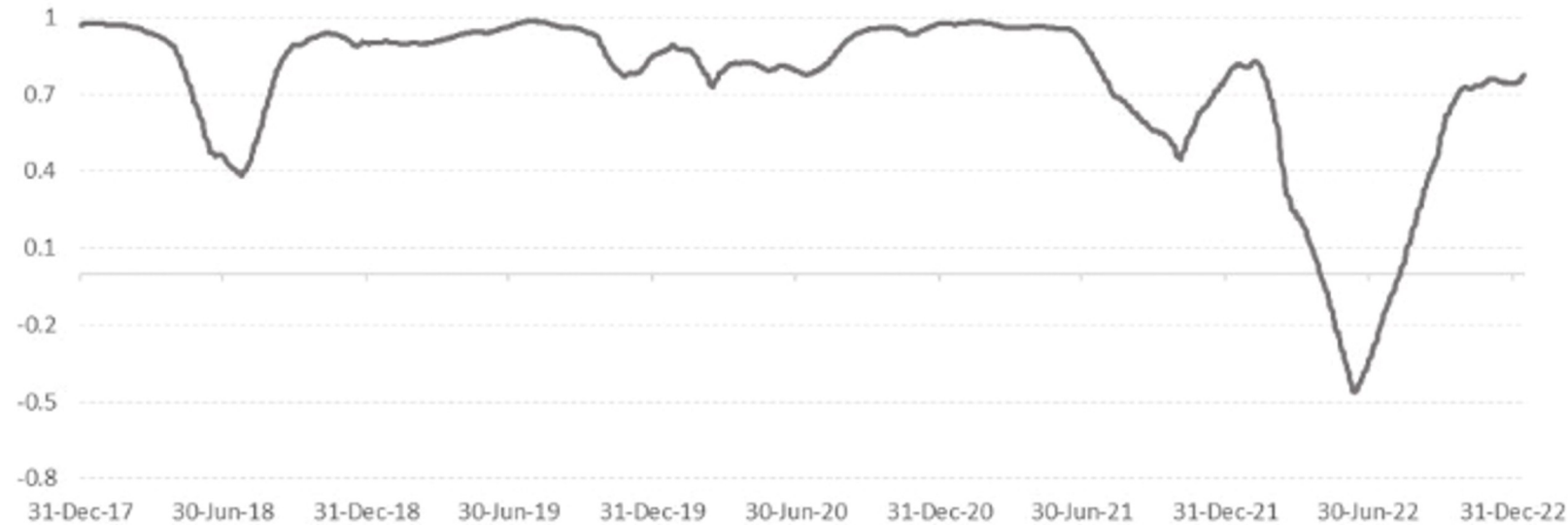
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DIVERSIFICATION BENEFIT

6 Month Rolling Correlations: Global Agriculture vs S&P 500



Source: Bloomberg, as of December 31, 2022.

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FARM PRODUCT PRICES

ONE MINUTE UPDATE

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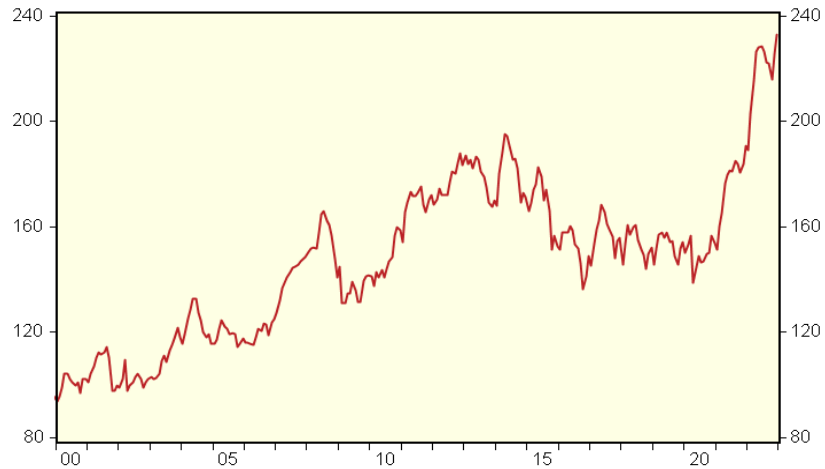
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Prices Received by Farmers: All Farm Products

2000=100



Source: United States Department of Agriculture/Haver Analytics



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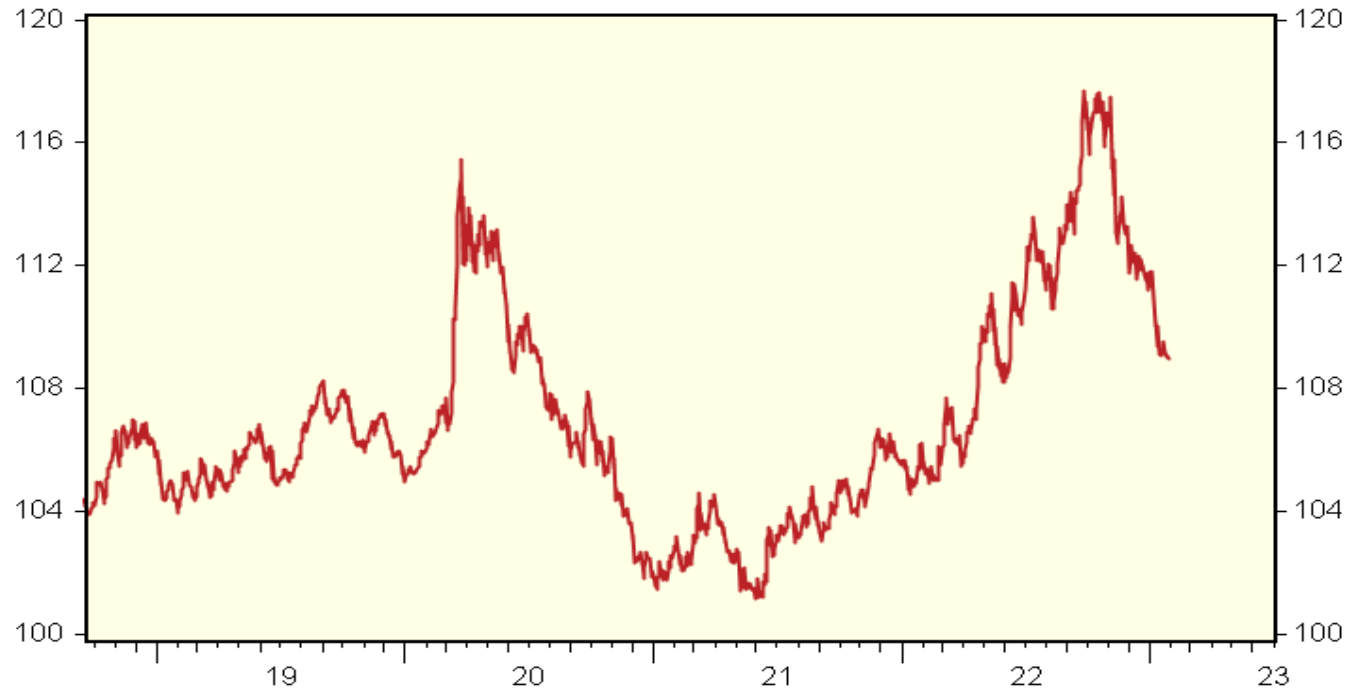


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Nominal FRB Broad Trade-Weighted Dollar Index
2000=100



Source: Federal Reserve Board/Haver Analytics

Data as of Jan 31 2023

TAILWINDS

- Climate change
- De-Globalization
- Population Trends
- Food Scarcity
- Geopolitical risk – War in Ukraine



By the numbers...

- After remaining virtually unchanged from 2014 to 2019, the prevalence of undernourishment climbed to around 9.9 percent in 2020, from 8.4 percent a year earlier.
- It is estimated that between 720 and 811 million people in the world faced hunger in 2020.
- Around 660 million people may still face hunger in 2030, in part due to lasting effects of the COVID-19 pandemic on global food security.
- Nearly one in three people in the world (2.37 billion) did not have access to adequate food in 2020 – that’s an increase of almost 320 million people in just one year.
- Globally, 149.2 million (22.0 percent) of children under the age of five years suffered from stunting (SDG Indicator 2.1.1) in 2020.

Source: UN State of Food Security Report 2022: [The State of Food Security and Nutrition in the World 2022 \(fao.org\)](https://www.fao.org/state-of-food-security-nutrition)

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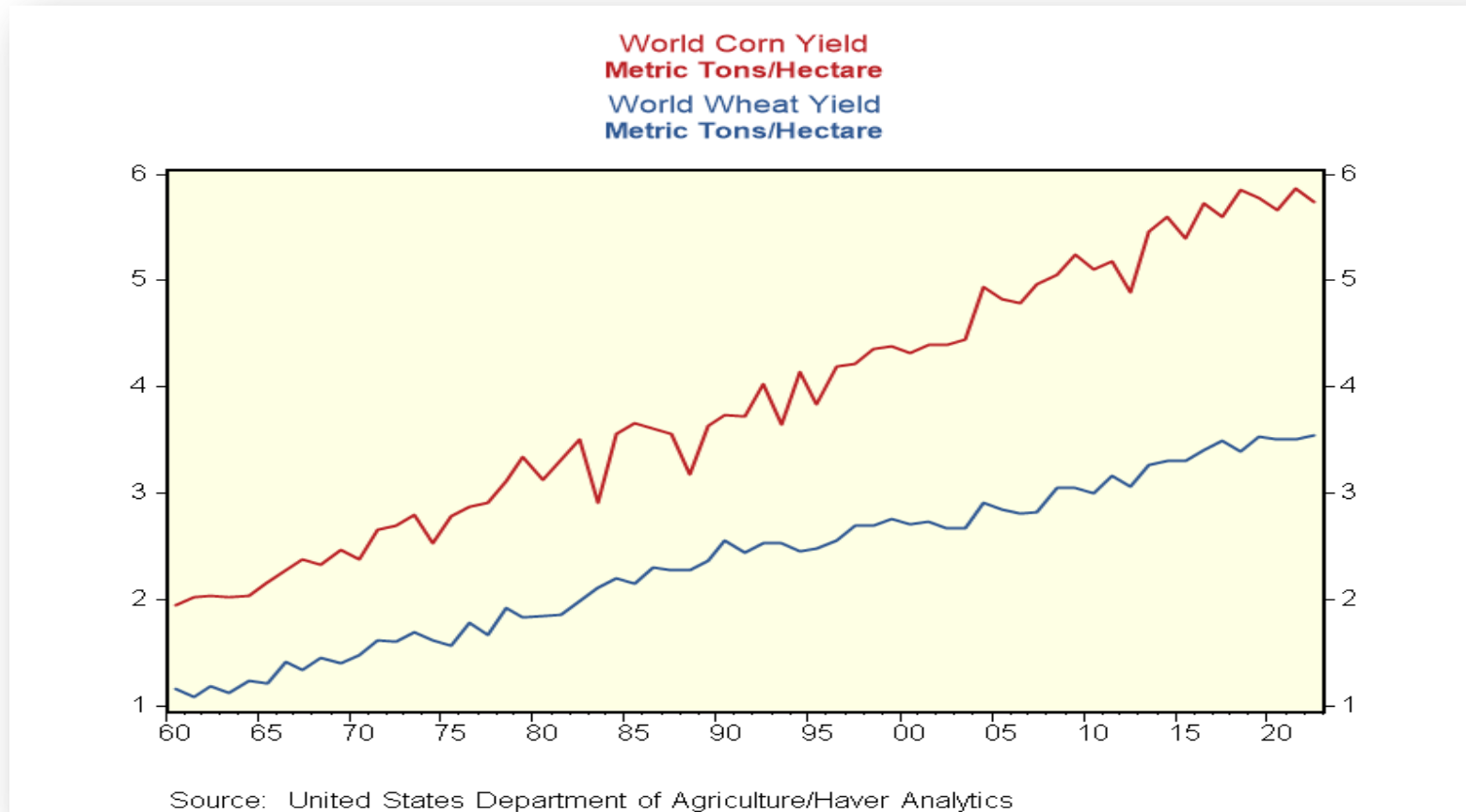


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Friday, March 31st 2023 • 1:00pm

Economic Outlook

