



HARDMAN & CO.

FEEDING THE FUTURE

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The case for food system investment

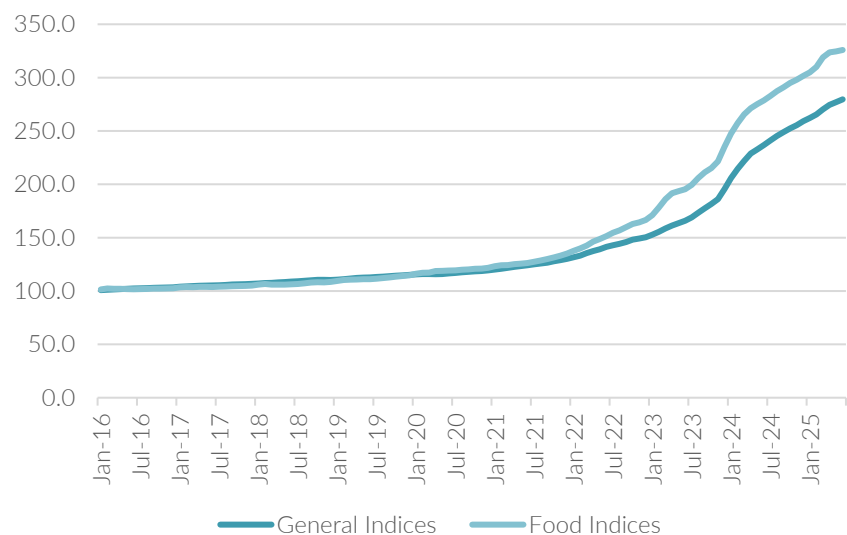
Megatrends, at a very basic level, dictate the “direction of travel” for economic, social and political activity; investments made on this basis will receive powerful trend support. Today, the transformation of the global food system represents one such structural force. As demographic expansion, rising income and growing climate pressure converge, food sustainability as a strategic, long-term investment theme is no longer a forward-looking concept but a current market reality.

Why now?

The global food system has been, and continues to, undergo a structural transformation driven by population growth, climate change and the rise of a larger, wealthier global population. The global middle-class population is projected to increase from 4.1bn currently to just over 5bn by 2035. By 2050, global food demand is expected to increase significantly as population rises and diets shift from staple grains to higher-value proteins and dairy products – a change that exponentially increases the strain on land, water and feedstock systems worldwide.

Climate volatility is already reshaping agricultural risk. Extreme temperatures, droughts, floods, and disease outbreaks are putting pressure on yields and across the agricultural value chains. This is increasingly visible in heightened price swings.

General consumer price indices vs. food price indices



Source: FAO Stats

Food price inflation (%)*Source: FAO Stats*

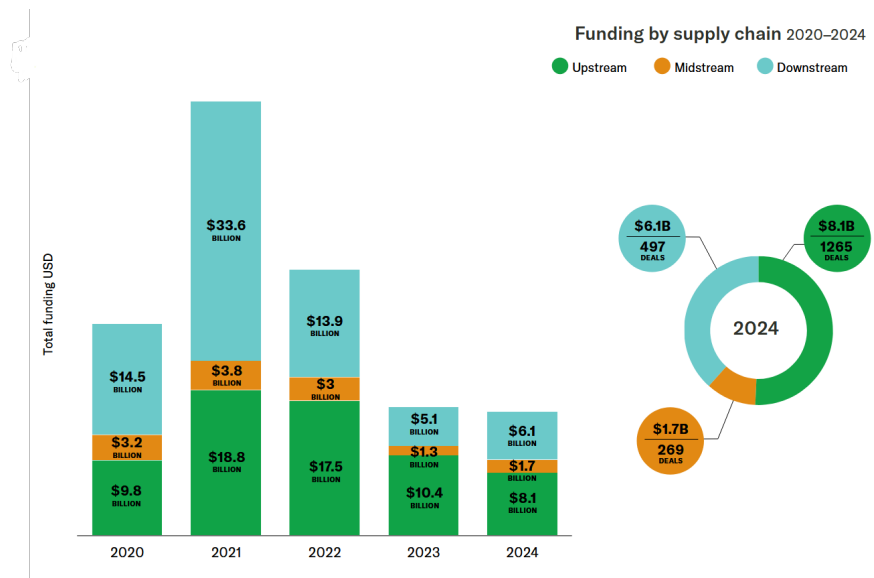
The global agricultural system is now central to climate and biodiversity strategies, whether it be for food or for non-food agricultural products. According to the WWF's 2024 *Living Planet Report*, "food production... uses 40% of all habitable land, ... accounts for 70% of water use" and contributes more than 25% of greenhouse gas emissions (GHG). Policymakers are responding with national food system strategies, COP commitments and various frameworks. For example, the EU's Deforestation-Free Regulation (EUDR) and Corporate Sustainability Reporting Directive (CSRD) are focusing and raising the expectations on supply chain transparency and environmental accountability.

Capital flows

Investment flows reflect a market in transition. Capital has shifted towards commercially viable technologies and business models focusing on midstream logistics, waste reduction and sustainable inputs.

According to AgFunder's 2025 *Global Agrifoodtech Investment Report*, after a period of market correction, global agrifoodtech venture investment reached \$16bn in 2024, a 4% decrease from 2023 but a significantly smaller contraction compared with the 39% and 51% declines in funding in 2022 and 2023, respectively. The capital recovery, however, is a little more selective; while upstream categories continue to account for more than 50% of the funding in 2025, both midstream and downstream saw an increase of 31% and 20%, respectively.

Agrifoodtech funding by supply chain 2020-24



Source: AgFunder Global Agrifoodtech Investment Report 2025

Blended finance and private credit

There has also been an increasing focus on the emerging market food system, supported by a growing number of blended-finance activities and rising institutional participation. Multilateral development banks (MDBs) and development finance institutions (DFIs) are increasingly deploying catalytic tools into sustainable agriculture, such as first-loss capital, political-risk guarantees, and grant-funded technical assistance. This helps closing the risk-return gaps that, historically, have limited investments from the private sector. In 2024, MDBs delivered a total of \$137bn in global climate finance, along with mobilising \$134bn in private finance for climate action.

The UN Food and Agriculture Organization's (FAO) Hand-in-Hand (HIH) Initiative Investment Forum, 2025 showcased more than \$15.9bn in agrifood investment opportunities across 31 countries and six regional initiatives.

Private credit is emerging as a meaningful channel for capital formation, particularly in markets where traditional bank lending remains constrained. In February 2025, IDB Invest, a member of the Inter-American Development Bank, provided a \$40m loan to two subsidiaries of Latin American Agribusiness Development Corp (LAAD). This is a seven-year financing loan that is designed to provide lending to SMEs in the agro-industrial sector across Latin America and the Caribbean.

The Megatrend

Food sustainability is no longer just a thematic sideline. It has become a mandate-driven, multi-cycle allocation priority, comparable to the energy transition both in scale and in strategic importance. Unlike many discretionary ESG-led themes, the global food system is rooted in essential demands: people need to eat and the requirement to produce and distribute food more efficiently and sustainably is non-negotiable.

Against the backdrop of population growth, climate volatility, water scarcity, just to name a few, food-system investment increasingly appeals across multiple

institutional objectives: inflation protection; real-asset exposure; long-term growth; and portfolio diversification. Capital is flowing not only into farmland and upstream production, but also into infrastructure along the whole supply chain, such as, cold-chain logistics, regenerative practices, water efficiency and food waste reduction technologies. The investment universe is broadening, and capital formation is gaining momentum across both developed and emerging markets.

About the author

Yingheng Chen

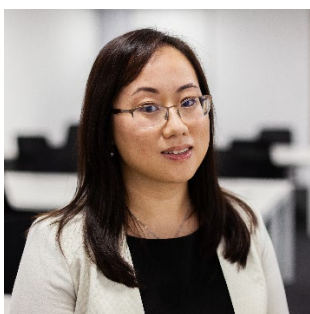
Yingheng Chen is a CFA charterholder (February 2025) and Senior Financial Analyst at Hardman & Co, where she focuses on private company valuation and sector research, with a particular emphasis on agriculture-related investments.

Since joining Hardman & Co in 2008, Yingheng has conducted financial modelling, commercial analysis, and due diligence to support institutional research and investment decision-making. Her work spans more than 15 countries and includes deep exposure to agri-commodity markets such as palm oil, cocoa, citrus, coconut, jatropha, and sugar. She has contributed to multiple valuation projects for private equity clients, working closely with clients to assess target companies.

Beyond finance, Yingheng applies the same strategic discipline to competitive chess: she was part of a two-time world champion team in freestyle chess, a hybrid format blending human intuition and computational analysis.

Prior to Hardman & Co, Yingheng worked as a Corporate Financial Analyst at the Agricultural Bank of China. She holds a BSc (Hons) in Economics from the London School of Economics and is fluent in Cantonese and Mandarin.

Yingheng brings a rigorous analytical approach, cross-border sector insight, and a strong foundation in company valuation.



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