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## Prudent Portfolio: Money Doesn't Grow on Trees – Or Does it?

By Peter Chieco



*Peter Chieco*

With the Earth's population now at 7.6 billion people and projected to increase to near 10 billion by 2050, it follows that one of the most pressing social issues of the day is how to feed the world in an era of unevenly distributed wealth, diminishing natural resources, weather uncertainties and other factors that affect food scarcity.

Agricultural science to the rescue! With only 40 percent of the planet's land available for growing crops, traditional methods for farming are quickly being supplemented by ingenious new technologies. I believe it is an industry that may well be very attractive to discerning investors.

The range of "ag-tech" startups is large and eclectic, from [computerized management](#) of vineyards that tracks harvests, growing conditions and grape maturity, to oxygenation techniques that extend shelf life, to pathogen and pest detection. For investors, that means many interesting opportunities that, when carefully researched, can add to a nicely diversified portfolio.

Here are just two of potentially many interesting technologies to consider.

**Indoor Farms.** These highly automated, high-tech facilities are spreading across the globe and can “sprout” in unused warehouses, corners of parking lots and stacks of [shipping](#) containers.

Indoor farms (or vertical or mega farms, as they are sometimes called) don’t use soil or sunlight but rather LED lights and mineral substitutes called vermiculites. Everything from watering to temperature to carbon dioxide level is software-controlled. Vertical hydroponic farms logically reduce the need for land, can be erected in urban areas and are impervious to foul weather conditions and changing seasons.

One San Francisco indoor farming venture raised \$200 million last year alone. In Newark, one such vertical farm is already operational. The upsides of the approach are clear, from profitable commercial [applications](#) to fresher produce for consumers, since the greenhouse facilities are often located in urban areas.

**Drip Irrigation.** Conceived by an Israeli engineer, drip irrigation (or micro-irrigation) technology replaces the centuries-old practice of flooding fields with water and instead drips small amounts of water and fertilizer directly onto a plant’s roots.

With climate change, polluted groundwater, water mismanagement and aging infrastructure in much of the world, innovations in water conservation can be significant. Drip irrigation technology has been shared globally, along with other advances such as sewage treatment and water purification for agricultural uses.

Innovations are ripe for the picking.

In our nation today, agriculture is a \$3 trillion industry but less than 1 percent of the U.S. population works on an actual farm. In contrast, 150 years ago nearly half of Americans were farmers. Automation and ingenuity have changed the agricultural landscape. But one thing won’t change: a growing population’s increased demand for food and fresh water.

For experienced investors as well as “green” investors new to financial markets, ag-tech can be worthy of consideration. With careful attention to research, who knows, the proverbial money tree might actually exist.

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