This is the Private Wealth Podcast with Manulife Private Wealth.

CORPORATE PARTICIPANTS

André Bastian
Director, Distribution Channels, Manulife Private Wealth

Stuart Pattillo
Director, Private Clients, Bonnefield Financial Inc.

PRESENTATION

Operator

Good day, ladies and gentlemen. Welcome to the Bonnefield Canadian Farmland Evergreen LP conference call. I would now like to turn the meeting over to Andre Bastian, Director of Distribution Channels at Manulife Private Wealth. Please go ahead.

André Bastian, Director, Distribution Channels, Manulife Private Wealth

Good morning and thank you. Thank you, everyone, for taking the time to join us today. As introduced, my name is Andre Bastian and I am Head of Distribution Channels here at Manulife Private Wealth, and on behalf of our team, welcome to the call.

Manulife Private Wealth is committed to bringing to our clients innovative alternative solutions for their portfolio. Bonnefield is very unique, proudly Canadian and 100 percent owned and managed by Canadians and it solely invests on behalf of Canadian institutions and private clients. For the second consecutive year, Bonnefield has received at least an A ranking by the United Nations supported Principles for Responsible Investment. We are proud to partner with Bonnefield.

This presentation is for informational use only. We are recording this call. A copy of the recording will be available to any participant upon request. If you have any requests or questions after the call, please contact your Manulife Private Wealth consultant.

Our guest today is Stuart Pattillo, Director of Private Investments at Bonnefield Financial Incorporated. Having grown up in Calgary around his family's livestock operation, and having spent almost 10 years in the commodity trading and ag business industry, Stuart brings a wealth of experience to his role as Director, Private Clients for Bonnefield Financial Incorporated. In addition to serving Bonnefield's private investor clients, Stuart provides support in sourcing farmland investment opportunities to grow Bonnefield's agricultural footprint across Canada, particularly in Saskatchewan and Manitoba. Previously, Stuart was an ag research associate at AltaCorp Capital Incorporated, an energy and ag focus investment bank.

Without further ado, I'll hand the mic over to Stuart Pattillo.

Stuart Pattillo, Director, Private Clients, Bonnefield Financial Inc.

Great. Thank you, Andre, and thank you for everyone for coming today and participating. We're pretty excited at Bonnefield to offer the Evergreen LP through Manulife Private Wealth, that we've done a lot of due diligence and a lot of work to be able to make this offering available to your clients, and we're pretty excited about the opportunity.

So I want to walk you through a little bit of the history of Bonnefield, where we came from, where we are now, and why farmland is a great asset to have in a well-diversified portfolio. Then we'll talk a little bit about Canadian farmland in specifics and why farmland now versus any other time to invest, and we'll talk about specifically the Bonnefield model and the way that we approach our relationship with our farmers and our relationships with our investors.

So basically, Bonnefield was conceived back in 2008/2009 with an identification of need on both the farmers' side and the investor side. There was a lack of agricultural exposure in the Canadian investment world, and as well a lack of creative and unique financing options for farmers. So the sale/leaseback model was developed and was tested out across the country, basically, in terms of building relationships with farmers and really seeing if farmers had the appetite to work with a more advanced and more kind of forward-thinking investment shop in order to grow scale and solve different issues that farmers are consistently presented with.

We found that that was a great success right off the bat, and we started with our first limited partnership back in 2010, and that was deployed in Alberta, Saskatchewan, Manitoba and Ontario, and then we moved on to our second limited partnership in 2012, the end of 2012, the beginning of 2013, that was also deployed in those provinces and expanding into the Maritimes.

In 2013, we were also presented with a very unique opportunity to invest in a large portion of land here in Ontario, just north of the GTA. It was an extraordinarily large land deal and was a very unique opportunity, some of the best potato-growing lands in the country, or even perhaps North America, which really catapulted us into the institutional investment space. We began with private investors, high net worth individuals and family offices across the country, but this deal really put us into the investment—the tier of institutional capital and deal size. So we built LP III around that specific cornerstone deal in Ontario, and tacked on about another $200 million and deployed that across the country as well.

When we fully closed and deployed that LP III, we moved into LP IV into another institutional limited partnership, but a really interesting thing was happening across the country during this time in terms of investment in farmland and the feedback that we were getting from our legacy investors on the private client side. First and foremost, our private investors were coming back to us saying, "We love the asset and we love the way it's performed within our portfolio. We have no interest in relinquishing the asset upon the set expiry date of the funds. We'd like to invest more, and we'd like a bit of more of a dynamic vehicle in order to more actively manage the assets and the portfolio, reinvest distributions that the assets themselves produce on an annual basis, and also kind of restructure the portfolio in order to grow it over the long time in perpetuity."

At the same time, in the institutional space in terms of investing in farmland, the scene had changed with Saskatchewan and Manitoba banning institutional investments in their farmland due to some rather large deals that were done in Saskatchewan in 2013/2014. Our sale/leaseback model has picked up an enormous amount of traction and the relationships we're building with farmers across the country has shown an enormous amount of interest, and so we had a lot of pent-up demand in both Saskatchewan and Manitoba from farmers wanting to work with Bonnefield, and we kind of saw this interesting request from our investors' side and the interesting needs and demands from the farmers' side and decided to solve it with creating what we have now today, the Evergreen portfolio.

So what we did over the course of 2016 was we took our first LP and our second LP, combined them together and converted them into what we now have, the Evergreen, and now we're growing this portfolio on an annual basis with new income in order to be deployed across the country, and because of its status and profile of investors, we are eligible to invest in every province across the country.

So Bonnefield has a total now, we have over $550 million of assets under management across the country, a national portfolio spanning from British Columbia to the Maritimes. It's cut between three funds, the Evergreen and the two institutional funds, and this brings us over 100,000 acres in farmland under management and about 72 partner farmers and even further tenants; that would include sort of land leases, service leases for different energy companies and other auxiliary things that come along with managing farmland.

So that's where we sit today. Basically, as you can see through the three different fields, we're at that $550 million mark and continuing to grow. But what we've noticed over the last almost 10 years of being Canada's preeminent farmland manager and investment firm is all the different reasons why investors are putting farmland into their portfolio, and we found it's quite fascinating. There are a variety of different reasons why investors find it an important aspect of their well-diversified portfolio, and I'll go through kind of the top eight that we typically see on a very-often basis.

One is the fact that it is very similar in its return profile to a real return bond fund in terms of the environment of low yields. We've seen better yields coming out of farmland and real assets and people have been attracted to the stability and the low volatility of the farmland funds in terms of replacing it for bonds.

Another one is how farmland fits within a well-diversified real estate portfolio. Farmland is influenced by very different parameters than your commercial real estate, residential real estate, yet it's an asset that people can fully wrap their heads around and understand as it is similar to real estate. So it fits well within a diversified real estate portfolio.

The third is something I touched on at the beginning, agricultural exposure, and we wanted to create a vehicle for investors to gain that exposure to the Canadian agricultural industry, while we've also tried to decrease the risk of commodity fluctuations and operational risks that are quite present in operating businesses in Canadian agriculture.

Fourth is an ESG, or environmental, social and governance aspect. We've really designed our relationships with all of our farmers and the land itself to be as beneficial for the community, as well as the farmer, as the investor, so we've got a very kind of well-rounded approach across the ESG platform.

The fifth is that this is a real core, or even cornerstone component of a true real asset strategy in terms of its—it's dirt and people understand that, and so it's a great cornerstone asset in terms of building out that sort of infrastructure or real asset strategy.

Sixth is the traditional way that farmland behaves is simply as an inflation hedge. Farmland is well positively correlated with inflation, similar to the way gold has been used in the past; however, farmland also gives you an annual yield on top of its inflation properties, or the way it truly works with inflation.

Seven is specifically to Bonnefield in the way we've done it, is a proxy for water and climate change. Canada, as we know, is an incredible area of fresh water resources and is said to be an agricultural benefit of certain climate change trends, and we're seeing that play out in the portfolio and we have since we first started deploying it. It's an interesting way as people are often thinking about investing in water and they're not really sure exactly how to go about this. This is a—had a very interesting manner to get exposure to water aspects in the Canadian economy and the Canadian environment.

And the eighth and kind of most typical thing we're seeing right now, why investors are putting farmland, is that it's a really—it's a non-correlated market hedge, or it's an asset that's not correlated to typical stocks and bonds, and in today's market, a lot of people are looking for something that's maybe not correlated to the stock market after such a successful bull market over the last eight years, I guess you'd say.

So really what we've done to design the portfolio is to take a look at what we consider our risk-adjusted returns and really understand why we want to create a stable, low volatile portfolio, and we've kind of put together a little bit of scenario here. So portfolio A has a very kind of basic, simple structure over a six-year period of up 21 percent and down 7 percent, and this is just for, kind of a point here that I wanted to bring up, is that low standard deviation or volatility will end up with more money in your pocket at the end of the six-year run than it will with higher volatility, and that's that volatility tax (phon) that we're really looking to remove from an investment portfolio, and that's what we've done with the Evergreen portfolio.

In fact, if you look at the two scenarios in portfolio A and portfolio B, which portfolio B is a more volatile; however, if you look at the average annual returns, you both end up at 7 percent, and this is where return metrics can be a little bit misleading because while you've got 7 percent on both portfolio A and B in terms of average return, on a standard deviation basis, you've got only 11 percent in portfolio A and 23 percent in portfolio B, and if you see from the gain perspective at the end of six years, you end up over $420,000 from an original million dollar—sorry, a $420,000 gain over a million dollars since—over the year six, versus a $330,000 return in portfolio B. Basically, this is all to exemplify the fact that low volatility over a long-term investment is a much more stable place to be, and that's what we've designed this low-risk, low-volatile investment for.

As you can see, Canadian farmland behaves as an asset, similar to bonds, as we were talking about, in terms of annual returns and standard deviation, and less volatile than the stock market or equity markets, yet still almost reaching the same sort of annual return. So what we're seeing is equity-like returns with bond-like behaviour.

Canadian farmland has a 7 percent per annum average gain over the 60 years that we've been kind of studying the data from it. This has been pretty straightforward across the basis. We've seen obviously better years of gains and lower years of gains, but that 7 percent gain is really something we've kind of identified even in the almost 10 years that we've been managing the portfolio. What we see that 7 percent really made up of is—made up of is crop yield growth, so the productivity of the land is really producing on a 3 percent annually improvement basis. We've also got farm efficiency gains, so that's the introduction of new technologies and farming skills, new chemical use, new pesticide use, a whole bunch of different things that are really changing in the agricultural industry these days. Then we add another 2 percent on for inflation, which gets you to that 7 percent kind of annual gain in the value of the land.

So it's not just a coincidence that Bonnefield is a bunch of Canadians in Canada, investing Canadian money in Canadian farmland. We do truly have a thesis of why Canadian farmland itself is an important jurisdiction to focus on and, for the long run, why we see the most benefit in terms of comparing it to other jurisdictions across the world. First and foremost, we see it as a huge market. Statistics Canada puts it at around just under $400 billion worth of farmland across the country. From our own estimates, we see it more closer to $600 billion. At $550 million in terms of our total portfolio, we are not even a drop in the bucket, and in fact, at this point, we are Canada's largest consolidated investment management fund in the space. So we see a lot of room to grow across the entire country, and we're even seeing those opportunities expand as we see different opportunities on the technology side and more advanced usage of lands in terms of what's going across all the different jurisdictions across Canada.

So we also want to compare ourselves to the U.S. market obviously, as we do with most of our things, and what we're seeing in Canada is continued growth, while the American market has faltered a bit in terms of farmland appreciation. A lot of this has to do with—basically, what we're seeing is net income for farmers in Canada continuing to grow. Some of that is obviously from the exchange rate. We've had a lower Canadian dollar influencing commodity prices for Canadian farmers, which has been positive for net income and cash flows for Canadian farmers, where it's been negative for American farmers, and that reflects directly into the value of their land. But there's a lot more other reasons than just FX differences. In fact, we're seeing a completely different agricultural market. In Canada, we have a much wider variety of crop diversity across the country, and the U.S. is very much centered on basically three main crops, it being corn and soybeans, and then—or, sorry, corn and soybeans being their main—over 50 percent of what their planted crops are on an annual basis; where if you look in Canada, that only makes up just about 13 percent, those two crops, of what we're doing in Canada.

We're seeing a wide variety of things across the country, from innovation in canola back in the '80s in terms of what we're growing in the West, and now that's coming east. We're now seeing opportunities in the pulses, which we are—Canada's actually the world's largest exporter of pulse crops, which includes lentils, chick peas, beans, and we're seeing great opportunities in the West, and that—those acres are expanding on an annual basis. We're seeing more opportunities on the permanent crop side, so we're seeing increased apple orchards, vineyards, berry patches, all sorts of different opportunities across the board. So with that diversity, we're seeing more stability in terms of cash flows for farmers, and that reflects right back into the land because the natural buyer for farmland is a farmer, of course. So the more cash flow a farmer has in their pockets, we're seeing stronger and stronger land values.

I touched on it a bit before, and I will again, is the access to water, and Canada has fantastic access across the board, not without its challenges; however, we have a very interesting opportunity in terms of not just the natural access from precipitation and fresh water and ground resources, but also our ability to manage water. We can see from mistakes that have been made in other jurisdictions, particularly in the U.S. Midwest, where we're seeing aquifers run dry. We have an opportunity to get ahead of that because we haven't utilized those sorts of resources in terms of water yet. An example I will give you is in Southern Alberta, the Southern Alberta irrigation district is one of the most advanced water management systems in the world and has created a farming system in and around the Lethbridge area and further east of some of the most productive farmland in North America, if not in the western hemisphere, and it's these sorts of techniques that we're starting to see employed in Saskatchewan and Manitoba and across Ontario and Quebec as well. So we're seeing not just the natural water resources available to us but the ability to properly manage it and the knowledge and wherewithal to do it.

From a sustainability perspective, which is a kind of look in terms of how agricultural is done from a variety of different angles and in terms of long-term managements of the soil, of the water, of the infrastructure needed to move crops, all these aspects, Canada actually ranks second out of 25 different nations that were ranked, and that's in comparison to the U.S. ranking 19th out of 25. So this really shows the fact that Canadian agricultural and the farmers running it are prepared and make the commitment to continue to grow the industry and have it ready for the future and consistently taking advantage of opportunities we see, both domestically and internationally.

So an interesting question, and an often misconception of farming, is debt levels of farmers, and we saw back in the 1970s and '80s the debt crisis that really made farmland values go down, and it was based on the fact that there was cheaply available money and farmers were buying up land, fueled by cheap money and big debt, and when the rates increased up to 15 percent, 18 percent in the '80s, we saw a huge decrease in land values and a pretty big crisis in the farming sector across the board. Today, we're not seeing that. Even though we've had low rates and cheap debt, farmers have been growing their farm base—their land bases and investing in land based more so on cash flows than taking on newer debt, and this chart here on page 13 actually really shows the fact that we can't pick up the paper today without reading about consumer debt levels in Canada and the concerns that many people have on that level. While that consumer debt's been growing, farm debt has actually been decreasing. So we're seeing a more responsible and a more balanced debt profile of our Canadian farmers, which gives us increased confidence of the position that our farmers are in going forward.

So all these different reasons of how we look at it from an investment perspective and an asset and where it fits within a portfolio is basically kind of translated exactly how we deal with our farmers, and so I want to go into a little bit about how we've built our portfolio and how we work with farmers to really create the best investment for our investors. Basically, it's all these aspects: low volatility, low risk, inflation hedge, these sorts of things that really put our model together and created what we call our sale/leaseback or our unique lease model. About 40 percent of Canadian farmland is already leased. The vast majority of these leases are done on what we call an over-the-fence handshake. These are not written up with specific terms or anything like that, but, "Sure, you can farm my land for a bit." But the key is in today's agricultural land is scale. Farmers need to be able to amortize their equipment costs and all of their other investments across the perfect amount of land in order to get that crop to grow the total yield and really fit everything they've put into place. So access to land is key to that, so having long-term access to land is what we've endeavoured to do. So we look to ensure that our farmers have the access to the land. We use a five-year, typically five-year revolving lease so there's always an extra year tacked on at the end, so Bonnefield, from our perspective, always has a five-year runway, as well as the farmer themselves has a five-year runway.

But before we even get to that, I'm going to talk about why farmers actually even approach Bonnefield and why they see value in doing business with us. It's a relationship we build with our farmers and then a land deal we do around that relationship. We're not just cruising the listings and seeing what's for sale and buying land that's available. What we're doing is identifying farmers who have certain needs and certain things that we can solve for them, and then doing land deals to solve those issues, and typically, those issues come in with balance sheet readjustments and optimization, succession and transition issues which are very common in the ag sector these days, as well as scaling and expansion opportunities for our farmers. So we'll have farmers approach us and see an opportunity that they can work with Bonnefield, maintain their independence in terms of—that's truly what we encourage. The family farm is a very independent entity and we encourage that and we fuel that. We want to be a partner with the family farm in Canada, and that's what we've achieved doing.

Through all of these sorts of aspects, what it allows us to do is actually work with the best farmers and purchase the best land, and so that's key. So across the country, we can look at our portfolio, and we're working with some of the most innovative and advanced farmers in all the different jurisdictions, so sugar beets and potato growers across the country, from Southern Alberta to New Brunswick. We're looking at some of the biggest operators who understand the value of a sale/leaseback model, that they can put together Bonnefield land with land they own and land they may lease from other partners and build a full scale of a farm that really works for them and their equipment costs and all their other sorts of investment costs.

This allows us to really—with the best farmers, it focuses us on the best land, which kind of puts together naturally what we call a core strategy, and so we're really truly investing in the best farmland across Canada, and the way we exemplify that is the fact that—so the government has classified all the soil types across the country, Classes 1 through 7. Only about 20 percent of those soils fall within the Classes 1 through 3. In the Evergreen portfolio alone, about 75 percent of our soils fall within Classes 1 through 3, so those are the most productive soils available. So it's just a natural aspect that we are exposed to the best lands, and that's another way that we have minimized risk and focused the entire portfolio on a high-quality asset in terms of long-term and ensuring that there's that continued demand for that land.

All this to say, we've put ourselves on the farmland investing spectrum at the very low volatility side, and that's basically because we've kind of—well, we've definitely insulated ourselves from certain commodity exposures, certain operational exposures, and these are by the fact that I should talk a little bit further about our leasing model. The leasing model is done mainly on a cash basis, so we request most of our cash lease payments due before a farmer even puts a seed in the field, and so that really puts us and our cash flows into very solid and—we have good vision in terms of what we have to collect on in each year. But furthermore, if we're asking up front, we can work with our individual farmers in terms of their cash flows. One of the most difficult aspects in managing a farm is cash flow in terms of an annual cycle of when your inputs are due and when your crop is harvested, so with the flexibility that we have through our limited partnership structure, we can manage those cash flows, along with our farmers, and give them optionality, which is another true strength that we offer our farmers over any other financial partner.

So all that being said, that really puts us down on the low volatility side of the spectrum, and with that space, we have the ability to consistently present solid returns for our investors and be the partner that our farmers are looking for in order to grow in scale and solve different financial issues. All of this aspect in terms of the way we approach our farmers, the way we approach our investments, underwrite our deals, build our relationships has naturally put us into a very kind of responsible investment space. We had to—or we did apply to the UN Principles for Responsible Investing, had to make zero adjustments in terms of what we were doing in our model and have consistently ranked with an A rating with that agency on an annual basis based on the fact that it's a long-term approach we're taking, and in that long-term approach, we need to naturally fulfill all of these sorts of environmental, social and governance aspects of investing in farmland and working with Canadian farmers.

So I want to leave you with, before I open the floor to some questions, basically why is it that Canadian investors are looking to add farmland to their portfolio, and why is it Bonnefield that is becoming the number one choice? It's all those eight aspects that I really talked about before. It's the fact that you've got an asset that's real and that you can wrap your head around, everybody eats, they know what farmland does, yet it behaves in a manner that it can provide equity-like returns with bond-like volatility and stability, protect you against inflation, gives you a hedge against water, climate change, these sorts of aspects. There is an aspect of helping the Canadian farmer grow and navigate the ever-challenging international space of agriculture and our food chain, and then all is wrapped together. We're approaching it with a responsible investment aspect, so it gives a full holistic investment product that really complements a well-diversified investment portfolio.

So with that, Andre, I'll ask if you've got any questions, or your team does?

André Bastian, Director, Distribution Channels, Manulife Private Wealth

Great, Stuart, thank you.

Q U E S T I O N A N D A N S W E R S E S S I O N

Unidentified Male Speaker

Hi, Stuart, thank you. I was just wondering, could you please comment on the ideal client or typical client profile for the Evergreen LP?

Stuart Pattillo, Director, Private Clients, Bonnefield Financial Inc.

Absolutely, and that's a great question. The Evergreen LP has been designed specifically as a long-term investment, so the ideal client is someone who is patient, has a desire to put something—a portion of their portfolio away for the long term, maybe the next generation, and in a safe, safe place. So the idea that it sits there is—well, I'll go specifically more into the way the Evergreen actually functions as a limited partnership as well. So we look at it as an eight-year hold from a—in terms of an investment horizon. There's once annual cash distribution from the lease payments that the farmland creates, and that's either receivable in cash or in a drip to consistently reinvest and grow that seed investment.

That being said, it is what we like to call sleep-at-night money, so it complements the more risky aspects of a portfolio, and the ideal person is a high net individual who has a desire to squirrel away some capital in a safe asset and see that grow over the long term.

Unidentified Female Speaker

Is there a minimum amount that is required to be invested?

Stuart Pattillo, Director, Private Clients, Bonnefield Financial Inc.

That is something that Manulife Private Wealth is in the midst of determining. There is certainly a level that makes the investment meaningful in terms of an individual's portfolio; however, a specific dollar amount has not been identified as a specific minimum and that's something that we'll work with Manulife on to determine over the next few weeks here.

Unidentified Female Speaker

So when you're calculating the return for the portfolio, are you talking about both the appreciation of the land, as well as the actual return from the agriculture?

Stuart Pattillo, Director, Private Clients, Bonnefield Financial Inc.

Great question, yes. So there's two really specific value propositions in the return of the Fund. There is the underlying asset, the land value itself, and then the annual cash that it produces from lease payments. The IRR of the Evergreen to date, since inception is at 10.5 percent. That includes both of those aspects. We, again, make no promises; however, we look at it as a long-term, and over the long term, farmland itself has been appreciating at that 7 percent average I talked about earlier, and we see an opportunity to yield in-between about 2.5 percent and 4.5 percent across the bases.

Right now, the portfolio is yielding at a gross level at just around 4 percent.

We see—those two combined, yes, that creates the total return for the investor. We don't say that it is a true yield play in terms of other opportunities that certain investors are exposed to. We do see the true value and the long-term underlying value of the asset itself, and that is really determined by the productivity of the lands, the proximity of the land, the crops that are growing, all these sorts of aspects, and these are things that we work on as an asset manager to optimize. So I'll give you a little anecdote in terms of—what we saw on a farmland investment opportunity was we had an opportunity to invest in a farm in Southern Ontario that was traditionally a tobacco farm, and tobacco's been something that we particularly want in the portfolio and there's a couple of reasons but right off the bat, the main reason is, is that it is a strictly held contract crop, and those contracts are becoming fewer and fewer and it is not a growing space. With that, so are the margins for the farmer and it's harder for tobacco farmers themselves to continue to make solid returns and keeping a business.

This land we saw was in an area that we were quite familiar with and farmers that we worked with in the vegetable industry, and we saw an opportunity to shift that land into vegetable production, which is a higher value crop with more diversity and more opportunities for our farmers, and we had relationships with existing farmers doing those—growing those crops in the area. So this is an opportunity for us to add value to that land right off the bat by transitioning it from a tobacco-producing farm into a vegetable-producing farm, so it's these sorts of active asset management aspects that we're looking at to increase the returns over just the natural appreciation of the land and the natural leasing rates that we get.

Unidentified Male Speaker

You know organics are very popular these days and when you buy fruits and vegetables that are organic they are much more expensive. Do you see a lot of opportunity in there in terms of higher yield from the actual farms?

Stuart Pattillo, Director, Private Clients, Bonnefield Financial Inc.

That's a great question and very topical, without a doubt. To date, we have not included an organic farm in the portfolio; however, we have about three or four in the pipeline, so that will be happening within the next 18 months. Yes, the fact of the matter is, yes, there is increased yield opportunity from a cash perspective. The margins that an organic farmer is able to garnish are in well—in excess of a traditional commercial farmer. There are challenges with this, so converting organic farmland takes a three-year period for most certifications, and while a farmer is not able to grow their produce at an organic premium, they cannot use any sort of traditional commercial yield improvement agents to fill that gap. So that's another opportunity we're finding and a unique thing that Bonnefield can provide farmers is to start to help farmers in that transition period, and that's helping with the long-term lease that we have. So we can start to convert some of the land that we already have in our portfolio into organic production, as well as bring in new organic land that's already certified and ready to produce.

Organic is a tricky space too in terms of long-term land management. It's nice—it's a great idea and it's often thought how wonderful it is to just have the natural soils grow, but a lot of the time, that comes with natural weeds that can infest and a lot of other sort of pests that have been mitigated through commercial farming. So there's a lot of other aspects to think about in terms of the long-term management of that land, so we don't go into it naively by any means and making sure we have the right partners and the right farmers is the aspect that we see the opportunity.

André Bastian, Director, Distribution Channels, Manulife Private Wealth

Stuart, I'd like to thank you very much for today's discussion, and I just would like to say this concludes the call. If you have any questions or would like to learn more about this exciting opportunity, I would welcome anyone to reach out to their regional Private Wealth consultant. Thank you.

Follow the Private Wealth Podcast on www.manulifeprivatewealth.com or contact us via manulifeprivatwealth@manulife.com for more information.

from sources believed to be reliable and in good faith, no representation or warranty, expressed or implied, is made as to its accuracy or completeness. Should you have any questions, please contact or ask to speak to a member of Manulife Private Wealth. Manulife Private Wealth is a division of Manulife Asset Management Limited and Manulife Asset Management Investments Inc. Manulife Private Wealth and the Manulife Private Wealth logo are trademarks of The Manufacturers Life Insurance Company and are used by it, and by its affiliates under license.

This information does not replace or supersede KYC (know your client) suitability, needs analysis or any other regulatory requirements.