

Sortino Ratios of Canadian Farmland

A review of Canadian farmland reveals that a farmland holding would have generated Sortino ratios above those generated by the S&P 500 over the same period.

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FOR IMMEDIATE RELEASE, ATTENTION INVESTMENT EDITORS – October 30, 2020 - Calgary



A review of the Canadian farmland investment market over the last 30 years reveals that a farmland holding would have generated Sortino ratios substantially above those generated by the S&P 500 over the same period.

Carmon Blacklock, VP of Investments & Operations at Veripath Farmland Partners, stated that “the Sharpe ratios for Canadian farmland over the last 30 years were substantially higher than S&P 500 however, one limitation of the Sharpe ratio is that it is based on total deviation and accordingly penalizes return for upside deviations which are beneficial for investors.”

The Sortino ratio is more relevant, The Sortino ratio is a variation of the Sharpe ratio that only factors in the downside, or negative volatility, rather than the total volatility used in calculating the Sharpe ratio. The theory behind the Sortino variation is that upside volatility is a plus for the investment, and it, therefore, should not be included in the risk calculation. Therefore, the Sortino ratio takes upside volatility out of the equation and uses only the downside standard deviation in its calculation instead of the total standard deviation that is used in calculating the Sharpe ratio. Veripath's data shows that farmland in Alberta, Saskatchewan and Canada (based on the last 30 years) can be reasonably expected to produce positive returns – i.e. it is a high-quality investment.

For further details please read the entire report at:

<https://veripathfarmland.com/2020/09/06/farmland-sortino-ratio/>

Who is Veripath: Veripath is a Canadian alternative investment firm. Members of Veripath's management team have decades of farmland, private equity, and private credit investment experience. Veripath implements its farmland strategy in a way that seeks to preserve as far as possible farmland's low-volatility return profile – the attribute that generates a material portion of Canadian farmland's superior risk adjusted returns. Veripath does this by seeking to minimize operational, weather, geographic and business-related risks – and capture the pure return from land appreciation. For more information on Veripath please feel free to register online at www.veripathfarmland.com or call 587-390-8267.

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