

SPOTLIGHT: AQUA-SPARK

‘Aquaculture Fund’ Aims to Cash In on Trend

Some ETFs that are largely focused on agriculture do have some exposure to aquaculture



Green investors have taken an interest in aquaculture, the farming of fish, algae and such. PHOTO: LORIENE PERERA/REUTERS

By Dieter Holger

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Aquaculture is surfacing as an attractive sector for green investors.

The farming of fish, and other waterborne organic protein, such as algae, is becoming increasingly important to the world's growing population. Aquaculture's share of global fish consumption climbed to 50% in 2014 from 18% in 1990, and is expected to reach 57% by 2025, according to UBS.

Founded in 2013, Netherlands-based Aqua-Spark is an investment fund that invests in privately held aquaculture businesses trying to push the industry in a more eco-friendly direction. The company, which welcomes investors with a minimum investment of \$100,000 and doesn't publicly report its annual results, has stakes in 17 companies and expects some will eventually go public. By 2030, it says it expects to have up to 80 companies in its portfolio.

Assets under management have grown to €95.9 million (\$105 million) as of September from €6.9 million when the fund started investing in January 2015, and managers forecast €1.5 billion

under management by 2030.

“Aquaculture has the potential to be by far the best animal food system that we have. In a lot of cases, it already is,” says Mike Velings, founder and managing partner at Aqua-Spark.

The company monitors around 1,400 aquaculture businesses world-wide. A few of its investments in the U.S. include Calysta, which uses microorganisms to convert methane into fish-feed, and Cryocyte, a provider of reproductive technology for breeding fish that require less feed and are more disease resistant.

“I’m pretty comfortable in saying that our team has probably seen more aquaculture opportunities than anybody alive,” Mr. Velings says.

Aqua-Spark says it expects its investors will see a more than 20% internal rate of return between this year and 2030. “This return will be a combination of dividends from our portfolio companies that we will distribute and an increase in value of Aqua-Spark shares,” Mr. Velings says.

Green investors have taken an interest in aquaculture, because it produces more protein for less water than typical agriculture and prevents overfishing. But critics warn that farmed fish are often fed wild-caught seafood and can more easily spread disease in captivity.

Environmental concerns surrounding fish farming remain, such as pollution and use of antibiotics. Aqua-Spark encourages companies that it invests in to do more on these issues and

provides academic experts who can help.

Some companies specializing in sustainable aquaculture that are publicly traded but not part of Aqua-Spark's portfolio include Northern Europe's Mowi AS [MOWI -0.91% ▼](#) A, Grieg Seafood ASA and Bakkafrøst P/F, according to Governance Group, a consulting firm based in Oslo.

Exchange-traded funds that are largely focused on agriculture but have some exposure to aquaculture, meanwhile, include VanEck Vectors Agribusiness ETF, known by its ticker symbol MOO. This ETF has about 5% exposure to the sector, says Brandon Rakszawski, director of ETF product development at VanEck.

"Aquaculture investment by the venture-capital and private-equity industry has garnered media attention," Mr. Rakszawski says, adding that this could be a leading indicator of broader investor demand. "Time will tell," he says.

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