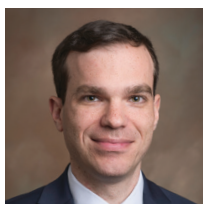




Growing Potential in Agriculture

Deep within the humble soybean, investors may find a wealth of opportunity. Within the next year, a soybean that has had its genes edited to increase the percentage of healthful oils is on tap to become the first of its kind to market. T. Rowe Price investment professional Jon Hussey who covers the agriculture industry believes there is an abundance of investment opportunity in new gene editing technology. “I believe gene edited crops could become one of the strongest drivers of growth in the agriculture industry over the next decade,” Jon says. Today, gene editing technology is largely used to make crops hardier or more abundant—traits valued by commercialized farmers. But as consumers crave more healthful foods, biotechnology companies are deleting genetic material to increase the percentage of fiber, vitamins, and good oils already in seeds, nuts, and produce. Jon combines data-driven analysis with field research to discern which companies are best positioned to drive gene editing improvements to gain a competitive edge for T. Rowe Price investors. The number of companies using the technology in consumer-focused applications is limited, and Jon attends conferences and has one-on-one talks with the managements of biotechnology companies to gain greater insights into this nascent industry. “I like to get my hands dirty to fully investigate investment opportunities,” he says. “When I go on site, the goal is to gain a better sense of



Talking with
Jon Hussey

Equity Research Analyst, Paper and Forest Industry, T. Rowe Price

management—to understand how they think—to experience the culture and see operations in action.”

Going beyond the numbers reveals the full story

At T. Rowe Price, our investment approach is to go beyond the numbers when evaluating which companies offer the best future investment potential. By meeting with executives, employees, and customers firsthand, we can ask the right questions to get a deeper understanding of where a company stands and where it could go in the future. This rigorous research strategy is integral to Jon’s investment process. “The qualitative aspect helps me get the full story on the companies I consider,” he says.

Zeroing in on an early opportunity

Jon believes a small biotech company, Calyxt, which uses a customized and exclusive gene-editing technology, TALEN®, has a competitive edge. Calyxt contends that its soybeans are more healthful than olive oil, and the company expects that sales of its soybean oil could generate revenue within a year, he

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says. Next in the pipeline for Calyxt: A wheat crop that yields more fiber, and a more resistant potato and alfalfa seed. Jon appreciates that many of Calyxt's top officers developed their expertise while working at the big agriculture companies, and he has scheduled one-on-one meetings onsite at the company. "Talking to decision-makers illuminates nuances that are hard to quantify and don't show up in the numbers," he says.

Positioning for better insight

To be sure, Jon is aware of the risks associated with disruptive technologies and seeks out companies that can create change. He's also mindful of consumer concerns around gene modification

techniques. He points out that Calyxt's current technology only deletes genes within a seed. It doesn't add to or alter the genes. So, theoretically, a gene-edited seed doesn't create a food that can't exist in nature. Some consumers may not appreciate the nuance, Jon concedes, as he keeps a watchful eye on the industry

to get ahead of the changes for investors. Building out many different avenues of research—from reading up on a complex industry and analyzing data, to visiting company offices—offers valuable insight to help Jon make thoughtful investment recommendations that can reward investors over the long-term.

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