

# Agronomics

## Recent events support move into precision fermentation

**Agronomics (ANIC) invests in cellular agriculture companies. In [our last note](#), we discussed a shift in its focus more towards precision fermentation companies, whose development is more advanced, offering greater near-term commercial potential. This week's announcement that Onego Bio, one of ANIC's portfolio companies, has entered a partnership with Perfect Day, a US precision fermentation company, is a further step in this direction. The alliance should hasten Onego Bio's route to market and financial viability and increase ANIC's potential to realise further NAV uplifts. Food giant Nestlé's recent move into precision fermentation is further evidence that ANIC's increasing interest in this sector may prove timely.**

Onego Bio, a Finnish company, aims to use a breakthrough precision fermentation technology to commercialise the production of animal-free egg proteins. Agronomics invested in this company earlier this year. Perfect Day is the market leader in animal-free protein precision fermentation. Its animal-free dairy protein products are being trialled in Starbucks' cafes in Seattle.

Onego Bio shares the same fermentation technology as Perfect Day and its collaboration with Perfect Day, through *nth* Bio, should accelerate Onego Bio's route to market in a number of ways. First, the partnership provides Onego Bio with access to *nth* Bio's expertise in many areas ranging from strain engineering to manufacturing. This will enable Onego Bio to fast-track its product development. Onego Bio should also benefit from Perfect Day's regulatory expertise, as Perfect Day has already been granted approval to sell its products. In addition, Perfect Day has acquired a significant amount of precision fermentation production capacity, which is very scarce around the world, and Onego Bio is expected to be able to access this facility to manufacture its products. Onego Bio's collaboration with Perfect Day should therefore provide comfort to Agronomics' shareholders with regard to the commercial viability of Onego Bio's proposition.

News of Onego Bio's alliance with Perfect Day closely follows another announcement that bodes well for the future of precision fermentation technology more generally, and for ANIC's increasing investment in this sector. Last week, Nestlé announced it is exploring emerging technologies for the development of animal-free dairy protein-based products. Nestlé's interest in fermentation technology demonstrates the attraction this technology has as a potentially viable method of producing animal-free protein at scale. Specifically, Nestlé will pilot a novel product that uses animal-free protein produced by Perfect Day. The product will be tested in the US market later this year. Further details about this product are not yet available, but its development will be supported by Nestlé's R&D Accelerator programme, which brings together start-ups, academic institutions and Nestlé scientists with the purpose of accelerating the development of new products and systems. Programme participants have access to Nestlé's R&D expertise and its infrastructure, including labs, kitchens and pilot-scale equipment.

## Update on portfolio holdings

### Investment trusts Cellular agriculture

23 September 2022

**Price** 14.5p  
**Market cap** £141.8m  
**AUM\*** £149.3m

NAV\*\* 15.27p

Discount to NAV\*\*\* 5.0%

\*As at 30 June 2022. \*\* Including income at 30 June 2022. \*\*\*Based on current share price and last published NAV.

Shares in issue 978.0m

Yield 0.0%

Code ANIC/IM00B6QH1J21

Primary exchange LSE

AIC sector N/A

### NAV performance



### Business description

Agronomics aims to create value for shareholders by investing in companies that operate in the field of cellular agriculture, which derives conventional agricultural products directly from cell culture and fermentation, without the need for animals. It encompasses the concepts of cultivated meat, materials and precision fermentation, the use of microorganisms to grow valuable, formerly animal-derived ingredients and materials.

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