

KEYNOTE INTERVIEW

Natural capital interest is stronger than ever



And South America can be the best place in the world to combine returns with impact, says Astarte Capital Partners' Dr Stavros Siokos

Dr Stavros Siokos, co-founder and managing partner at Astarte Capital Partners, argues that natural capital is continuing to gain traction as an asset class. Yet he warns that while many institutional investors are being encouraged to invest locally in natural capital, in reality the best opportunities to combine return and impact require investors to take a global view.

Siokos highlights South America as a region that offers unique opportunities for natural capital investors. Along with excellent climatic conditions, parts of the continent offer strong logistics and stable government which, Siokos says, means investors can achieve excellent returns while making a positive climate, social and biodiversity impact.

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Q How do you see natural capital evolving as an asset class?

Investor understanding of natural capital has matured significantly. Institutional investors are allocating more capital to the space, and notably, large family offices – especially those with technology-derived wealth – have entered the market over the past year. This reflects a broader diversification strategy: a shift toward hard, real assets that offer stable, tangible value and reliable returns in uncertain economic conditions.

The reality is that natural capital will always serve two major needs for us. One is resources for our livelihoods and the other one is food. We cannot ignore those. And given climate change and the growth of population, along with the scarcity of land and water, we need to invest in that space. People will always need food, no matter what the rhetoric is around ESG, and in fact the interest in natural capital is stronger than ever.

More people have become inward-looking, however; the fashion is to invest locally. Most of the capital is sourced from Europe and the US, regions that generally offer lower returns and less opportunity for meaningful impact.

Q How can managers secure scale and diversification with natural capital strategies?

It's about identifying the regions best suited to produce the agricultural and forestry products the world requires. Climate is the first consideration, but you also need land with clear titles, access to water, experienced operators and strong logistics.

Based just on climate, Africa is the best place in the world for many types of forestry and agriculture. But political stability, security and logistics are difficult. What we have concluded is that the best places in the world to invest in natural capital are in South America, along with parts of Southeast Asia and also Australia and New Zealand.

Diversification remains important, but it doesn't always require scattering investments across numerous countries and operators. In many cases, you can achieve meaningful diversification within a single, well-suited geography – benefiting from coordinated operations and more efficient management. Chile is a strong example: its climate and infrastructure support a wide variety of crops, allowing investors to diversify across avocados, hazelnuts, permanent crops and other products within one market.

Q How do you see opportunities expanding in South America?

As with any global investment landscape, careful market selection is essential. Our approach is to prioritize countries with reliable legal frameworks, secure land titles and predictable business environments. Under those criteria, we see strong opportunity across Uruguay, Paraguay, Chile, Peru and Colombia.

Chile provides a particularly compelling case. It is uniquely positioned to produce cherries during the Northern Hemisphere winter, a period of strong demand in China and other Asian markets. Its export logistics are highly advanced – fruit is harvested and

Q How is technology changing natural capital investing?

The natural capital sector is undergoing significant technological transformation. Innovations in drones, data analytics, bioengineering and genetics are reshaping how assets are managed and optimized. The extent to which a manager embraces and effectively deploys these technologies is now a key indicator of their performance and credibility.

Technology now plays a role at every stage of natural capital management. Even before planting begins, advanced biotechnology supports the selection of the most suitable species for each specific location. Soil management has also evolved: rather than relying solely on traditional crop rotation, we now have sophisticated methods to analyze, treat and enhance soil health. The same applies to water management, where new tools help optimize usage, distribution and conservation.

Climate intelligence has improved significantly as well. Satellite data allows us to track climate shifts and anticipate how they will affect growing regions. Drones have become essential for monitoring large properties. Previously, teams of field workers had to manually inspect crops, often with inconsistent results. Today, drones can detect signs of disease, assess fire risk and track biodiversity patterns with far greater accuracy and speed. When combined with satellite imagery and AI-driven pattern recognition, these technologies dramatically enhance our ability to analyze, manage, and protect natural capital assets at scale.



moved onto vessels within hours, using controlled-atmosphere containers that maintain quality all the way to Asia and North America. This alignment of climate and supply-chain capability is a major competitive advantage.

What makes South America compelling is the ability to achieve strong returns – close to 20 percent in many cases – while also delivering significant social and environmental outcomes. Despite this, the region still receives only a modest share of global natural capital allocations. The landscape is shifting, however. The development of credible institutional investment platforms has attracted established European and Canadian investors, with accelerating interest from China and the Middle East. For institutional and sovereign investors seeking food security and efficient supply chains, South America has become increasingly indispensable.

Q With increasing capital to deploy in the region, what should LPs look for in managers?

A lot of fund managers are raising capital to deliver projects that they don't have the track record or cannot be done but sound good. They don't understand what works in generating returns and impact in the region. LPs should be careful about managers that have a very specific idea that hasn't been proven in practice.

While forest protection is critical, new forest development must be economically sustainable. Creating what amounts to 'museum forests' – projects that rely entirely on subsidies or carbon markets – is both risky and limiting. The most effective model blends industrial forestry with designated conservation areas, enabling diversification, job creation, and long-term resilience. Over a 20-30-year investment period, returns must be anchored in productive assets: yield, land value growth and timber. Carbon credits can be an important complement, but they should

enhance returns, not define them.

As a manager, flexibility is essential. For example, the global citrus industry is facing a major disease crisis in regions such as Florida, California, and Brazil. To respond effectively, managers must be prepared to identify and develop production in new suitable regions, such as Chile. As in nature, success in

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natural capital investing isn't about being the strongest – it's about being the most adaptable.

Q How important is it for a natural capital manager to be measure and report on impact?

The first thing is the returns, but after that the social, climate and biodiversity impact are all vital for natural capital investing. The climate impact is the easiest to measure, because technology allows natural capital managers to measure the amount of carbon dioxide being sequestered. Aspects of social impact – job creation, equal pay for men and women, minimum wages – are also very easy to measure.

Biodiversity can be more complicated to measure, but technology is helping to identify and monitor

biodiversity. We see that we are able to achieve biodiversity net gain. In our forests in Paraguay, we see jaguars and pumas appearing in our forestry sites, which were thought to have been locally extinct.

Q What are the biggest challenges facing the asset class?

The biggest challenge in managing a site is always nature itself. With climate change, we have to work harder to protect our assets from extreme weather phenomena. For example, in Chile, we've installed special covers for cherry trees to protect them from hail and heavy frost. And, with forest fires, we design our forests to limit fires to a specific area.

For me, the greatest risk in this asset class is complacency – and the rise of extreme or oversimplified views about nature. The recent backlash against ESG has affected natural capital by association, despite the fact that the underlying issues remain urgent. Global population continues to grow, natural resources are under increasing pressure and we have a responsibility to manage those resources more intelligently and sustainably.

Another challenge is that public debate is often driven by the loudest voices rather than the most informed ones. Narratives can shift quickly and the sector can be subject to sweeping generalisations. People focus on a single crop or practice without considering the broader ecological and economic context. Take eucalyptus, for example. In areas with limited water, it may not be appropriate. But labelling it universally as 'unsustainable' ignores the many environments where it plays a positive and regenerative role.

Natural capital is complex. Effective decision-making requires nuance, context, and science – not slogans. The risk lies in allowing simplistic narratives to shape long-term resource management at a time when thoughtful stewardship is more critical than ever. ■