

# Black Swans 2025:

## Headwinds, Adaptation, and Preparedness for the Year Ahead



*Verdelis Investments |  
PROAGINVEST LLC*

*Bob Trogele, PhD  
CEO*



*40 Seasons Media*

*Jim Sulecki  
Lead and Founder*



# Agenda

- ▶ Who is Verdelis Investments / PROAGINVEST LLC and 40 Seasons Media?
- ▶ What Is a 'Black Swan'?
- ▶ Black Swans to Watch for in 2025
- ▶ How to Prepare and Adjust

# Who Is Verdelis Investments?

- ▶ **Verdelis Investments, operated by ProAgInvest LLC**, provides investors with the potential for **attractive returns through their investments in ag tech**
- ▶ Focus is on a global portfolio of early-stage, innovative, technology-related companies active in **precision farming, green chemistry, biologicals**
- ▶ Invest in companies in which the fund can help developer a **smarter business model** and effective **market access plan**
- ▶ Bob Trogele, CEO



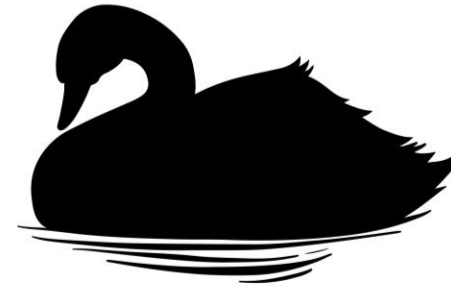
# Who Is 40 Seasons Media?

- ▶ **40 Seasons Media LLC** is a market communications and content development advisory with deep roots in agribusiness and agriculture
- ▶ Jim Sulecki, Lead and Founder
- ▶ **For more:** [www.40seasons.com](http://www.40seasons.com)



# What's a 'Black Swan'?

- ▶ Based on an ancient saying that presumed black swans did not exist — until they were discovered in Australia in 1697
- ▶ 'Black swan' was reinterpreted to mean ***an unforeseen and consequential event***



Forewarned, forearmed; to be prepared is half the victory.

~ Miguel de Cervantes



# Black Swan #1

## Agroindustry Stagflation Continues But Slows

- ▶ Stagflation: inflation + economic stagnation
- ▶ Commodity prices flat to slightly up, overproduction of grains
- ▶ Declines in input costs haven't been significant enough to improve producer margins
- ▶ Could be multiple years of lower farm income — *unless* energy costs, input costs, interest rates, land prices, etc. readjust dramatically or weather events cause shortages





# Black Swan #1 *(cont.)*

## Agroindustry Stagflation Continues But Slows

### ? Key questions:

*Will industry continue to finance Brazil growers with long payment terms? (See recent Brazilian ag bankruptcies)*

*Will the cost of capital continue?*

*Will the economic outlook be recovery or more of the same?*



## Black Swan #2

### China Unraveling Continues: Struggling Economy

- ▶ China model of agrochemical production not working
- ▶ Global oversupply in part from China overcapacity
- ▶ Result: inexpensive products, few adding more value. Supplier / distribution margins eroding back to 2022 levels —> pressure on margins, profitability
- ▶ For producers, lower input prices is positive but not enough







# Black Swan #2 (cont.)

## China Unraveling Continues: Struggling Economy

### ? Key questions:

*How long will the Chinese government and producer industry subsidize the global crop protection market?*

*Investment in China: is it real or is it not?*

*Will Trump administration negotiate a continuance of the Phase 2 trade deal?*



# Black Swan #3

## Energy Remains Stable in 2025?

- ▶ Need to bring energy supply and demand into equilibrium????
- ▶ Will there be a global embargo on Russian / Ukrainian oil?
- ▶ Will there be growing demand from new markets? (E.g., AI)
- ▶ Oversupply and lower prices — for now. What does future hold? Key area: Middle East
- ▶ What about U.S. strategic oil reserves?





# Black Swan #3 *(cont.)*

## Energy Remains Stable in 2025?

### ? Key questions:

*Will Ukraine / Russia war be resolved?*

*Can U.S. replace natural gas exports to Europe?*



## Black Swan #4

### Political De-globalization Has Led To Trade War, Physical War, Now Crypto Wars

- ▶ Has continued with Russia-Ukraine, Middle East, China-Taiwan
- ▶ Is northeast Asia next, especially North Korea and South Korea — with influence by Russia and possible participation by China and the U.S.?



#### ? Key question:

*What would a major military engagement do to ag input supply, commodity exports, and supply of microchips for ag technology?*



# Black Swan #5

## U.S. Inflation, Interest Rates Are Dicey

- ▶ Will 2017 tax code continue or be lowered?
- ▶ Will lower taxes and tariffs cause spur manufacturing to move back to the U.S.?
- ▶ Deregulation, lower taxes will favor our businesses
- ▶ Musk effect on lowering national debt and reducing bureaucracy?



### ? Key questions:

*What effect would inflation and higher interest rates in the U.S. have on global trade?*

*Will we see the dollar increase in value vs. other currencies?*



# The Rest of the 2025 Black Swans

- ▶ **Ag tech:** failure to foresee and pay for continuing gains in ag tech could cost agribusiness money and opportunity
- ▶ **M&A:** hesitance (or lack of wherewithal) to expand via M&A could stunt recovery, growth
- ▶ **“The usual suspects”:** all continue, all are long-term trends
  - ▶ Labor shortages
  - ▶ Climate volatility
  - ▶ Regulatory pressure
  - ▶ Technological advancements

# How to Prepare and Adjust in 2025

- ▶ **Cost avoidance.** Control operating expenses. Budget conservatively.
- ▶ **Look for expansion opportunities.** Asset acquisitions, mergers to improve the cost of business, investment of new money in growth segments.
- ▶ **Control cash flow.** Lower debt, reserve available money for opportunities to invest.
- ▶ **Embrace mid-term adaptation.** Implement smart business models — specific, measurable, attainable. Anticipate the competition. Maintain flexibility, focus.

# Thank You!

## Bob Trogele, PhD

- ▶ CEO, Verdelis Investments | PROAGINVEST LLC
- ▶ Independent board director, investor, entrepreneur
- ▶ Current board roles: Accumont Ltd., Emergent Connex, Clean Capital Group, Farm Journal Foundation
- ▶ Career in agribusiness working for “large caps” such as Hoechst, Aventis, and Bayer; “mid caps” such as Schering and FMC; “small cap” American Vanguard
- ▶ Adjunct Professor at the International Berlin School of Economics & Law

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# Q&A