

# ALTERNATIVE MARKET BRIEFING

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## 18 Years, Zero Down Quarters - Examining Omnipotence's Farmland Performance

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### **Part 3 of 3: 18 Years, Zero Down Quarters: Examining Omnipotence's Farmland Performance**

Read Part 1 "[Why Institutional Investors turn to Canadian farmland in an uncertain macro environment](#)" [here](#).

Part 2 of 3: [Inside Omnipotence's TerraFIRST Platform and Quantitative Edge](#)" [here](#).

In alternative investments, consistent performance across multiple market cycles represents the ultimate validation of an investment thesis and strategy. By this measure, Omnipotence Asset Management's Farmland Fund has compiled a remarkable track record: 18+ years of experience, zero down quarters since inception in 2007, and gross annual returns consistently exceeding 12% through periods of financial crisis, commodity booms and busts, and pandemic disruption.

For institutional investors evaluating farmland as a strategic portfolio allocation, understanding the sources of these returns, the consistency of performance across market environments, and the structural characteristics that enable access represents the final critical step in the due diligence process.

### **A Track Record Through Multiple Cycles**

Omnipotence's farmland strategy began in 2007, just months before the global financial crisis. That timing - while perhaps unfortunate for investors in many asset classes - provided an immediate stress test for the farmland investment thesis. While equity markets collapsed, credit markets froze, and commodity prices whipsawed, Omnipotence's farmland portfolios delivered positive returns every single quarter.

The track record since tells a story of remarkable consistency. From 2008 through Q3 2025, the strategy has produced annualized returns of approximately 11%, with quarterly returns that have rarely deviated from the 2-3% range. During the 2008-2012 period when many alternative strategies struggled, Omnipotence's farmland portfolios generated returns ranging from 4.68% to 5.82% per quarter. Through the 2015-2019 period of low inflation and commodity price weakness, quarterly returns remained consistently in the 2.90-4.47% range.

Most recently, through the pandemic disruption and subsequent inflation surge from 2020-2025, the strategy has continued delivering steady returns. The Fund's produced 10.2% returns over the past year and 10.7% annualized over three years.

"What you see in this track record is the power of investing in a real asset with inelastic demand and limited supply," notes Stephen Johnston, Director at Omnipotence. "Food demand doesn't disappear during recessions. Population growth doesn't pause during pandemics. The fundamental supply-demand dynamics supporting farmland values continue operating regardless of short-term macro volatility."

### **Performance Attribution: Understanding the Return Drivers**

Breaking down Omnipotence's returns reveals three distinct sources of alpha, with vastly different risk-return characteristics:

#### **Land Appreciation: 75%+ of Total Returns**

The dominant driver of returns - accounting for more than three-quarters of total performance - comes from land value appreciation. This appreciation stems primarily from Omnipotence's systematic capture of productivity-adjusted pricing inefficiencies. When the fund acquires farmland at \$3,200 per ton of wheat production capacity in undervalued regions, and that land subsequently reprices toward the \$5,900 Canadian average (or \$9,400 global average), substantial capital appreciation results.

Critically, this appreciation is not dependent on commodity price movements or speculative bubbles. It represents mean reversion of systematically mispriced assets toward fair value.

## Rental Income: 20%+ of Total Returns

The second major return component is cash rental income. With sustained 0% vacancy across the portfolio, rental income contributes to the underlying return profile by generating predictable cash flows that support value accretion over time.

Importantly, rental rates have proven resilient and growing. The Fund has seen rental rates increase 12% between Q2 2024 and Q2 2025,. These increases reflect tight rental markets, inflation pass-through, and Omnipotence's disciplined approach to lease negotiations backed by comprehensive market data.

## Change of Use: <5% of Total Returns

A minor but occasionally significant contributor comes from changes in land use - typically irrigation being added to dryland parcels. These conversion opportunities are generally incidental rather than core to the strategy, but they represent embedded optionality that occasionally produces outsized returns on specific parcels.

## Risk-Adjusted Performance and Portfolio Diversification

Raw returns tell only part of the story. The risk-adjusted characteristics of Omnipotence's farmland strategy reveal its true portfolio value. With annualized volatility of just approximately 4% compared to 15-25% for equity markets, farmland delivers equity-like returns at fixed income-like volatility - a rare and valuable combination.

The diversification benefits are equally compelling. Over the 2008-2025 period, Omnipotence's strategy showed negative correlation with most major asset classes: -9% correlation with commodities, -6% with global equities, -5% with U.S. equities, and +5% with U.S. real estate. Only U.S. fixed income showed meaningful positive correlation at +9%, and that relationship remains stable in the recent inflationary environment.

Perhaps most valuably, the strategy demonstrates its strongest diversification benefits precisely when equity markets face stress. In the 2020-2025 period encompassing the pandemic and inflation surge, correlations remained stable: 9% with U.S. equities, 3% with global equities, and -2% with U.S. real estate. This characteristic - providing diversification when it matters most - represents the holy grail of portfolio construction.

## The Hybrid Evergreen Structure

Recognizing that traditional closed-end fund structures create challenges for both managers (capital inefficiency) and investors (long lockups, liquidity gates), Omnipotence has pioneered a hybrid evergreen structure that borrows the best elements from both open-end and closed-end models.

The structure offers two separate funds: the R Fund investing exclusively in Saskatchewan and Manitoba, and the UR Fund (available in RRSP-eligible format and foreign investors) investing across the rest of Canada. This separation allows investors to gain specific geographic exposure or blend both funds for pan-Canadian diversification.

The innovative series structure provides multiple hold period options ranging from 1 to 4 years, with performance fees scaled inversely to hold period length - rewarding longer-duration capital with lower fees. For example, Series A1 (1-year hold) carries a 20% performance fee over a 4% hurdle, while Series A4 (4-year hold) has just a 17% performance fee over a 7% hurdle. All series carry a 1.75% management fee.

Liquidity is provided quarterly with 45 days notice, subject to a 3% quarterly redemption cap for cash redemptions. Early redemptions incur modest penalties that protect remaining investors from the drag of frequent redemptions. Post-maturity redemptions up to 100% are available quarterly, providing genuine liquidity once the hold period concludes.

Quarterly independent NAVs provide transparency and valuation certainty - a significant improvement over many farmland strategies that rely on annual or less frequent appraisals. Moderate leverage (25% loan-to-value target) enhances returns while maintaining conservative risk parameters.

## Current Portfolio Characteristics

As of Q3 2025, Omnipotence manages approximately \$510 million across 140,000 acres spanning 906 distinct lands with 60+ operators. The portfolio maintains 93% cultivation ratios (actual cropped acres as a percentage of total acreage) and rental income of \$63-\$100 per cultivated acre.

Portfolio growth has been substantial, with 18,100 acres added over the past 12 months - organic growth of approximately 15%. This expansion has been accompanied by continued diversification, with 5 new distinct geographic regions and 4 new tenants added during the same period.

The fund's sustainability credentials are also noteworthy. With 99% of the portfolio farmed using minimum-tillage or no-tillage practices, the portfolio captured approximately 40,000 tons of CO2 in 2024 - equivalent to removing 8,043 vehicles from the road. As a signatory to the UN Principles for Responsible Investment, Omnipotence tracks and reports these metrics through its TerraFIRST platform.

## Key Considerations for Institutional Allocators

For institutions considering farmland allocation, several factors merit particular attention:

**Liquidity matching:** While significantly more liquid than many private market strategies, farmland is not daily liquidity. Allocators should be comfortable with quarterly redemption windows and hold periods of 1-4 years depending on series selection.

**Scale capacity:** With \$30 billion in annual farmland transactions in Canada and Omnipotence's deal flow exceeding \$800 million annually, the strategy has substantial capacity to absorb institutional capital without compromising returns.

**Currency exposure:** Returns are denominated in Canadian dollars, providing currency diversification for USD-based investors.

**Operational complexity:** While non-operated, the strategy requires specialized expertise in agriculture, lease negotiations, and regional market dynamics that limit the viable manager universe.

## A Compelling Case for Strategic Allocation

Across these three articles, we've examined the macro investment thesis for farmland, the proprietary technology and quantitative methodology Omnipotence has developed, and the performance track record and fund structure that enables institutional access. The conclusion across all three dimensions is consistent: Canadian farmland represents a compelling strategic allocation for institutional portfolios, and Omnipotence offers what may be the most sophisticated, scalable platform for accessing this opportunity.

In an environment where truly uncorrelated return streams have become increasingly scarce, where inflation remains a persistent concern, and where real assets appear undervalued relative to financial assets, farmland deserves serious consideration. For the 98% of Canadian farmland that remains outside institutional ownership, the next decade may see significant capital deployment as more allocators discover what Omnipotence identified 18 years ago: the systematic mispricings in Canadian farmland markets represent a durable source of alpha for patient, sophisticated investors.

## Join Us for an exclusive Investor Workshop on Canadian Farmland Investing

Learn directly from the Omnipotence team about their 18+ year track record of farmland investing and how institutional investors can access this differentiated alternative asset class.

The live and interactive session will cover:

- Detailed analysis of the macro drivers supporting farmland valuations
- How Veripath's proprietary TerraFIRST platform identifies systematic mispricings
- Portfolio construction methodology and risk management framework
- Fund structure, liquidity terms, and investor considerations
- Live Q&A with the investment team

[Register now to secure your spot.](#)

*Space is limited to ensure interactive discussion. This Investor Workshop is intended for qualified institutional investors and investment professionals only. On-demand access to the webinar recording for 30 days after the event.*

**About Omnipotence Asset Management:** Omnipotence is a \$1 billion multi-strategy investment firm focused on value-add investments in under-financialized markets. Founded in 2007, Omnipotence manages strategies across farmland (\$500M), private equity (\$500M), and multi-asset (\$5M) with a focus on Canada and North America. The firm's 30+ person team brings 18+ years average experience across investments, operations, data science, and finance.