

Market Outlook:

Aqua

Investors are so programmed to look at the “shiny” objects that they’re willing to go beyond a comfort zone and invest in strategically high risk/higher reward gambits, when “boring” and less-uninspiring opportunities sit right in front of them. I ask you to consider, for example, the potential for capital gains that is growing out of the globe’s “new demography”.

Consider the potential for solving a global ill and making money in the process from water.....

The topic is one which lends itself to nuance relating to scarcity, pollution, infrastructure, and private/commercial use. While some urban areas are dealing with access and supply, a more universal discussion might center around delivery and purification of the commodity all around the globe.

For several decades, my work has involved research in a variety of socially responsible themes such as *agriculture, alternative energy, health and life sciences, and water*. More specifically, **ArlingtonEconometrics** (my proprietary database analytics) has created silo specific portfolios in each of those areas with significant capital gains success, demonstrating that you *can* address social issues while still producing long-term profitability.

More people are starting to recognize the global water crisis, perhaps accidentally, because they now realize the enormous amounts of water required to run AI technology. These social investment issues are no longer just abstractions. Nor are the changing ecosystems or climate catastrophes. Whether one believes in the science or not, all of us are aware of crop shortages, hunger and famine crises, arid farmlands, flooding and pollution issues that populate the headlines. Similarly, water infrastructure has made sense to me for decades as a macro investment topic.

Unintended industrial decimation and degradation has eroded nearly seventeen percent of our global land masses over the past century. Cumulative spending on ameliorating all things water-related are expected to be in the tens of billions of dollars in the next two decades. Some of that spending is also likely to yield investment profits for our client’s portfolios.

As background, the world has looked at emerging markets...particularly China...as a model for economic and infrastructure development. Unaddressed in that discussion, however, is the design and specific investment in water treatment and potable water solutions to be able to sustain that kind of urban/suburban/commercial development. We now know that those technologies exist and are ready for investment and application.

Businesses that span the matrix of my research range from early-stage small cap membrane filtration manufacturers all the way up the capitalization chain to large cap conglomerates that use water for their internal operating systems. Want to invest in Artificial Intelligence? Go to Water or Energy stocks as a safer alternative. The possibilities are vast and include technologies not yet invented or in production. My belief is that this topic, alone, has the potential to generate innovation and profit potential for the next several decades. Socially responsible investing also helps to reduce portfolio volatility in a world driven by headlines that distract from the human needs of our time.

The world is being tasked with coping with enormous demand for food, medicine, shelter, and water if nothing is done to address the manufacture and distribution of those necessities. Rapidly growing urban areas, along with warfare decimation and population migration from poorer countries exacerbate the problem. We face the very real possibility of running out of our valuable resources in our lifetime or that of our children.

I invite this discussion....with peers, clients, friends, neighbors.

H2O is more than just a chemical compound. It is the essence of life.

Arlington Econometrics is a quantitative market tool. Utilizing proprietary algorithmic equations, AE offers solutions for market-timing, asset allocation, and macro economic analysis. Using historical time-series measurements, Arlington Econometrics optimizes the analytical process and forecasting coefficients to make economic forecasting more objective.

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