ARLINGTON CAPITAL

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Post crisis wealth preservation

The current crisis poses unprecedented challenges in its humanitarian and economic implications and it will also have far-reaching consequences for the preservation of wealth.

Governments and institutions are reacting with massive intervention and extreme policy measures, such as fairly indiscriminate (but much needed) helicopter money, direct lending efforts to businesses, with loans in some cases being guaranteed by governments and underwritten by the private financial sector, coupled with additional quantitative easing, and central bank led asset purchase programmes including corporate bonds and now, junk bonds. All this represents in summary an unprecedented expansion of sovereign debt, and at the same time, paradoxically, an equity buying opportunity from the recent sell-off (https://www.hansonincomefund.com), and of course mispriced opportunities in the special situations investment area (https://www.arlington-cap.com).

We expect the European, North American and Asian economies to respond well to all the money being poured into the system and recover in the short to medium term. While this is good news, we need not forget that this, as most, crises' impact on the developing world will be much harder. There will be lingering economic effects globally for quite some time, that are likely to require a humanitarian and financial response from the developed countries that are currently in the epicentre of the outbreak and are much better equipped to deal with it.

The massive intervention taking place currently and for the foreseeable future, is likely to give further rise to investment asset mispricing in the long term. In addition, we are faced with many additional and partly interdependent challenges, such as climate change resulting in an increasing rate of natural disasters, ever faster changing economic climates, and political instability.

Risk assessment and return prospects have become increasingly difficult to determine for the duration of an investment and across all investable asset classes. We observe investors often accepting very low (and indeed negative) returns for perceived safe haven investments, with little income certainty over the longer term. It will be even more difficult now as it has been across the continuous build-up of the global debt bubble, to achieve real returns on the kind of interest-bearing assets that are commonly available in the market.

Arlington Capital wish provide proactive answers to this dilemma facing our clients, by delivering downside-protected, inflation-hedged investment strategies which identify mispriced opportunities and offer attractive current income, with the additional capacity to outperform by means of capital appreciation, even if the debt bubble ultimately bursts and deleveraging markets result in a return to a real growth environment, and even should a measure of inflation take hold.

We at Arlington Capital are entirely dedicated to making investments that retain their value, and deliver a sustainable and attractive current income even under adverse market, economic and regulatory conditionshttps://www.arlington-cap.com.

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