

April 2, 2018

Hello friends,

I've been thinking about the past and comparing that to some of the innovation that is underway right under our noses. I was thinking what the Pilgrims might have thought if a prophet had suggested that one day the sailors would be able to call on a satellite phone to the Native Americans at Plymouth Rock and check on the weather, or order take out, prior to their arrival.

It's no different in 2018 than it was in 1876 when Alexander Graham Bell first spoke on the telephone. So as I look around the landscape of the world that we occupy today, I ask myself, where is the innovation? Who is going to invent the next telephone, or iPad, or search engine? Of course, no one has those answers, we won't know what got invented in 2018 until 2030 rolls around when we can see the past with perfect clarity.

At some future distant year when I'm residing at the old folks home eating through a straw and wearing a bib, I don't want my grandkids to say "Hey grandpa, why didn't you invest in self-driving electric cars back in the olden days?" These are the olden days. I firmly believe that society will move away from fossil fuel powered vehicles to self-driving electric and/or solar powered vehicles. It's already happening and I believe that the pace will accelerate.

If this thesis holds true, then which firms will be at the forefront of the innovation? Who are the winners and who are the losers? I believe that Exxon, Chevron, General Motors and Ford will be the losers and Apple, Google, Amazon, Tesla and NVidia will be the winners.

In my opinion, vehicles of the future will be operated by a computer. These vehicles will be products of innovation in technology, not the innovation of designing a more fuel efficient gas motor. The innovation will lead to eliminating our dependence on foreign oil and there will be fewer highway fatalities.

The leading tech companies of our generation are Apple, Google, NVidia, Amazon and Tesla. These companies are run and managed by geniuses and I want to have large sums of money invested in their brilliance and their ability to bring to the market a commercial success that others cannot. Perhaps the management teams at Toys R Us and Sears are the smartest people on the planet, but that's not where I want my money.

My investment strategy is to own all of these five stocks for many years. Only under extenuating circumstances would I ever sell any of these shares. Fortunately, the market has a great deal of volatility because many others are trying to trade in and out of these same stocks. It is this volatility that gives me the opportunity to buy more shares whenever the price pulls back, sometimes because a moron TV pundit announces that the shares are overvalued and the lemmings follow.

All of these stocks are guaranteed to be volatile and will cause great swings in month to month portfolio valuations. For those clients wanting to offset some of the volatility, it is certainly appropriate to balance the portfolio with CDs and tax free municipal bonds. Every investor has a different and unique set of circumstances and I'm always ready and willing to discuss risk and investment objectives. Please call or email any time.

Enjoy your spring and enjoy you family. Thanks for reading.

Sincerely,



Jim Aljian

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