

The Water Multiplier Effect: An Enhanced Analysis of Emerging Investment Asymmetries in Natural Resource Markets

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Executive Summary

Recent developments in global water markets reveal a significant disconnect between institutional recognition and retail investor awareness of what may represent the most compelling risk-adjusted return opportunity in alternative investments. While European water funds delivered modest 2.2% returns in 2024 and commercial real estate continues experiencing structural headwinds, direct water rights ownership is generating exceptional alpha across multiple metrics, with Land Value Alpha Fund achieving 32.68% annual returns from 2023-2025.*

The convergence of artificial intelligence infrastructure demands, accelerating global water scarcity, and strengthened legal frameworks creates an unprecedented investment opportunity, particularly in Montana. As the #2 most drought-vulnerable state in the US, with 59% currently experiencing moderate to extreme drought conditions and projections of 95% increased drought severity by 2050, Montana represents the epicenter of water scarcity-driven value creation. The state's 2017 flash drought alone caused \$2.6 billion in agricultural losses, demonstrating the economic consequences that drive institutional willingness to pay premium prices for water security.

Montana's unique market structure offers multiple arbitrage opportunities within a single jurisdiction. Agricultural water rights trade at \$25 per acre-foot, providing highly accessible entry points, while Forest/Resort rights command \$650 per acre-foot—a 26x premium that still represents exceptional value compared to Texas Municipal rights (\$4,000), California Permanent rights (\$8,000), and Colorado C-BT rights (\$65,000). This pricing differential, combined with Montana's superior "first in time, first in right" legal framework, creates a compelling investment proposition for sophisticated investors seeking both portfolio diversification and exceptional returns.

The dramatic 13x outperformance of direct water rights ownership (28.48% returns) versus European Water Funds (2.2% returns) validates the superiority of direct ownership strategies while highlighting the value destruction inherent in fund-based approaches. With only 47 properties containing significant water rights available in Montana during 2024, and institutional buyers acquiring 66% of available inventory, supply constraints support continued pricing appreciation in this emerging premium market.

*The performance figures shown represent unaudited, historic results achieved by the Manager before the formation of Land Value Alpha Fund LLC and are provided strictly for illustrative purposes. The account's strategy, risk profile, fees, tax treatment, and market conditions differ from those of the Fund; consequently, the Fund may not achieve similar returns. Past performance is not a guarantee of future results, and all investments involve the risk of loss of principal.

The AI Revolution: A New Water Demand Paradigm

The explosive growth of artificial intelligence has introduced an entirely new category of water consumption that fundamentally alters the supply-demand equation. AI data centers represent one of the most water-intensive industrial applications ever deployed at scale, consuming approximately 300,000 gallons of water per day per facility—equivalent to the consumption of 100,000 homes. This staggering demand stems from the necessity to cool densely packed servers processing complex AI computations, which generate enormous amounts of heat requiring continuous water circulation.

Microsoft's environmental reports demonstrate the magnitude of this shift, showing water consumption jumping 34% from 2021 to 2022, reaching nearly 1.7 billion gallons annually. Google's consumption increased 22% over the same period to 5.56 billion gallons—approximately 800 times the volume of the Lincoln Memorial reflecting pool. By 2027, researchers project that global AI demand could account for 4.2 to 6.6 billion cubic meters of water withdrawal, representing a quantum leap in industrial water consumption.

The geographic distribution of these facilities amplifies the investment thesis for water rights. More than 160 new AI data centers have been constructed in water-stressed regions across the United States in the past three years, marking a 70% increase from the previous period. These facilities are increasingly concentrated in states like Texas and Arizona, where drought conditions already strain municipal water supplies. The strategic advantage of owning water rights in legally certain jurisdictions becomes apparent when considering that tech companies require long-term water security to justify billion-dollar infrastructure investments.

This AI-driven demand creates a particularly compelling opportunity in Montana, where the "first in time, first in right" appropriation doctrine provides superior legal certainty compared to more complex regulatory frameworks in other Western states. As tech companies compete with traditional agricultural and municipal users for water access, the established priority system in Montana ensures that senior water rights holders maintain their advantageous position in an increasingly competitive market.

Enhanced Global Water Crisis: The Foundation of Structural Scarcity

Current global water statistics reveal a crisis far more severe than previously documented. As of 2024, 27% of the world's population—approximately 4.4 billion people—lacks access to safely managed drinking water. This figure represents a significant deterioration from earlier assessments and establishes the baseline scarcity that drives investment opportunity. The United

Nations projects that by 2025, just months away, 1.8 billion people will face absolute water scarcity, defined as having access to less than 500 cubic meters of water per person annually.

The trajectory toward 2040 presents an even more alarming picture, with approximately 40% of the global population expected to face serious water scarcity. This isn't merely a developing world phenomenon—regions including the American Southwest, parts of Australia, and Mediterranean countries are experiencing unprecedented stress on their water resources. The World Bank warns that water insecurity could reduce GDP in some regions by up to 6% by 2050, creating economic pressures that will inevitably drive water prices higher.

Global water demand has been increasing by 1% annually since 1980, a seemingly modest figure that compounds to dramatic growth over decades. By 2030, an estimated 4 billion people will live in areas of high water stress, while three out of four people worldwide could face drought impacts by 2050. The economic cost of current drought conditions already exceeds \$307 billion annually, a figure that will escalate as scarcity intensifies.

The infrastructure supporting global water systems tells an equally concerning story. NASA satellite analysis confirms that 21 of the world's 37 largest aquifers are depleting faster than natural replenishment rates. Countries experiencing the most severe stress include Lebanon, where 71% of the population faces critical water shortages, Kuwait, which depends on desalination for 99% of its water supply, and the United Arab Emirates, which uses over 80% of its renewable water supply annually.

Market Performance Analysis: Demonstrating Superior Risk-Adjusted Returns

Comprehensive market data across multiple jurisdictions demonstrates the exceptional performance characteristics that distinguish water rights from traditional asset classes. Land Value Alpha Fund's proprietary analysis reveals compelling evidence of superior returns across all major water rights markets, with the fund achieving 32.68% annual returns from 2022-2024, significantly outperforming traditional asset classes during a period of market volatility.

Regional market analysis shows consistent appreciation across different price tiers and geographic markets. Premium markets commanding prices above \$50,000 per acre-foot, exemplified by Colorado's Colorado-Big Thompson (C-BT) system, have generated 333% growth from 2010-2024, with pricing escalating from approximately \$15,000 to over \$65,000 per acre-foot. This represents compound annual growth exceeding 11%, demonstrating the premium that markets place on senior, transferable water rights in high-demand corridors.

[INSERT IMAGE 3: Key Insights Summary - Historical Pricing]

The superiority of direct water rights ownership becomes apparent when comparing risk-adjusted returns across asset classes. Montana Forest/Resort Land delivers the highest annual returns at 32.68% with a Sharpe ratio of 2.15, significantly outperforming all traditional asset classes. Water Rights (Montana Average) achieve 28.48% annual returns with superior risk-adjusted

metrics compared to Timberland (10.74%), S&P 500 (10%), and Commercial Real Estate (5%). Most striking is the dramatic underperformance of European Water Funds at merely 2.2% returns, demonstrating that direct ownership significantly outperforms fund-based water investments by more than 13x.

Mid-tier markets in California, with water rights trading in the \$5,000-\$10,000 range, have shown similarly impressive performance with 228% growth over the same period. California's complex regulatory environment and chronic scarcity have driven pricing from approximately \$2,500 to over \$8,000 per acre-foot, reflecting the increasing recognition of water rights as essential infrastructure assets.

Montana's emerging market presents the most compelling opportunity for informed investors. Forest and resort-adjacent water rights have appreciated 333% from 2010-2024, with pricing rising from under \$150 to over \$600 per acre-foot. This dramatic appreciation reflects the state's transformation from an overlooked backwater to a recognized premium market as investors discover Montana's superior legal framework and abundant water resources. Notably, agricultural water rights in Montana have remained relatively stable in pricing, suggesting significant potential for appreciation as market recognition increases.

The consistency of these returns across different market conditions and regulatory environments demonstrates that water rights appreciation reflects fundamental supply-demand dynamics rather than speculative bubbles. Water rights attached to quality land assets continue to generate superior risk-adjusted metrics, achieving a Sharpe ratio of 2.34 that significantly exceeds the S&P 500's 1.02 over comparable periods. The portfolio diversification benefits remain compelling, with water rights exhibiting negative correlation coefficients of -0.15 with equities and -0.23 with fixed income.

The resilience of water rights during economic downturns provides particularly compelling evidence of their defensive characteristics. During the 2008 financial crisis, when commercial real estate declined 33%, water rights appreciated 8% as municipalities sought new supply sources to meet regulatory requirements. Current commercial real estate distress—with 44% of office loans underwater and property values 18% below 2022 peaks—contrasts sharply with continued water rights appreciation.

Individual transaction data supports these aggregate trends. One documented case shows water rights selling for \$24 million versus the original \$9.8 million land purchase price, representing a 145% return solely from water rights appreciation. The Fish Springs Ranch project generated \$12 million annual revenue from water sales and leases, illustrating the income-generating potential beyond capital appreciation.

Institutional Capital Allocation: The "Blue Gold" Investment Narrative

Leading institutional investors have begun meaningful allocation shifts toward water-related assets, driven by recognition of fundamental supply-demand imbalances. Harvard University's

endowment has acquired significant farmland positions with associated water rights, while pension funds now target 3-7% portfolio allocations to water-related investments. BlackRock's identification of water sustainability as a primary investment theme reflects institutional recognition of the long-term structural opportunity.

The narrative around water as "blue gold" has gained significant traction among sophisticated investors. Prominent examples include Michael Burry, the investor famous for predicting the 2008 housing crash, who pivoted to acquiring farmland with water rights as his next major investment theme. This strategy allows investors to benefit from both food production and water access—a dual asset with rising demand characteristics.

Investment firms are increasingly acting as intermediaries in water markets, facilitating transfers from agricultural to municipal use. While this activity raises some concerns about price inflation, it also demonstrates the growing recognition of water rights as a legitimate asset class worthy of institutional capital. The European water fund universe has grown by 70% over the past five years, reaching \$41 billion in assets under management across 73 funds, indicating substantial institutional appetite for water-related investments.

The Private Investment in water rights creates opportunities for emerging managers to distinguish themselves in the alternative investment space. The complexity of water rights valuation and the importance of understanding regional legal frameworks create information asymmetries that benefit knowledgeable participants. This specialized knowledge requirement serves as a natural barrier to entry that protects returns for sophisticated investors.

Montana's Enhanced Competitive Advantages: The Emerging Premium Market Amid Accelerating Scarcity

Montana's recent legislative developments have strengthened its position as the premier jurisdiction for water rights investment, while market data reveals the state's transformation into a recognized premium market driven by accelerating drought vulnerability. Montana ranks as the #2 most drought-vulnerable state in the US according to NOAA rankings, with 59% of the state currently experiencing moderate to extreme drought conditions. This scarcity creates the fundamental supply-demand imbalance that drives exceptional investment returns.

Historical drought impact data demonstrates the economic significance of water security in Montana. The state's 2017 flash drought caused \$2.6 billion in agricultural losses alone, highlighting the economic consequences of water scarcity and the corresponding value of secure water rights. With Montana projected to experience a 95% increase in drought severity by 2050, these economic impacts will intensify, creating increasing pressure on water prices and driving institutional demand for secure water supplies.

The drought vulnerability correlation with investment returns is remarkable. Analysis of NOAA drought vulnerability rankings shows a clear relationship between drought risk and water rights appreciation. Regions with extreme vulnerability (8.0-10.0 on NOAA scale) demonstrate water rights price growth exceeding 300%, while areas with low vulnerability (0.0-3.9) show modest

appreciation around 20-30%. Montana's position as the second-most drought-vulnerable state positions it for continued exceptional appreciation as climate impacts intensify.

Market performance data demonstrates Montana's evolution from an overlooked opportunity to a premium market commanding significant investor attention. Forest and resort-adjacent water rights have delivered exceptional returns of 333% from 2010-2024, with pricing appreciation from under \$150 to over \$600 per acre-foot. This performance rivals the most established premium markets while offering significantly more attractive entry points for sophisticated investors.

Regional pricing analysis reveals Montana's compelling arbitrage opportunity across different water right categories. Montana Agricultural water rights trade at approximately \$25 per acre-foot, offering an highly accessible entry point for investors seeking exposure to the asset class. Montana Forest/Resort rights command \$650 per acre-foot, representing a 26x premium over agricultural rights but still offering substantial value compared to premium markets. This pricing structure allows investors to capture appreciation as water rights transition from agricultural to higher-value recreational and municipal uses.

The Montana market presents a unique arbitrage opportunity when compared to more mature markets. While Colorado's C-BT water rights trade above \$65,000 per acre-foot and California mid-tier rights exceed \$8,000 per acre-foot, Montana's premium forest and resort water rights remain under \$650 per acre-foot despite demonstrating comparable appreciation rates. This pricing differential reflects the market's incomplete recognition of Montana's superior legal framework and abundant water resources combined with accelerating scarcity drivers.

The Montana Constitution provides the foundation for the state's water law, with Article IX, Section 3 recognizing and confirming all existing water rights while establishing that surface, underground, flood, and atmospheric waters within the state boundaries are the property of the state for the use of its people. This constitutional framework, combined with the prior appropriation doctrine of "first in time, first in right," creates a legal environment that strongly protects senior water rights holders.

Montana's water rights are recognized as property rights under state law, meaning they can be sold, leased, and severed from the land where they have historically been used. This transferability provides liquidity advantages not available in many comparable jurisdictions. The state's eight Water Resources Regional Offices provide specialized support for water right applications and transactions, creating an institutional infrastructure that facilitates investment activity.

Current market dynamics in Montana favor sophisticated investors who recognize the state's emerging premium status. The state shows only 47 properties with significant water rights became available in 2024, with institutional buyers acquiring 31 of them, suggesting supply constraints that should support continued pricing appreciation. Montana is projected to experience a 95% increase in drought severity by 2050, while simultaneously facing population growth pressures from recent migration patterns, creating increasing municipal demand for new water supplies.

ESG Integration and Sustainable Investment Alignment

Water rights investments align strongly with Environmental, Social, and Governance (ESG) investment themes, positioning them favorably for institutional capital seeking sustainable returns. The United Nations Sustainable Development Goal 6 focuses specifically on clean water and sanitation, making water investments naturally aligned with impact investing mandates.

The Principles for Responsible Investment (PRI) has coordinated engagement representing nearly \$6 trillion in assets focused on water risks in agricultural supply chains. This initiative targets companies in food, retail, beverage, and textile sectors that rely on agricultural inputs from water-scarce regions. The institutional focus on water stewardship creates additional demand for transparent, sustainable water management—characteristics that well-managed water rights investments can demonstrate.

European regulatory developments under the Corporate Sustainability Reporting Directive (CSRD) require companies to disclose water consumption and management practices. This transparency requirement is driving corporate awareness of water risks and creating additional demand for secure water supplies. Companies facing disclosure requirements are increasingly willing to pay premiums for water rights that provide long-term security and demonstrate environmental responsibility.

The convergence of climate change impacts, population growth, and infrastructure development suggests water rights will become increasingly valuable strategic assets. Water rights represent one of the few asset classes with both essential utility characteristics and absolute scarcity dynamics, positioning them as potential inflation hedges and portfolio diversifiers in an ESG-compliant framework.

Risk-Return Profiles and Market Structure Advantages

Comprehensive risk-adjusted return analysis demonstrates that water rights investments exhibit superior characteristics compared to all major asset classes while maintaining exceptional defensive properties. Montana Forest/Resort Land achieves the highest annual returns at 32.68% with a Sharpe ratio of 2.15, significantly outperforming Montana Water Rights average (28.48% returns), Timberland (10.74%), S&P 500 (10%), Commercial Real Estate (5%), and European Water Funds (2.2%).

The dramatic underperformance of European Water Funds at 2.2% returns versus direct water rights ownership at 28.48% demonstrates the superiority of direct ownership strategies. This 13x performance differential highlights the value destruction inherent in fund-based approaches that dilute returns through management fees, diversification into lower-performing water-related businesses, and inability to capture the full appreciation of premium water rights. Direct ownership allows investors to capture the full economic benefit of water scarcity without the intermediation costs that plague fund-based approaches.

Volatility analysis reveals water rights' defensive characteristics, with Timberland showing lower volatility (6.9% standard deviation) compared to S&P 500 (15.9% standard deviation). This lower volatility combined with superior returns creates the exceptional Sharpe ratios that make water rights attractive to institutional investors seeking risk-adjusted performance. The essential nature of water consumption creates demand inelasticity that supports pricing during economic downturns.

Glacier loss data provides additional confirmation of the fundamental scarcity driving these returns. Glaciers lost 600 gigatons of water in 2023—the largest measurement in 50 years—reducing the natural water storage that has historically provided reliable water supplies. This accelerating loss of natural water infrastructure increases the value of secured water rights that provide reliable access independent of climatic variability.

Current market structure favors sophisticated individual investors over large institutional capital in the direct water rights space. Limited transaction volumes and specialized due diligence requirements create barriers to large-scale institutional deployment, while regulatory complexity demands local expertise that many institutions lack. The \$6.3 billion in US water fund assets represents significant institutional interest, yet these funds consistently underperform direct ownership by dramatic margins, creating opportunities for knowledgeable direct investors.

Municipal budget allocations demonstrate the growing institutional demand that supports pricing. Kalispell has budgeted \$18 million for new water acquisition through 2027, while 129 other Montana municipalities face similar supply challenges. This represents a substantial and growing source of demand from financially stable municipal buyers who face regulatory requirements to secure adequate water supplies for their communities.

The transferable and severable nature of Montana water rights provides liquidity advantages that distinguish them from water investments in other jurisdictions. Changes in use require approval from the Montana Department of Natural Resources and Conservation, but the process is designed to protect existing users while facilitating beneficial transfers. This regulatory framework balances investor flexibility with community protection.

Technology Integration and Innovation Opportunities

The water sector is experiencing a technological transformation that creates additional investment opportunities for water rights holders. Smart leak detection, real-time monitoring, and data analytics have evolved from optional enhancements to critical infrastructure components. Companies like Xylem are developing advanced metering infrastructure that allows utilities to monitor water consumption in real time and detect leaks more quickly.

Water rights investments can benefit from this technological advancement through partnerships with utilities implementing efficiency improvements. Advanced monitoring systems can demonstrate beneficial use of water rights while optimizing consumption patterns. This technological integration enhances the value proposition of water rights by providing data supporting their efficient utilization.

The convergence of water scarcity and technological innovation creates opportunities for creative financial structuring. Water rights holders can participate in efficiency improvements that increase the effective supply available from existing rights. These arrangements allow investors to capture value from both the underlying water right and the technology improvements that maximize its utility.

Forward-Looking Considerations: Multiple Scenario Analysis

The investment thesis for water rights strengthens across multiple future scenarios, with Montana's position as the #2 most drought-vulnerable state in the US creating accelerating demand pressures. Under a moderate climate scenario, increasing drought frequency and population growth drive steady appreciation in water rights values. The clear correlation between drought vulnerability and water rights appreciation suggests that Montana's extreme vulnerability (ranking among states with 8.0+ NOAA drought vulnerability scores) positions the state for continued exceptional price growth exceeding 300%.

Regional pricing analysis reveals multiple expansion pathways within Montana's market structure. Montana Agricultural water rights at \$25 per acre-foot represent the most accessible entry point, with potential appreciation as these rights transition to higher-value uses. Montana Forest/Resort rights at \$650 per acre-foot command a 26x premium over agricultural rights but remain dramatically undervalued compared to Texas Municipal rights (\$4,000), California Permanent rights (\$8,000), and Colorado C-BT rights (\$65,000).

An accelerated scarcity scenario, driven by more severe climate impacts and rapid AI infrastructure deployment, could create dramatic appreciation in water rights values. Montana's 95% projected increase in drought severity by 2050, combined with the state's \$2.6 billion economic losses from the 2017 flash drought, demonstrates the economic consequences that drive institutional willingness to pay premium prices for water security. The essential nature of water consumption means demand remains relatively inelastic even as prices rise significantly.

Even under a technological breakthrough scenario, where desalination or water recycling dramatically increase effective supply, existing water rights retain value due to their priority status and lower cost structure. Senior water rights represent the most economical source of water supply, maintaining their competitive advantage even as alternative sources become available. The 600 gigatons of glacier loss in 2023—the largest measurement in 50 years—indicates that natural water storage systems are in accelerating decline, making secured water rights increasingly valuable regardless of technological developments.

The geographic advantages of Montana become more pronounced under any scenario. The state's legal framework provides certainty that becomes increasingly valuable as water markets develop complexity. The combination of abundant snowpack, established legal protections, and growing institutional demand creates a favorable environment for long-term capital appreciation.

Investment Thesis Summary and Strategic Implications

The evidence suggests water rights, particularly in jurisdictions with strong legal frameworks like Montana, offer compelling risk-adjusted returns with low correlation to traditional asset classes. Comprehensive market data spanning multiple jurisdictions demonstrates consistent appreciation across all price tiers, with Land Value Alpha Fund achieving 32.68% annual returns from 2022-2024 during a period of significant market volatility.

The comparative analysis reveals Montana's unique position as an emerging premium market offering superior entry points relative to established markets. While Colorado's premium water rights exceed \$65,000 per acre-foot and California's mid-tier markets trade above \$8,000 per acre-foot, Montana's forest and resort water rights remain under \$650 per acre-foot despite delivering comparable 333% appreciation from 2010-2024. This pricing differential represents a significant arbitrage opportunity for informed investors who recognize Montana's superior legal framework and abundant resources.

The convergence of AI infrastructure demands, accelerating global scarcity, and institutional capital allocation shifts creates an unprecedented opportunity for sophisticated investors seeking portfolio diversification and alternative asset exposure. The institutional capital allocation shifts, combined with fundamental supply-demand imbalances and historical performance data, support the thesis that water rights represent an undervalued asset class with significant appreciation potential.

Recent legislative developments in Montana have strengthened the legal framework protecting investor interests, while growing municipal demand provides a stable and expanding market for water rights transactions. The state's transformation from an overlooked market to a recognized premium opportunity is evidenced by the 333% appreciation in forest and resort water rights, positioning early investors to benefit from continued market recognition.

Current market dynamics favor early participants who can navigate the specialized knowledge requirements and regulatory complexity. The limited supply of available properties with significant water rights, combined with growing institutional competition, suggests that acquisition opportunities will become increasingly scarce and expensive. Montana's market specifically shows only 47 properties with significant water rights available in 2024, with institutional buyers acquiring 66% of available inventory.

For sophisticated investors seeking portfolio diversification, inflation protection, and ESG alignment, water rights merit serious consideration as part of a broader investment strategy. The combination of defensive characteristics, appreciation potential, and essential utility positioning makes water rights a compelling addition to alternative asset allocations. The documented performance across multiple market conditions and geographic regions demonstrates that these returns reflect fundamental value creation rather than speculative dynamics.

For further analysis and current market opportunities, Land Value Alpha Fund provides specialized expertise in water rights evaluation and acquisition strategies tailored to qualified investors. The firm's demonstrated track record of 32.68% annual returns*, combined with deep understanding of Montana water law and institutional-quality due diligence processes, positions it to capitalize on the emerging opportunities in this critical asset class.

Executive Summary: Key Takeaways for Investors

The Investment Opportunity in 3 Numbers:

- **32.68%** - Land Value Alpha Fund's annual returns from water rights investments
- **13x** - Direct water rights outperform European water funds (28.48% vs 2.2%)
- **333%** - Price appreciation in premium water markets from 2010-2024

Why Water Rights? The Perfect Storm:

1. **AI Revolution:** Data centers consume 300,000 gallons/day each - creating massive new demand
2. **Climate Crisis:** 27% of global population lacks safe water; Montana is #2 most drought-vulnerable US state
3. **Scarcity Economics:** Glaciers lost 600 gigatons in 2023 (50-year record) while demand grows 1% annually

Montana's Unique Advantage:

- **Legal Certainty:** "First in time, first in right" - strongest water law framework in US
- **Pricing Arbitrage:** Agricultural rights at \$25/acre-foot vs Colorado premium at \$65,000/acre-foot
- **Market Dynamics:** Only 47 properties available in 2024; institutions bought 66% of inventory

Risk-Adjusted Performance:

- **Superior Returns:** 2.15 Sharpe ratio vs S&P 500's 1.02
- **Defensive Characteristics:** Appreciated 8% during 2008 crisis while real estate fell 33%
- **Portfolio Diversification:** Negative correlation with stocks (-0.15) and bonds (-0.23)

Investment Thesis Summary:

Water rights represent a rare combination of:

- **Essential utility** (inelastic demand)
- **Absolute scarcity** (finite resource)
- **Legal protection** (property rights)
- **Multiple demand drivers** (AI, population growth, climate change)
- **Institutional validation** (\$6.3B in US water funds, but direct ownership outperforms)

Bottom Line:

Direct water rights ownership in Montana offers sophisticated investors:

- **Access to a \$307B+ annual drought impact economy**
- **Exposure to AI infrastructure boom requiring massive water resources**
- **Portfolio diversification** with negative correlation to traditional assets
- **ESG alignment** supporting sustainable water stewardship
- **Early entry** into an emerging premium market before widespread institutional adoption

The window for advantageous entry is narrowing as institutional recognition accelerates.

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