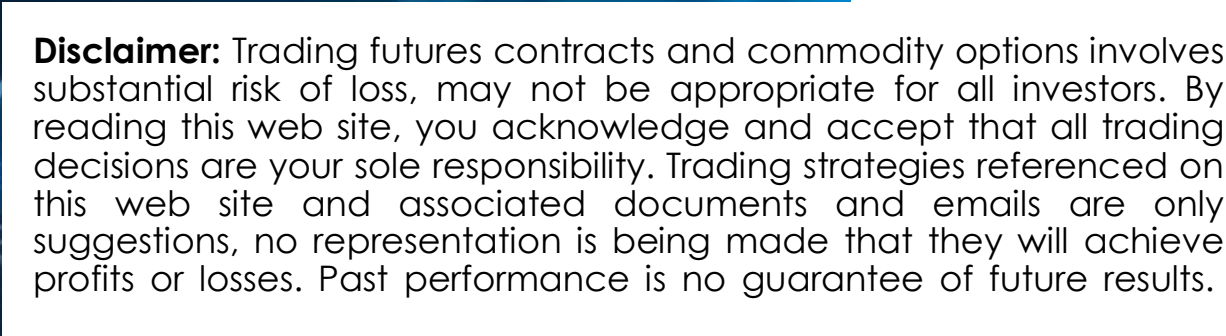




# WEN FUTURES CAPITAL MANAGEMENT A GLOBAL MACRO HEDGE FUND

February 8, 2025

**Presented By**  
**Wen Newman**



- Know Your Fund and Fund Manager
- Know Financials Situation
- Know Your Financial Goals





# A Global Macro Hedge Fund

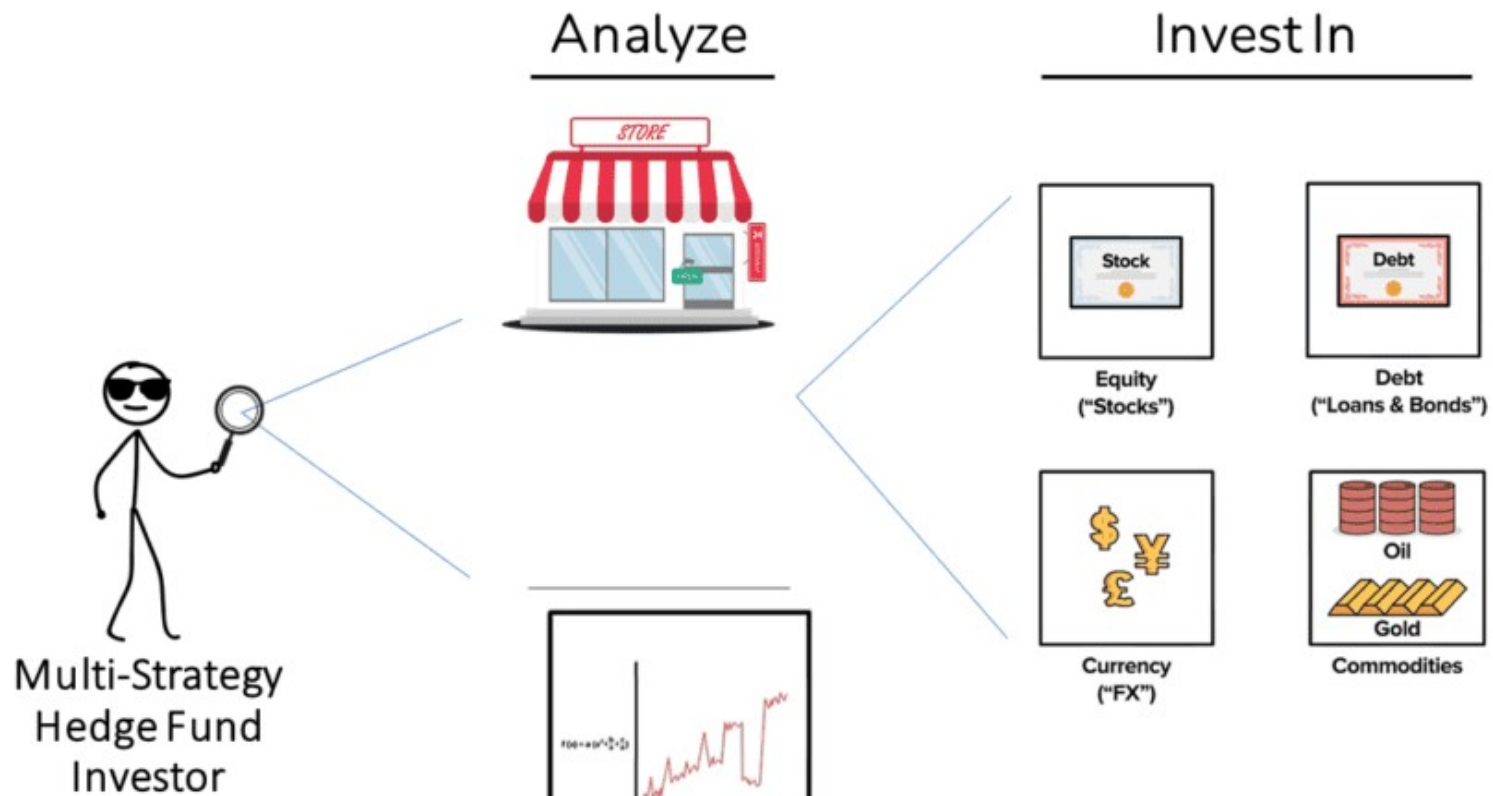
THE ACCESS TO GLOBAL FINANCIAL MARKETS



A macro economy hedge fund is an investment vehicle that aims to capitalize on large-scale economic and political shifts by taking positions in various global markets. These funds typically employ strategies that include trading in **equities, bonds, currencies, commodities, and derivatives**.

Fund managers closely monitor economic indicators, central bank policies, geopolitical events, and other macroeconomic factors to make informed decisions. The goal is to generate high returns by predicting and profiting from major economic trends and market movements. This approach requires a deep understanding of global economic dynamics and the ability to anticipate changes that could impact financial markets. This proactive approach to risk management can protect investments from adverse market conditions and unexpected economic downturns.

# Multi-Strategy Hedge Funds



# Fund Performance



# Financial Situation

## Macro Framing 2025 Overview

In the midst of this extraordinary economic environment, our convictions have never been stronger. This period is far from a typical business cycle; instead, we are witnessing an economic transformation propelled by powerful mega forces. Through this lens, we evaluate the emerging investment opportunities and associated risks, shaping the themes of this outlook.

Firstly, the economic insights presented in my January 2023 newsletter (*See Attached File*) continue to hold significant relevance. We urge our investors to revisit that analysis to gain a comprehensive understanding of the trajectory of current macro trends.

The outlook for the US economy remains robust, with no indications of a major slowdown as we approach 2025. Despite the Federal Reserve's ongoing monetary easing campaign, we anticipate that interest rates will remain relatively high for an extended period.

The accompanying chart suggests that a recession is not likely to occur until the beginning of 2027.

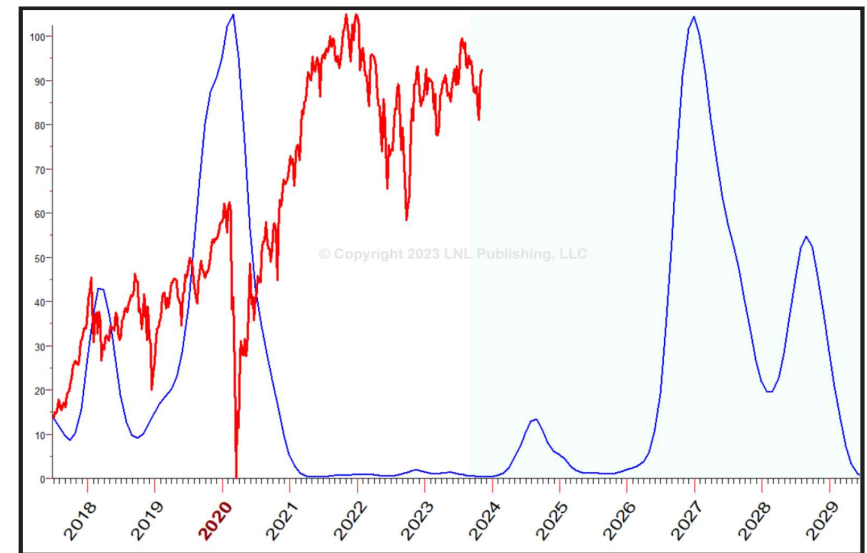
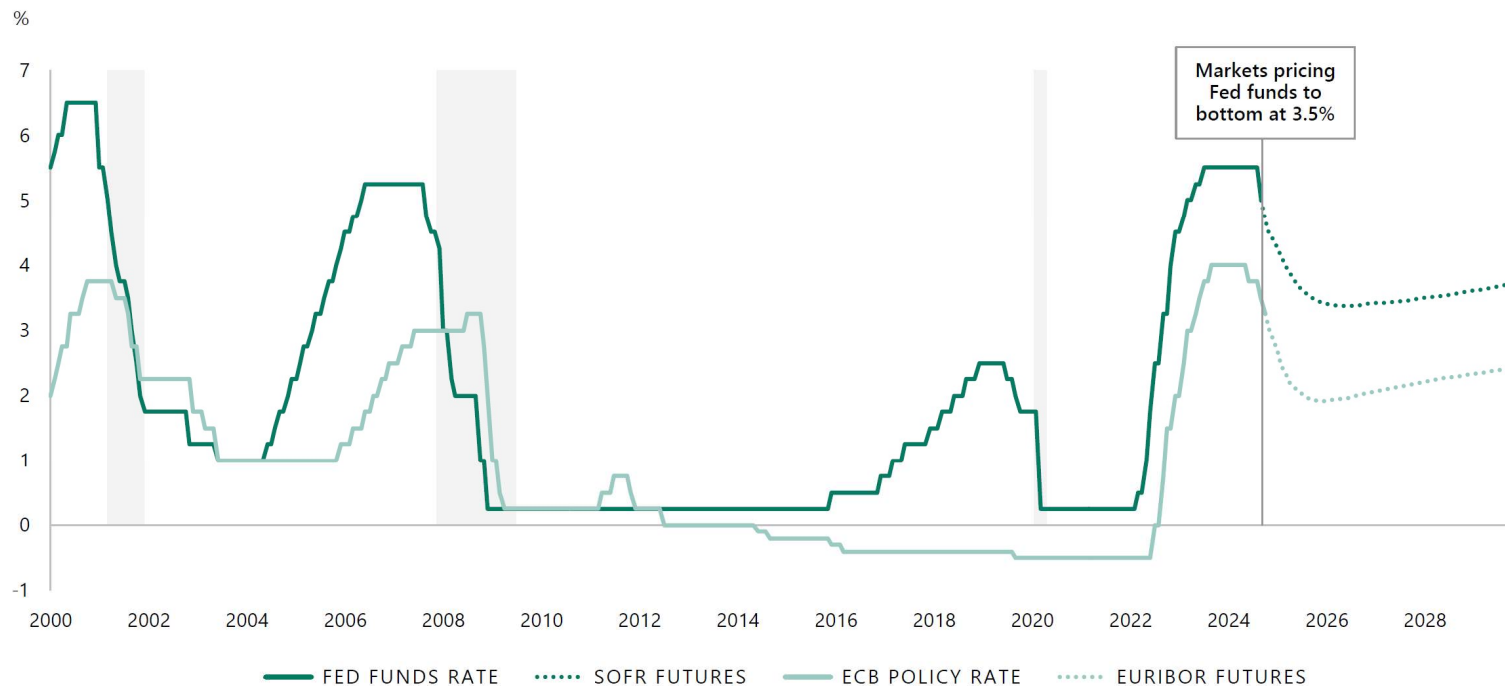
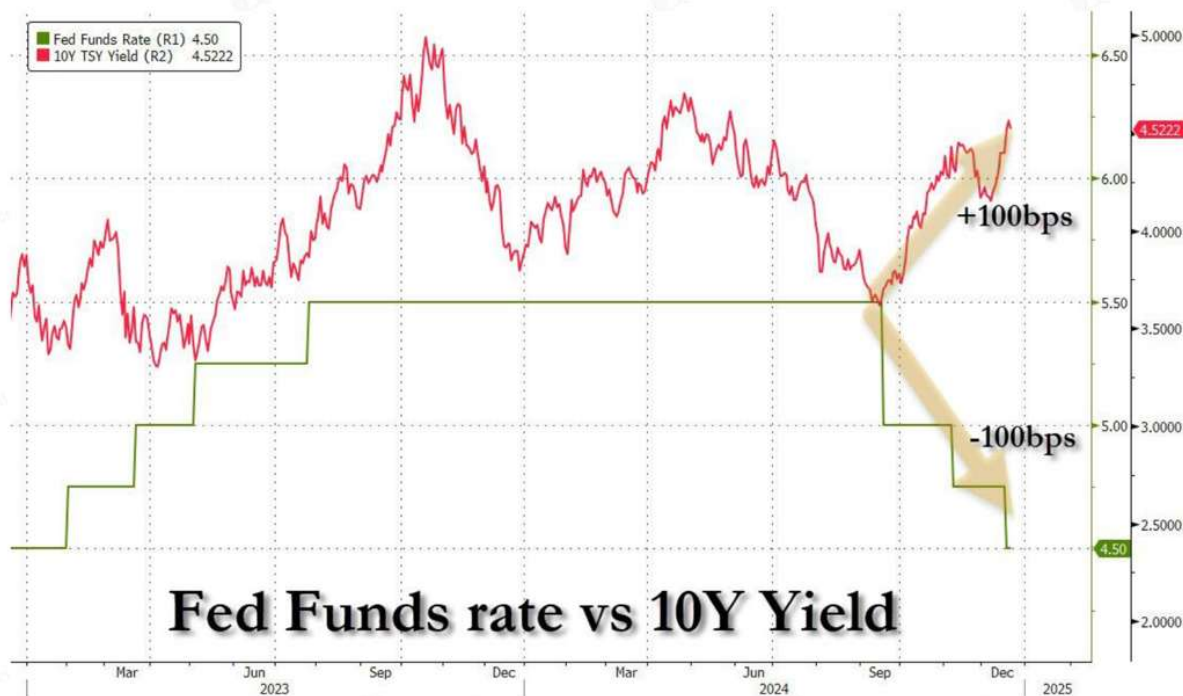


Chart 48: Recession Index Forecast 2023-2029

**3. Resurgence of Inflation:** Increased tariffs, immigration restrictions, and fiscal expansion could push U.S. inflation above 3%. Concurrently, inflationary pressures may rise in other major economies, influencing central bank policy adjustments. Additionally, an aging workforce, coupled with slowing immigration, may sustain high wage growth, hindering inflation from reverting to the Federal Reserve's 2% target.



**4. Fed Might Resume Rate Hikes:** Despite market expectations for a rate cut, persistent inflation might compel the Federal Reserve to resume rate hikes. Strong economic growth and mounting inflationary pressures have increased the probability of a rate hike to 40%.





**5. Risk of Global Economic Recession:** Supply chain disruptions, fiscal policy errors, and an unexpected Federal Reserve rate hike could precipitate a global economic recession. However, productivity growth in certain economies may mitigate some of the downward pressure.

**6. Strong Dollar:** The record-high trade-weighted dollar could negatively impact the U.S. economy by making exports less competitive, straining multinational companies, exacerbating the trade deficit, and potentially contributing to global financial instability. For other countries, this could lead to higher costs for dollar-denominated imports, inflation, and economic slowdowns, particularly in emerging markets. The Federal Reserve may also face challenging decisions regarding interest rates and inflation management in such an environment.

### Trade-Weighted Dollar Trades Near Historical, Record Highs

US Fed Trade Weighted Nominal Broad Dollar Index



Source: US Federal Reserve, Bloomberg



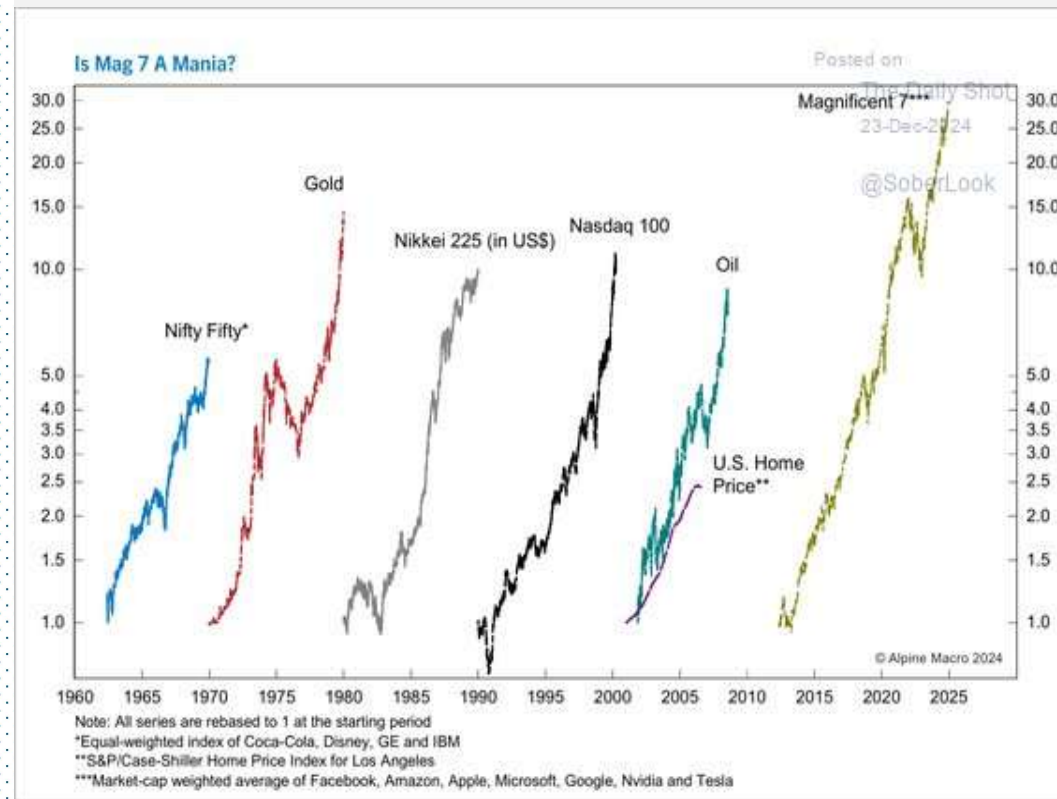
**US dollar falls under  
Trump's first  
presidency  
History will repeat  
again?**



**7. Risk of Global Economic Recession** Supply chain disruptions, fiscal policy mistakes, and an unexpected Fed rate hike could trigger a global economic recession, though productivity growth in certain economies might alleviate downward pressure.

**8. Stock Market Bubble Risk** Tech stocks, inflated by expectations around artificial intelligence, may be at risk of a bubble burst. If this happens, consumer spending and corporate investment could be suppressed, though the overall macroeconomic impact may be limited.

## Magnificent 7 Stocks

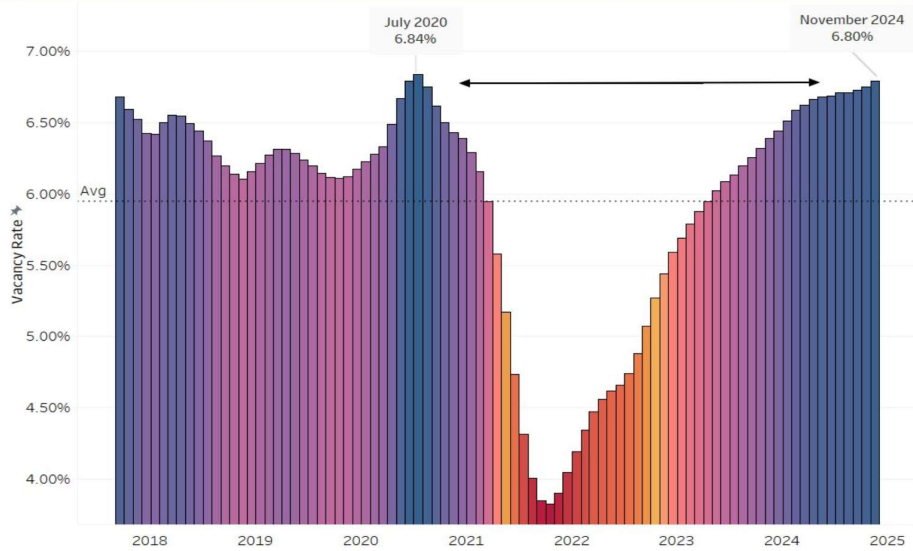


## Risks for Real Estate Market

**What Is the Relationship Between the Stock Market and Real Estate?** The stock market affects real estate in two major ways. The first is that it creates a sentiment of apprehension. This means that people generally feel reluctant to buy because of perceived economic instability. The second way it affects real estate is that market dips can create job losses that simply take more people away from being in the position to buy.

U.S. Rental Vacancy Approaching Highest Level in Four Years  
Apartment List National Vacancy Index

ARBOR DATA SCIENCE

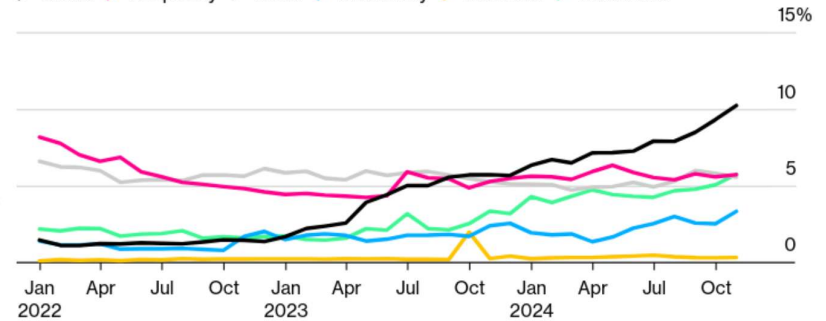


Data Source: Apartment List

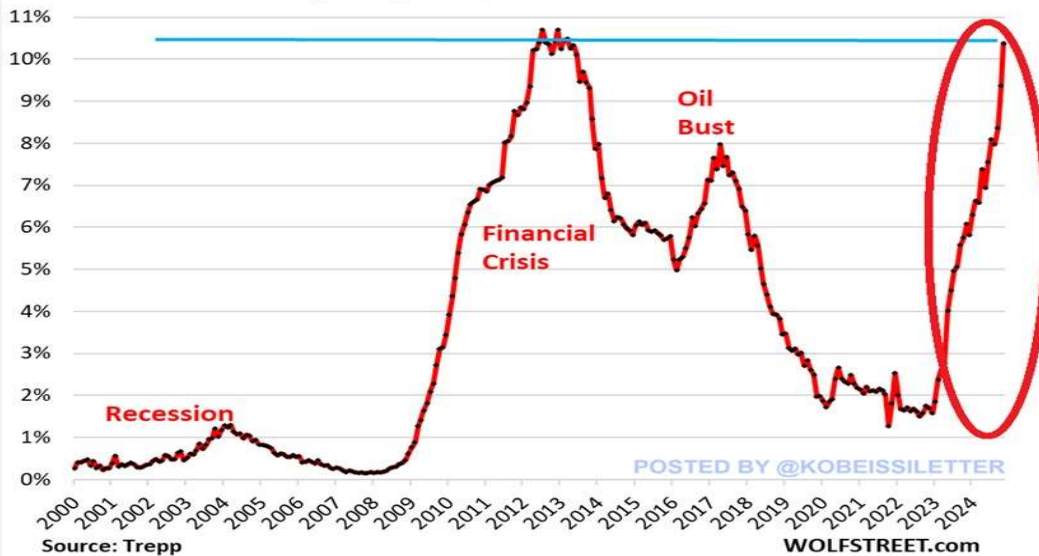
## Office CMBS Loan Delinquencies Are Spiking

Total Delinquency %

Office Hospitality Retail Multifamily Industrial Mixed Use



## Office CMBS Delinquency Rate, %





U.S. 30-Year Fixed Rate Mortgage Rate



## People Don't Feel Like Buying Homes



### Buying Conditions for Housing as Surveyed by Consumers

Buying Conditions = Share Reporting Good Conditions - Share Reporting Bad Conditions +100

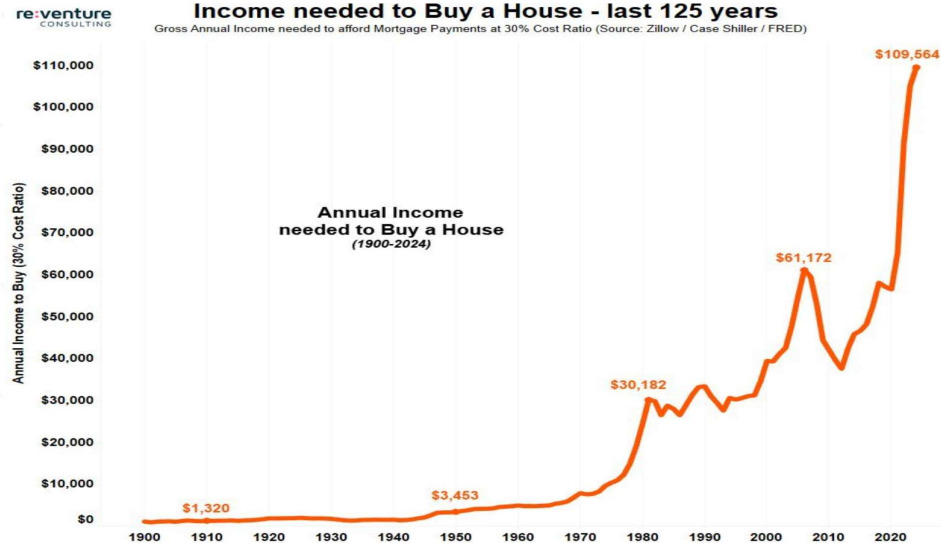


Dates: 1960 Through August 2024.

Source: University of Michigan, National Bureau of Economic Research, Federal Reserve Board, Bravos Research.

### Income needed to Buy a House - last 125 years

Gross Annual Income needed to afford Mortgage Payments at 30% Cost Ratio (Source: Zillow / Case Shiller / FRED)



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## What is on the rise?

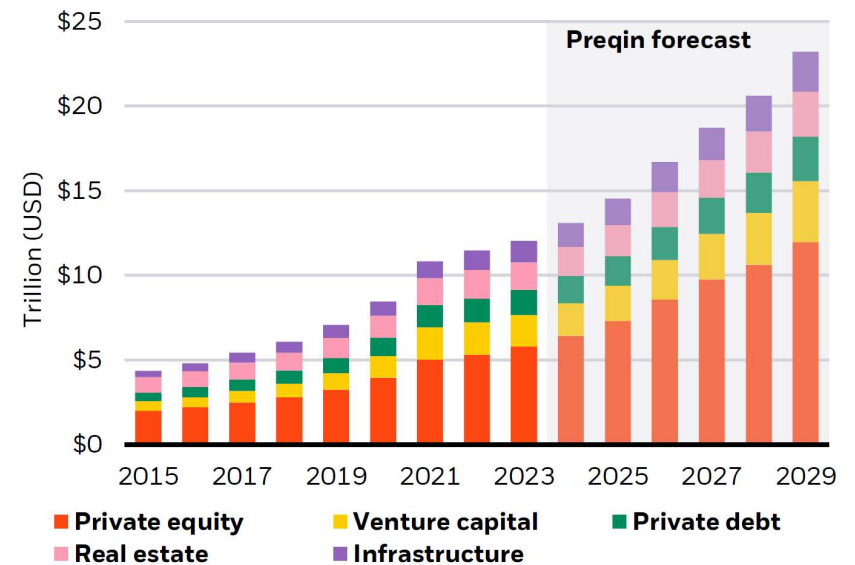
Major tech companies are starting to rival the U.S. government on research and development spending. But it's not just about the rise of AI and its buildout via data centers. Meeting growing energy demand (think solar farms, power grids, oil and gas) will generate investment of US \$3.5 trillion per year this decade. And governments are limited in how much they can support such investment and infrastructure upgrades.

We see capital markets deepening – including in emerging markets – to help channel money seeking new opportunities and sources of return.

This shows how finance itself is changing and innovating rapidly as activities that were previously bundled together in single institutions, like banks, are unbundled.

### On the rise

Private market assets under management, 2015-2029



**Chart takeaway:** Private assets have become a growing share of financial markets. We see private markets playing a critical role in the transformation ahead – sticking to public markets doesn't fully capture this broadening opportunity set, in our view.



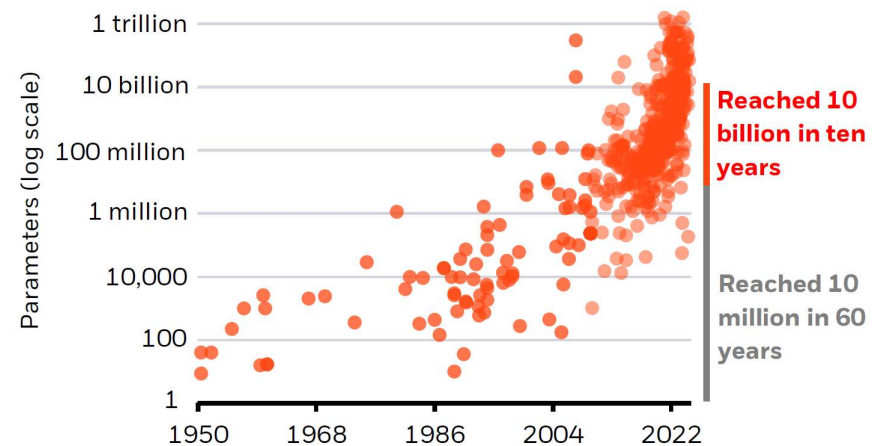
## Tracking AI's Evolution

AI's great promise is driving a wave of innovation and investment. Its rapid evolution presents significant opportunities. We are still in AI's buildout phase – a pillar of a broader infrastructure boom. This phase involves massive investment in data centers, chips and power systems – in an effort to meet the needs of AI models that have been growing exponentially in size and complexity. See the chart.

We estimate spending on this infrastructure could top \$700 billion by 2030, equivalent to 2% of U.S. GDP. Investment on this scale creates a vital role for capital markets – and an opportunity for investors, in our view. Yet such growth brings challenges, such as strain on energy grids. Efficiency gains may later offset some of the initial spike in energy demand.

### Exponential growth

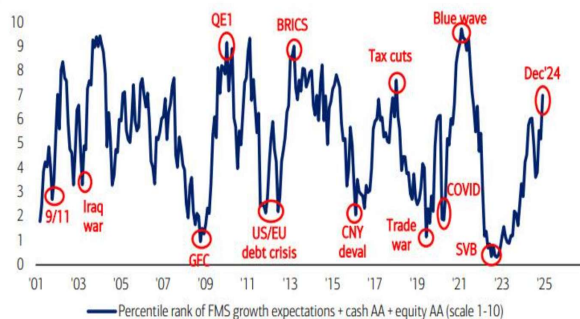
Parameters in notable AI systems, 1950-2024



**Chart takeaway:** AI models have seen exponential growth – from 10 parameters in the 1950s to 1 trillion today – driving leaps in capability. Yet further scaling comes with challenges.

# Stock Market

**Chart 2: BofA Global FMS sentiment sees biggest monthly improvement since Jun'20**  
Percentile rank of FMS growth expectations, cash level, and equity allocation



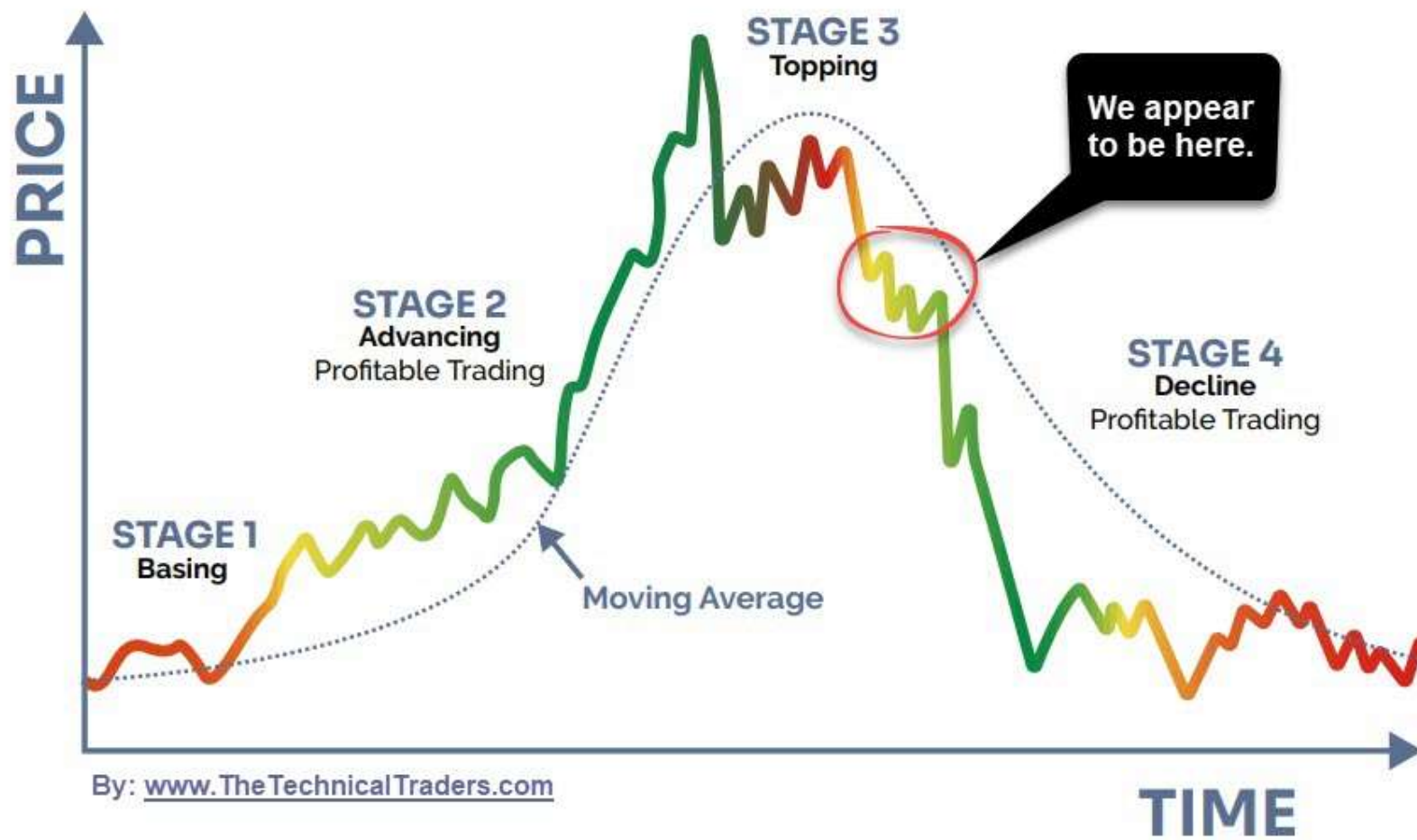
Source: BofA Global Fund Manager Survey.

BofA GLOBAL RESEARCH

## ·美银研报

2023年10月，美股市场情绪极为低迷，彼时被称为“华尔街最大看空者”的美银明星分析师Michael Hartnett突然转为看多，并表示“买入信号刚刚被触发”——事实证明这个判断确实押中了过去14个月的市场底部。

之所以再次提及这个案例，是因为时隔一年多，Hartnett在其对最新美银基金经理调查的评论中指出，一个逆向的“卖出”信号已被触发。由于整体情绪自2020年6月以来激增，华尔街专业人士的狂热情绪已经失控。



S&P to Slide Between Now and Christmas

**Current**

# DJIA Cash Daily Chart



DJOU - Daily DJI L=41,826.86 H=42,000.00 T=41,826.86 TE=DJI B=41,826.26 BS=41,826.26 AS=41,826.86 H=42,000.00 L=41,790.48 V=1,034,880

**1986-1987**

**August**



©Allen Reminick

3:44 / 5:20



# Stay Dynamic

## Big calls

Our highest conviction views on tactical (6-12 month) and strategic (long-term) horizons, December 2024

Tactical	Reasons
U.S. equities	<ul style="list-style-type: none"> <li>We see the AI buildout and adoption creating opportunities across sectors. We tap into beneficiaries outside the tech sector. Robust economic growth, broad earnings growth and a quality tilt underpin our conviction and overweight in U.S. stocks versus other regions. We see valuations for big tech backed by strong earnings, and less lofty valuations for other sectors.</li> </ul>
Japanese equities	<ul style="list-style-type: none"> <li>A brighter outlook for Japan's economy and corporate reforms are driving improved earnings and shareholder returns. Yet the potential drag on earnings from a stronger yen is a risk.</li> </ul>
Selective in fixed income	<ul style="list-style-type: none"> <li>Persistent deficits and sticky inflation in the U.S. make us more positive on fixed income elsewhere, notably Europe. We are underweight long-term U.S. Treasuries and like UK gilts instead. We also prefer European credit – both investment grade and high yield – over the U.S. on cheaper valuations.</li> </ul>
Strategic	Reasons
Infrastructure equity and private credit	<ul style="list-style-type: none"> <li>We see opportunities in infrastructure equity due to attractive relative valuations and mega forces. We think private credit will earn lending share as banks retreat – and at attractive returns.</li> </ul>
Fixed income granularity	<ul style="list-style-type: none"> <li>We prefer short- and medium-term investment grade credit, which offers similar yields with less interest rate risk than long-dated credit. We also like short-term government bonds in the U.S. and euro area and UK gilts overall.</li> </ul>
Equity granularity	<ul style="list-style-type: none"> <li>We favor emerging over developed markets yet get selective in both. EMs at the cross current of mega forces – like India and Saudi Arabia – offer opportunities. In DM, we like Japan as the return of inflation and corporate reforms brighten the outlook.</li> </ul>

# COMMODITIES vs EQUITY VALUATIONS

## 1970–2023

Ratio: GSCI Commodity Index  
vs. S&P 500 Index

10

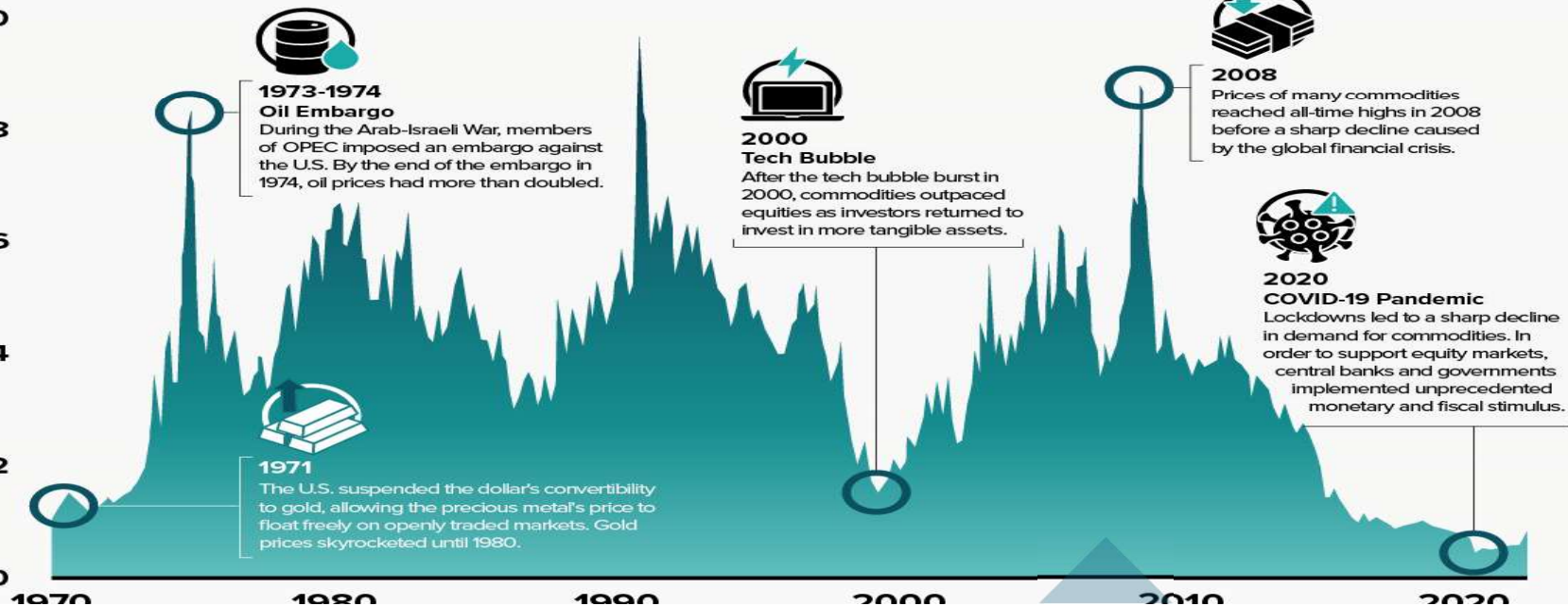
8

6

4

2

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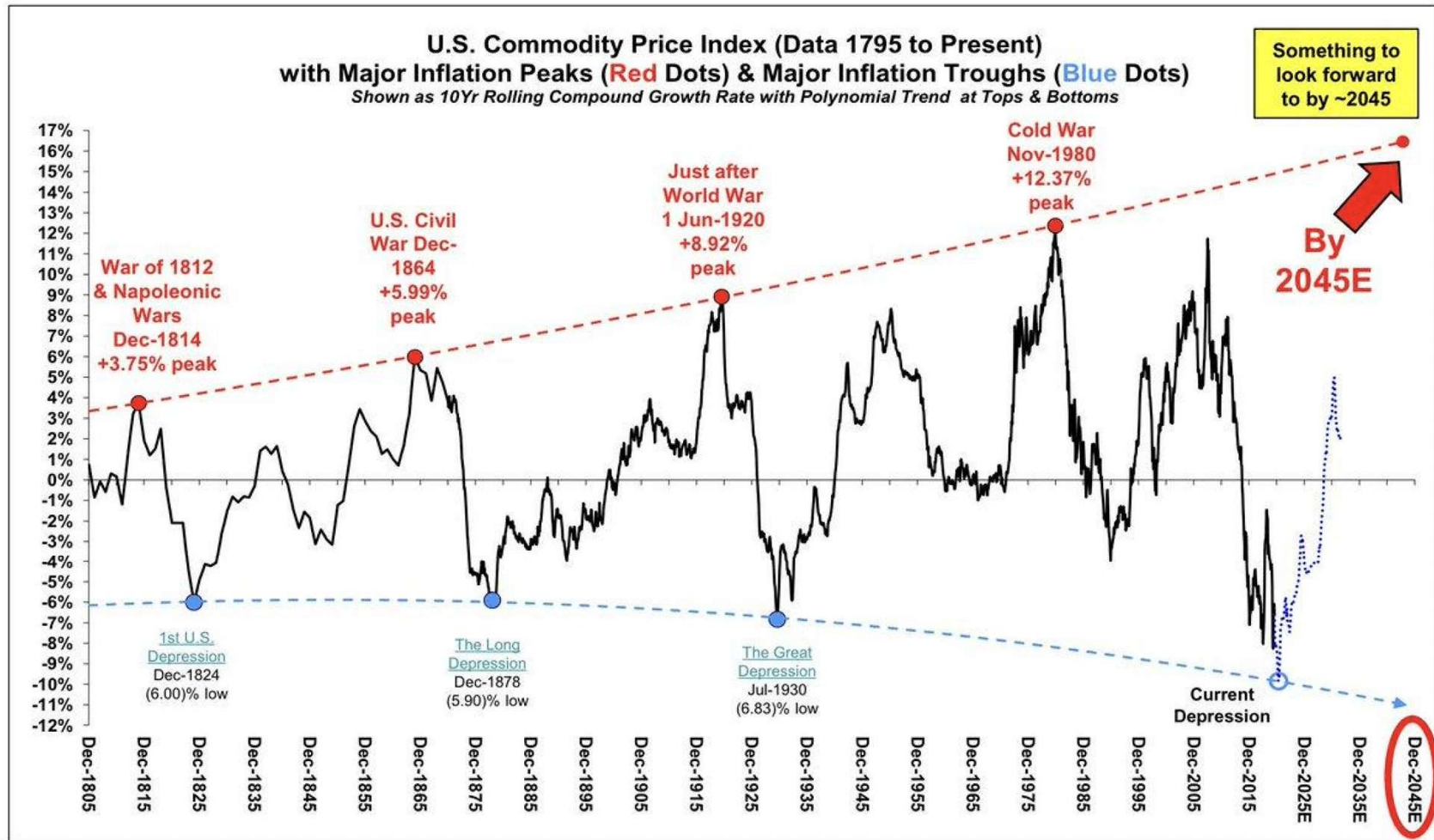
Recently, commodity prices reached a 50 year low relative to overall equity markets. In the past, when this ratio reached such levels, commodity supercycles began.

**Commodity supercycle**  
Extended periods during which commodity prices are well above their long-run trend.  
*Source: Bank of Canada*



Long commodity cycles also point to the early 2040s as when currency debasement/inflation may be its highest

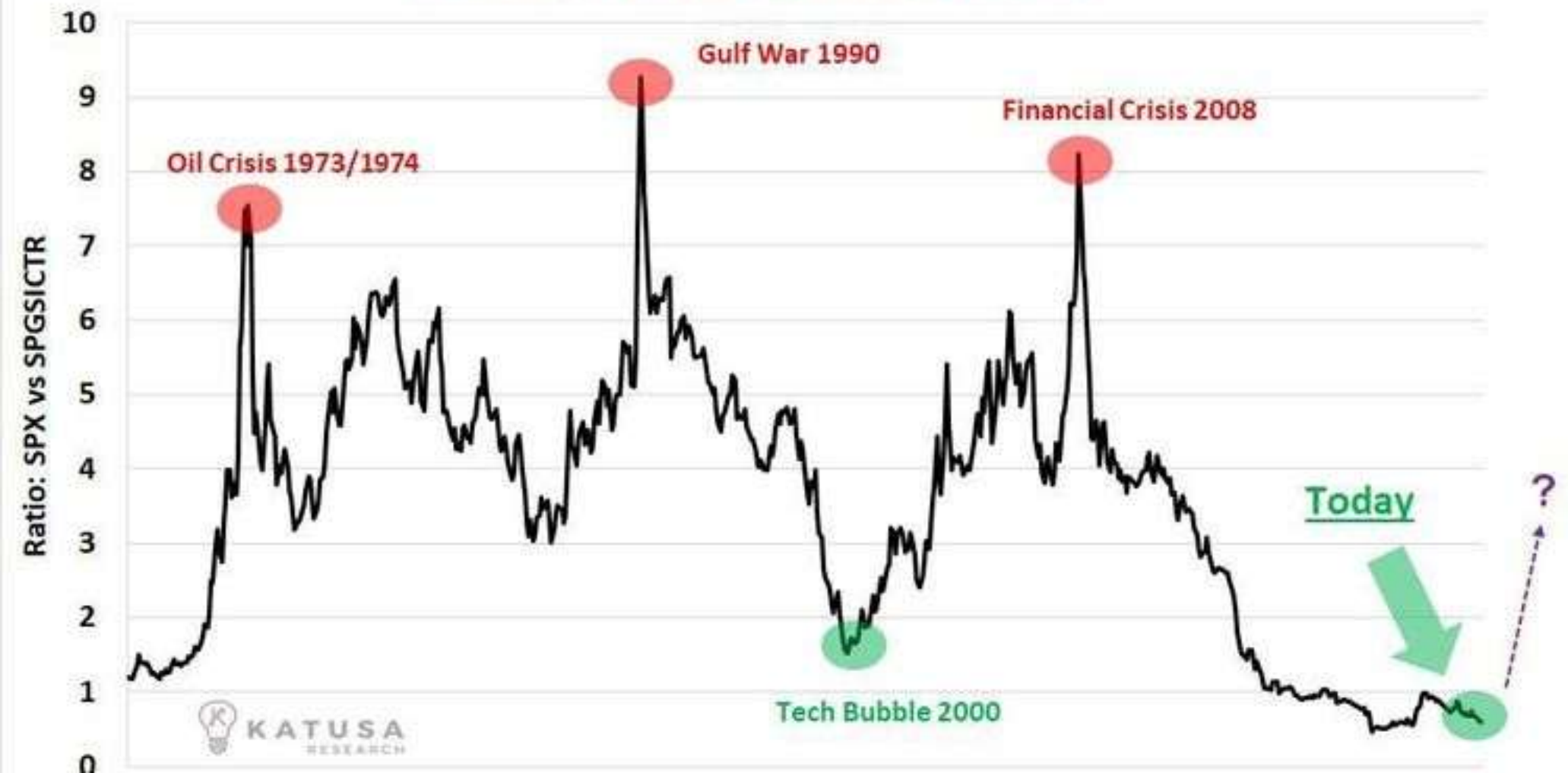
A commodity super-cycle peak is possible to 2045 (last red dot), part of a long cycle wave every ~55 years (growing 5 years longer in each cycle for 200 years), indicating the next peak is 2045E (65 years after 1980 peak)



Source: Warren & Pearson Commodity Index (1795-1912), WPI Commodities (1913-1925), equal-weighted (1/3<sup>rd</sup> ea.) PPI Energy, PPI Farm Products and PPI Metals (Ferrous and Non-Ferrous) ex-precious metals (1926-1956), Refinitiv Equal Weight (CCI) Index (1956-1994), and Refinitiv Core Commodity CRB Index (1994 to present).

# S&P Commodity Index vs S&P 500

Equities are Expensive, Commodities are Cheap





# Cash Management

**Best Places To Park Your Cash:  
Low-Risk, Solid Returns**





**High-yield savings accounts**



**Money market accounts**



**Certificates of deposit (CDs)**



**Treasury bills and notes**



- BILS
- VTIP
- VCSH
- USHY

投资本质上更像是艺术，而不是数学公式堆砌成的科学。需要长久的努力，更需要一种与生俱来的天赋及天赐良机。

- 支配投资背后的根本法则的研究，就是哲学。





# Thank You

Wen Newman



+1 469 418-6479



WenNewman@WenFuturesCapital.com



www.WenFuturesCapital.com

