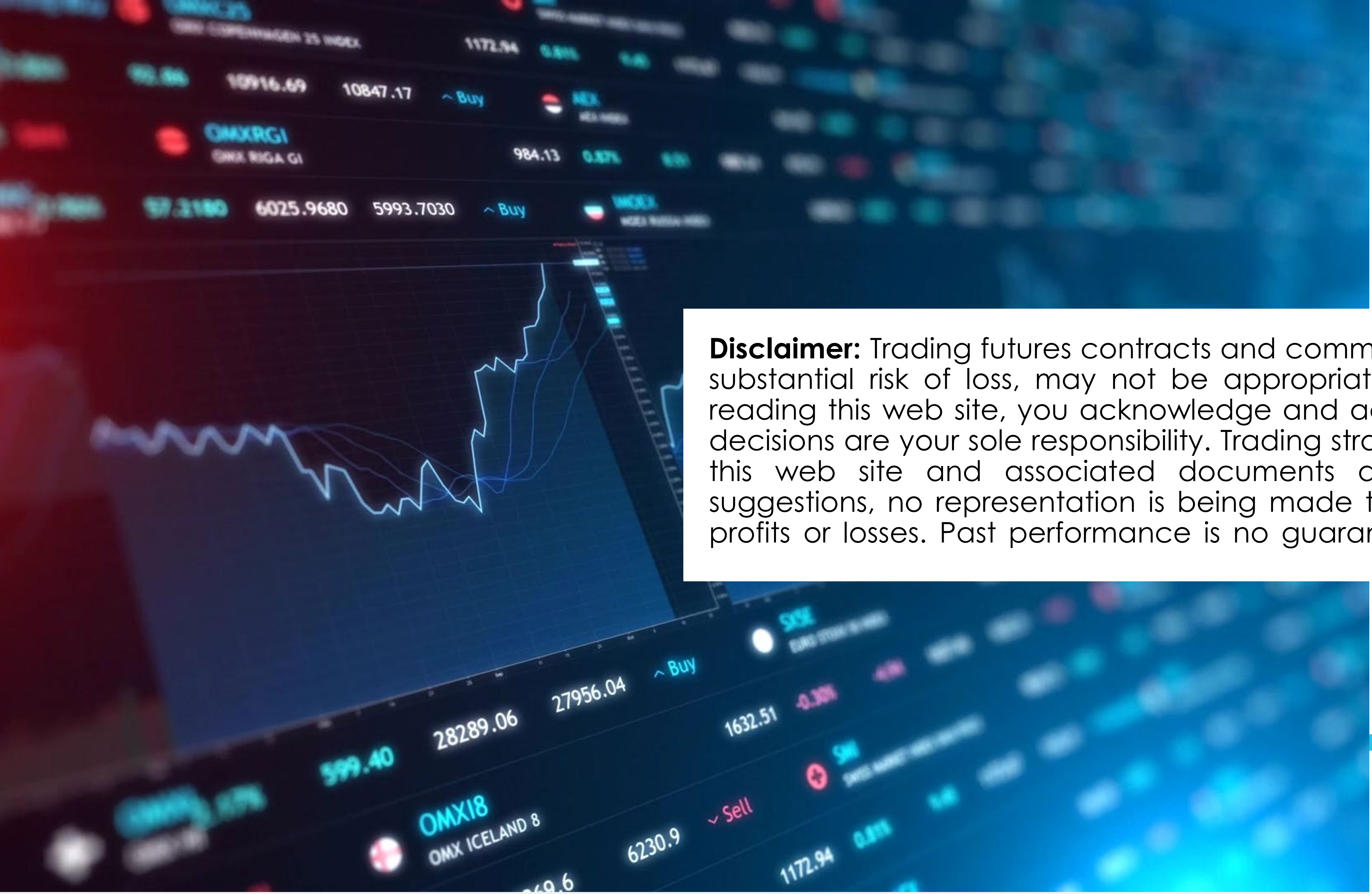
WEN FUTURES CAPITAL MANAGEMENT
A GLOBAL MACRO HEDGE FUND

December 2024

Presented By
Wen Newman



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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.

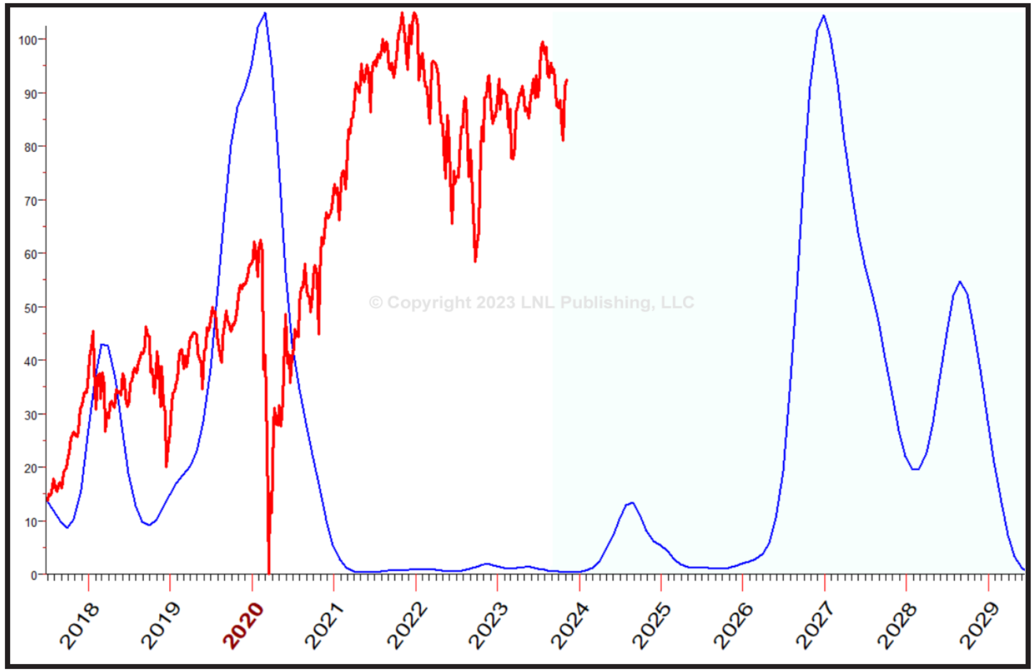
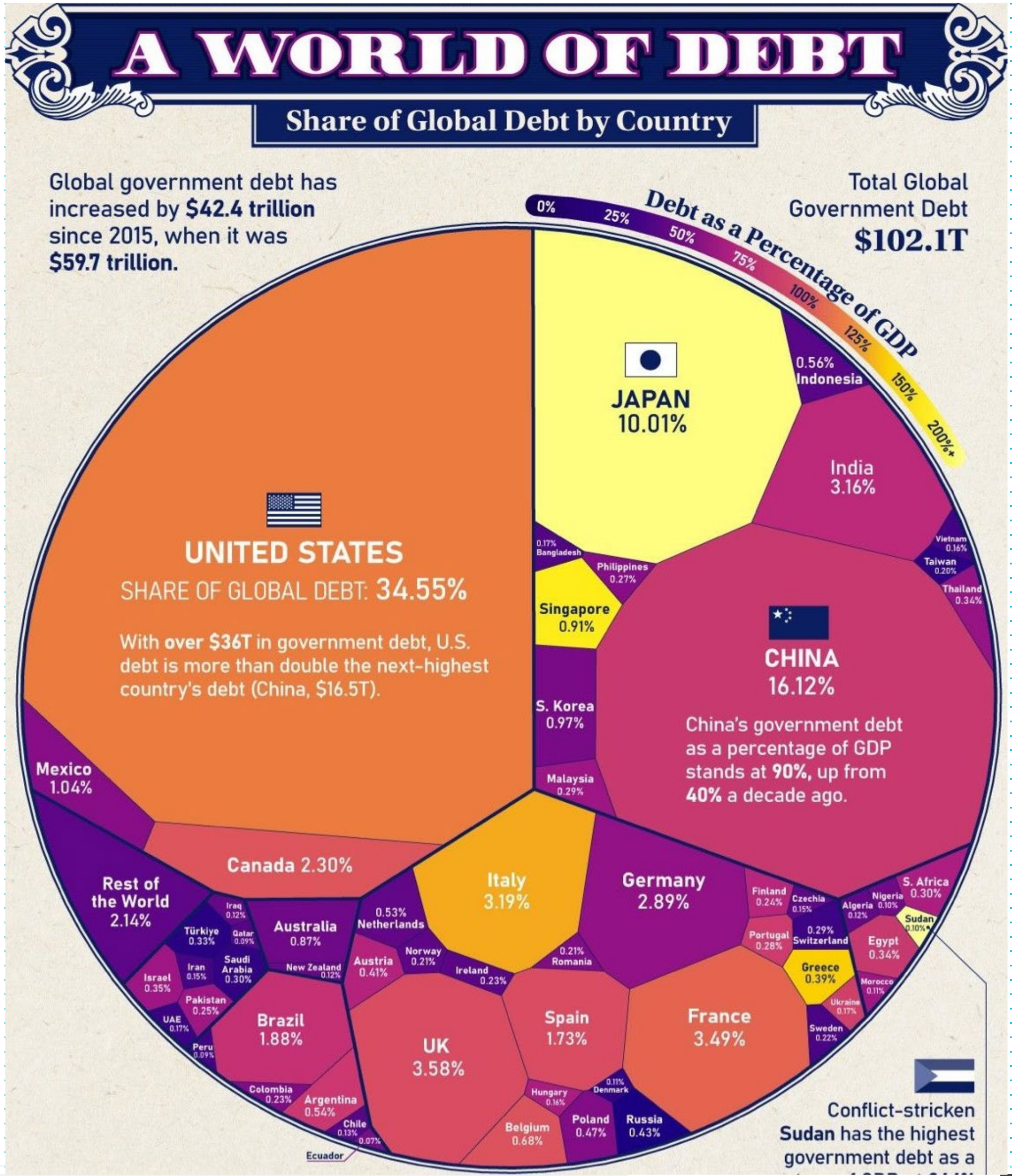


Chart 48: Recession Index Forecast 2023-2029

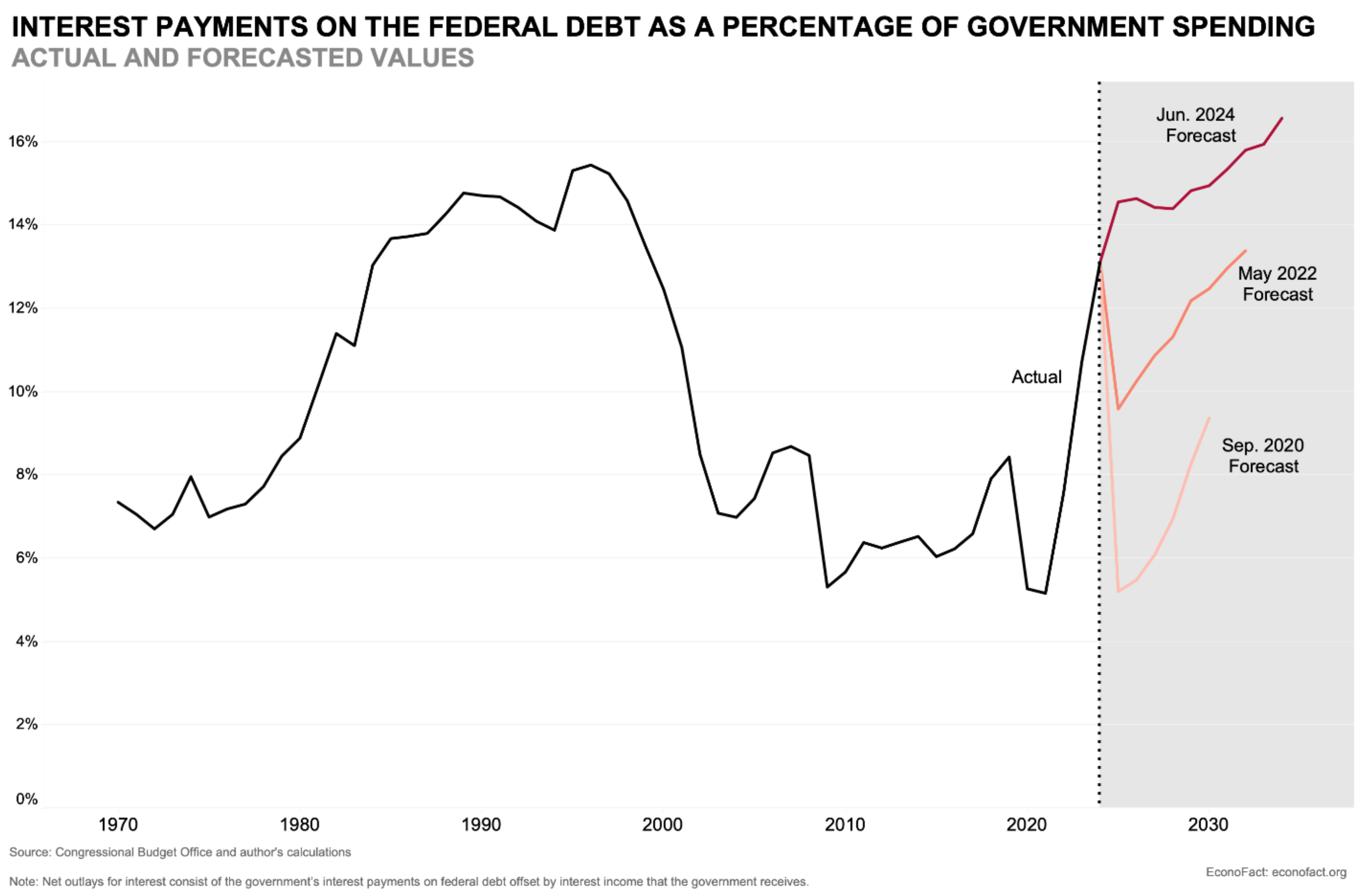
However, we must underscore the significant risks that could impact our outlook in 2025:

1. **Geopolitical Risks**: We are deeply concerned about three critical issues: the China/Taiwan situation, the conflict between Russia and Ukraine, and tensions in the Middle East involving Israel, Hezbollah, Iran, and other regional actors. Additionally, escalating US trade tensions with China pose a potential source of economic instability. Any of these factors could trigger a dramatic shock to the global economy and, by extension, our outlook.

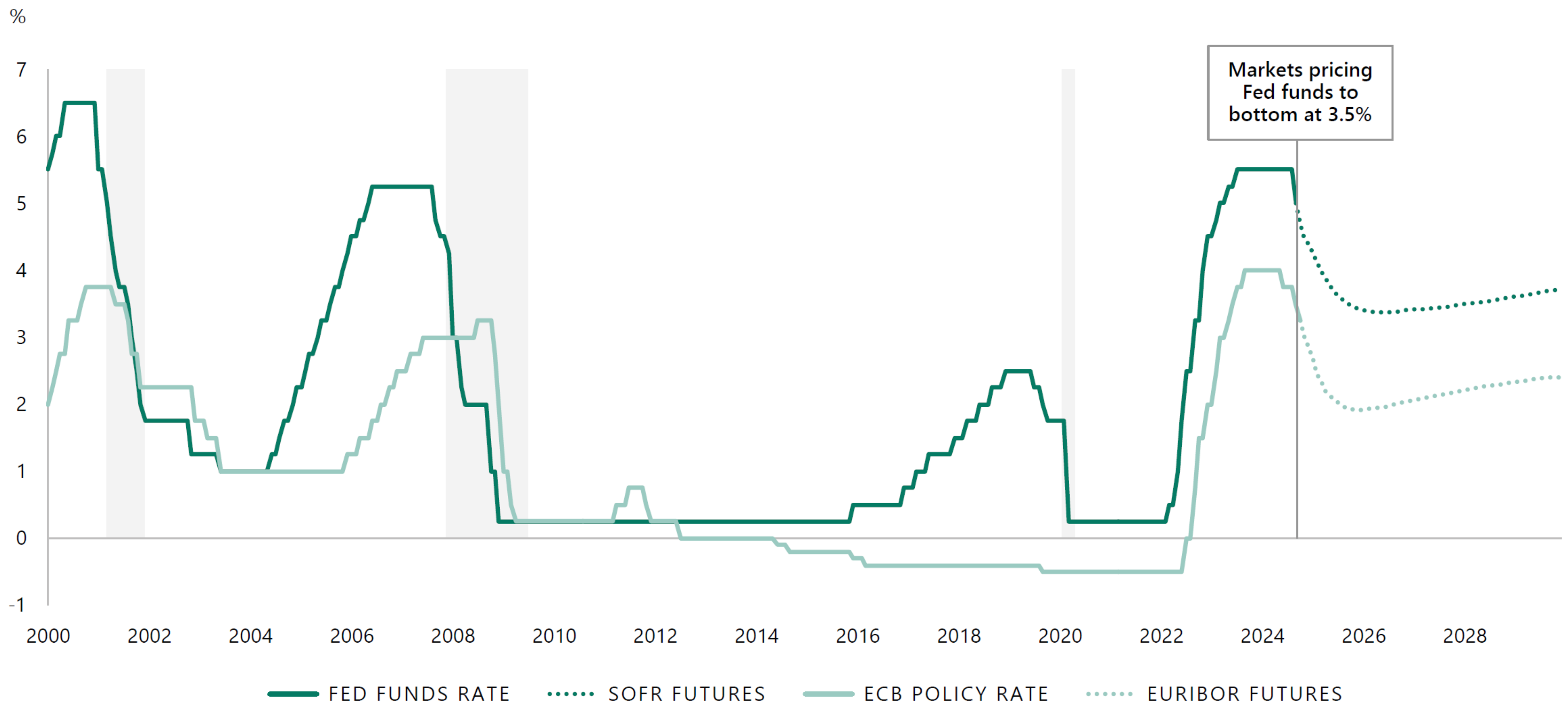
2. **Large Budget Deficit and Ballooning Debt**: The expanding size of government deficits and overall debt in the United States could necessitate higher interest rates for a prolonged period, especially at the long end of the curve. In 2024, for the first time in history, interest payments on the federal debt surpassed defense spending, with net interest payments reaching $870 billion compared to $822 billion spent on defense. Over the past decade, the federal debt has more than doubled to nearly $36 trillion. Starting in 2025, net interest costs will be higher relative to GDP than at any time since at least 1940.



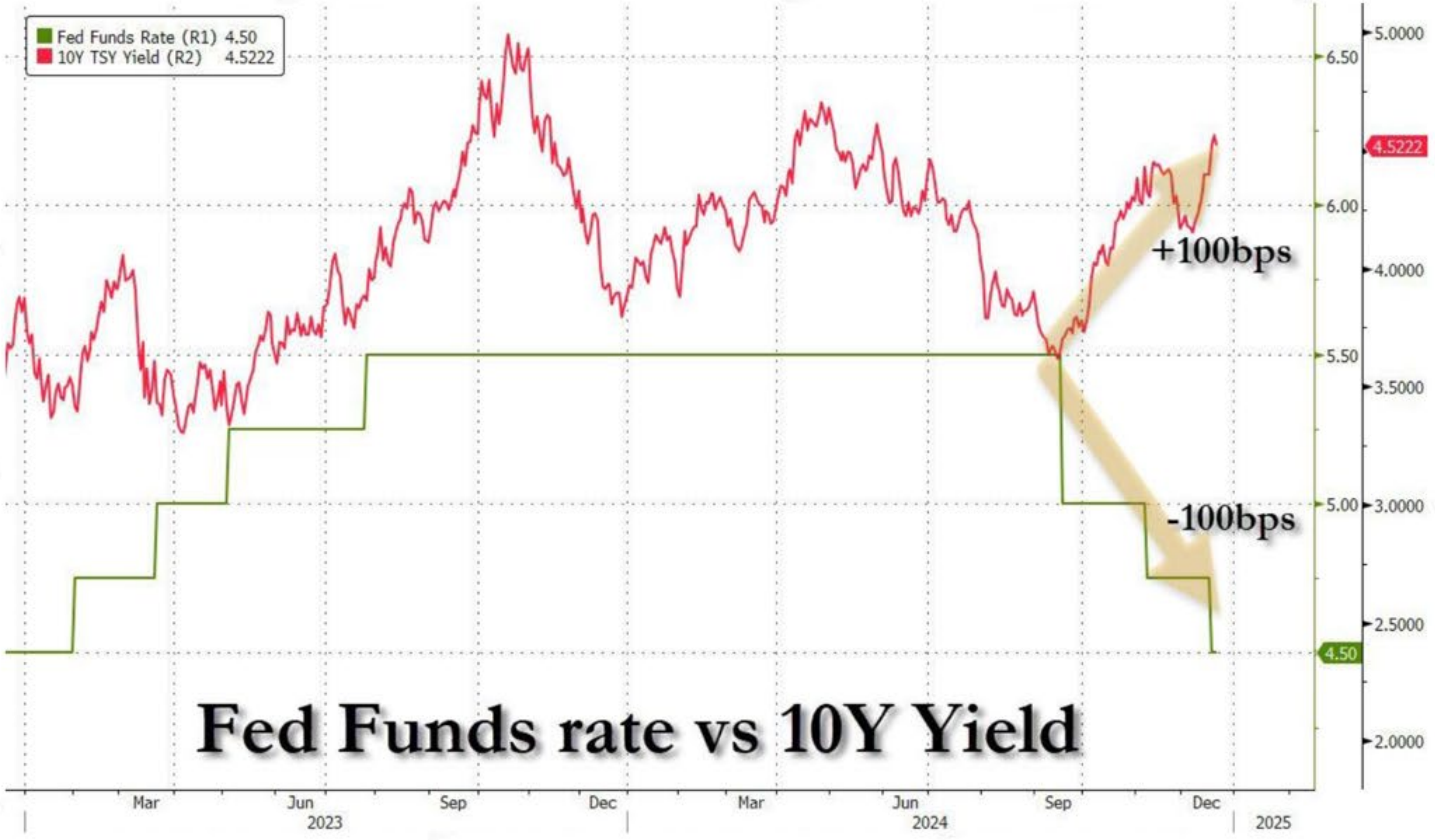
The sharp rise in US debt interest payments is due to the combination of increasing government debt and higher interest rates. These high debt levels mean that interest rate increases over the past two years have significantly impacted the country's budget deficits. This situation could necessitate increases in taxes or reductions in spending.



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.



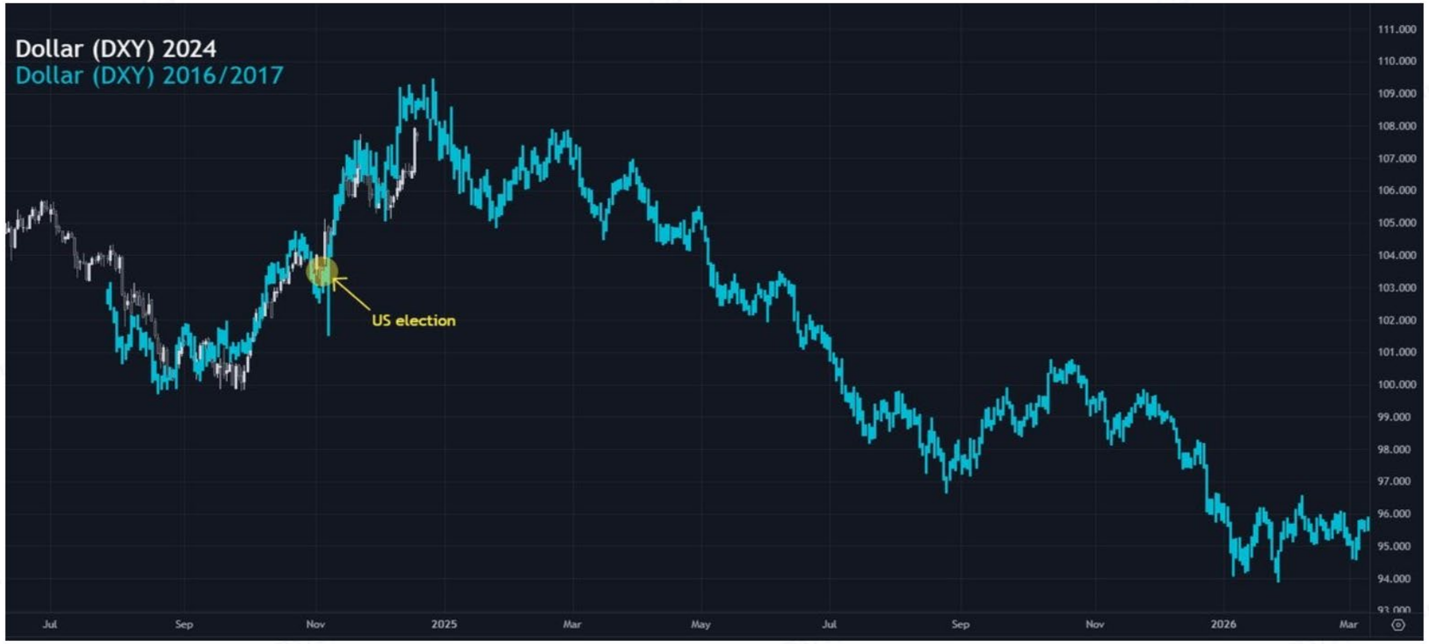
4. Fed Might Resume Rate Hikes: Despite market expectations for a rate cut, persistent inflation might compel the Federal Reserve to resume rate hikes. Strong economic growth and mounting inflationary pressures have increased the probability of a rate hike to 40%.



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.

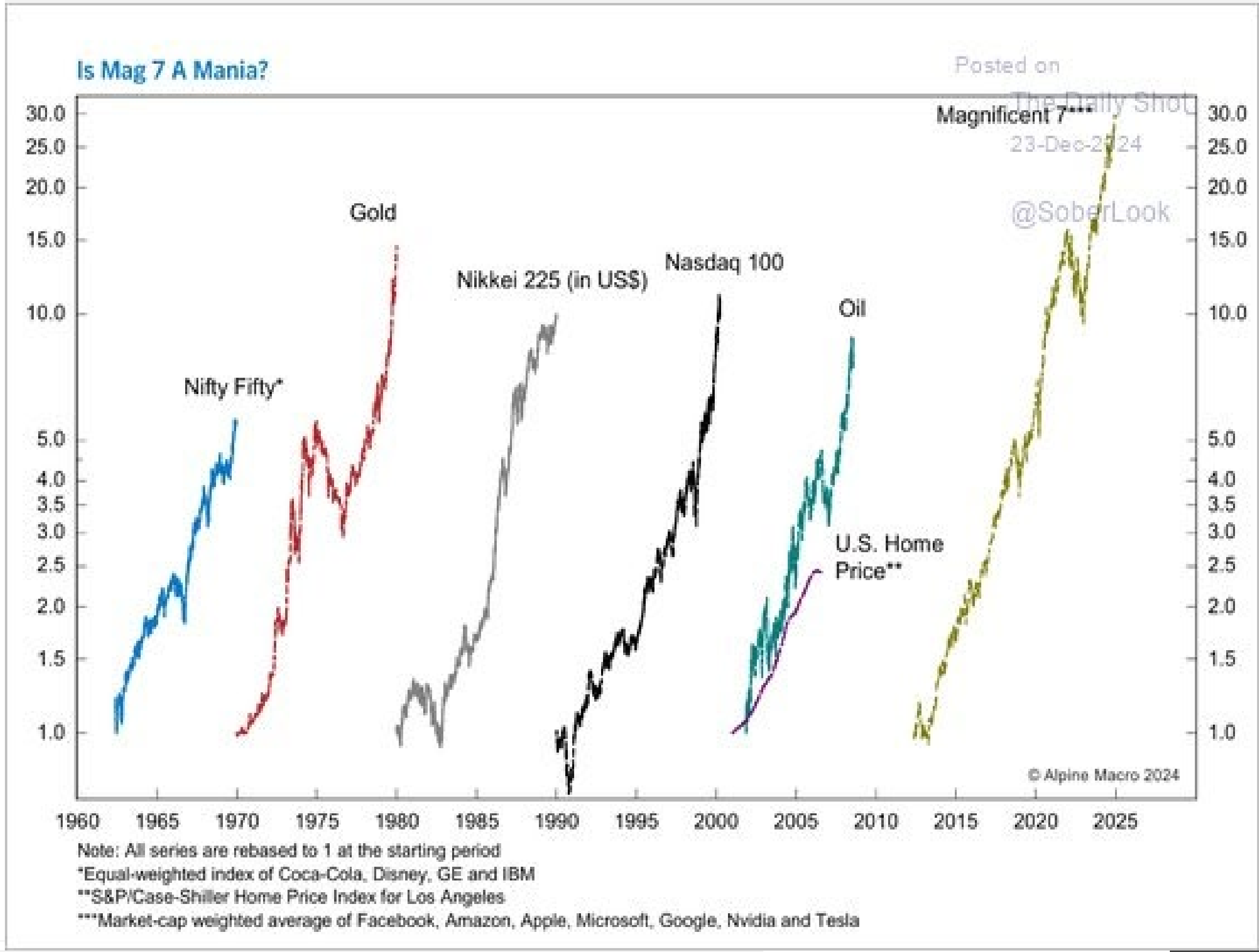
US dollar falls under Trump's first presidency History will repeat again?



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.

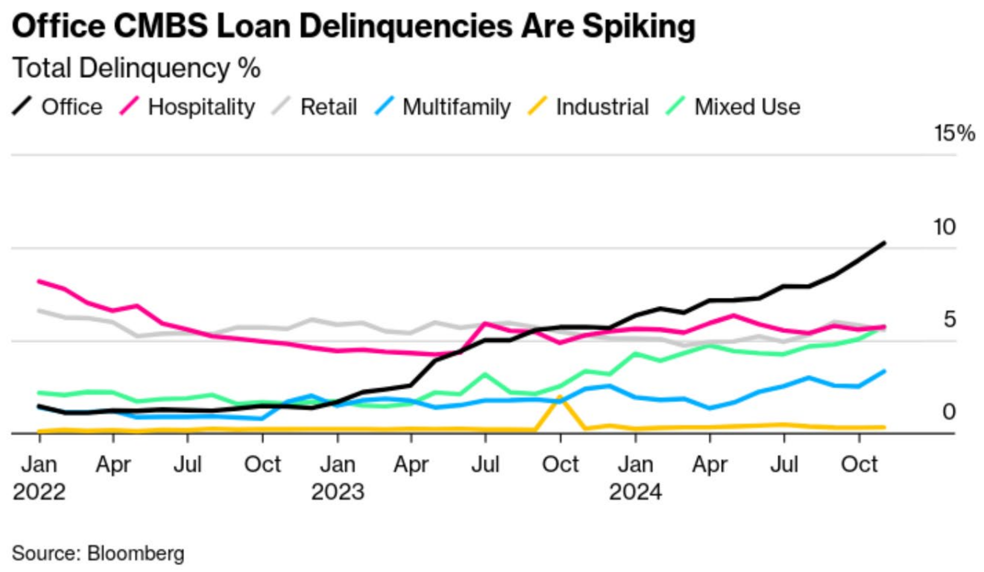
Magnificent 7 Stocks

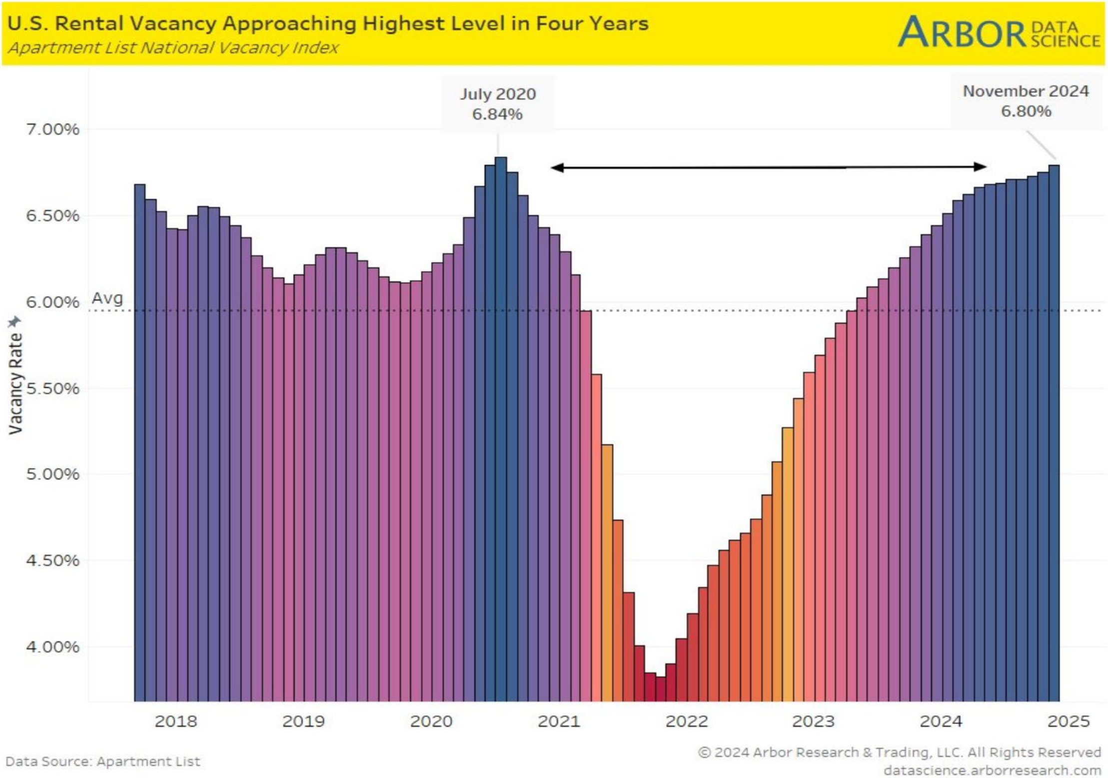


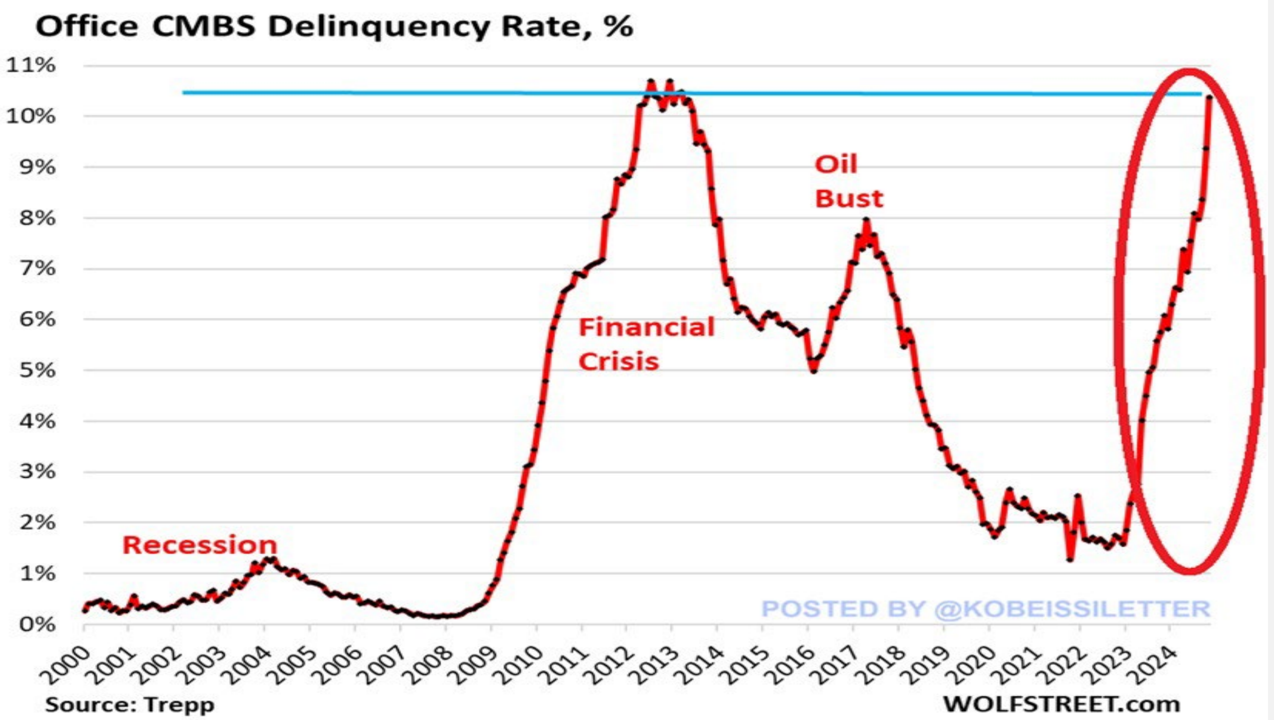
Risks for Real Estate Market

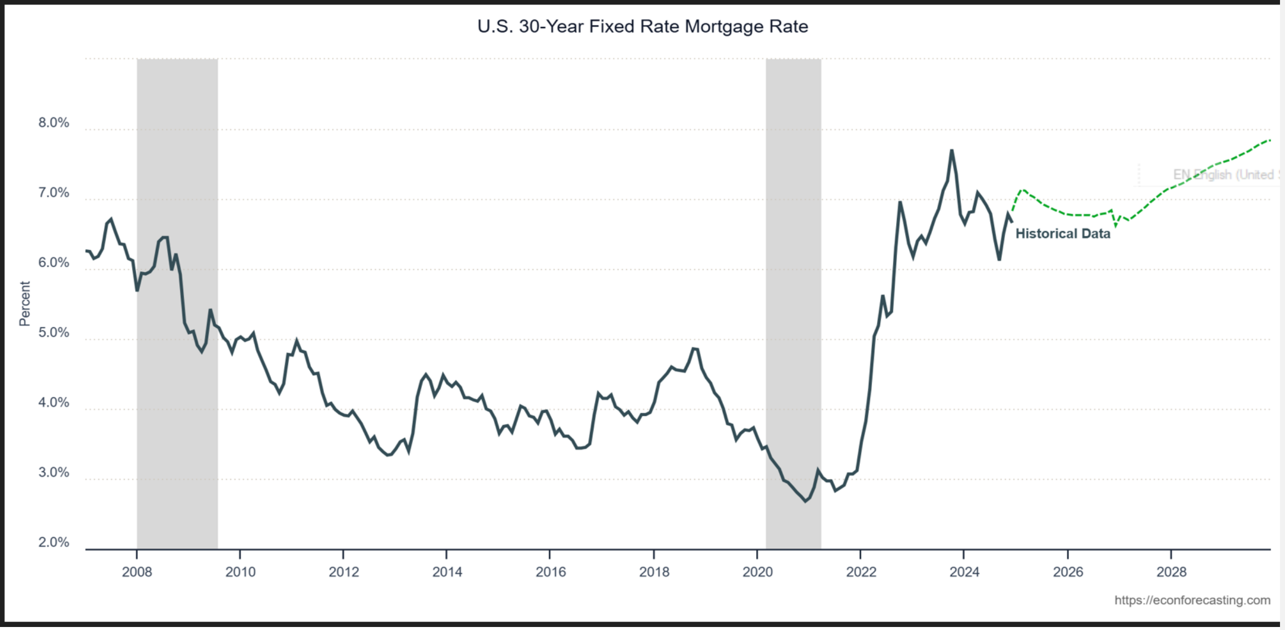
What Is the Relationship Between the Stock Market and Real Estate? The stock market affects real estate in two major ways. The first is that it creates a sentiment of apprehension. This means that people generally feel reluctant to buy because of perceived economic instability.

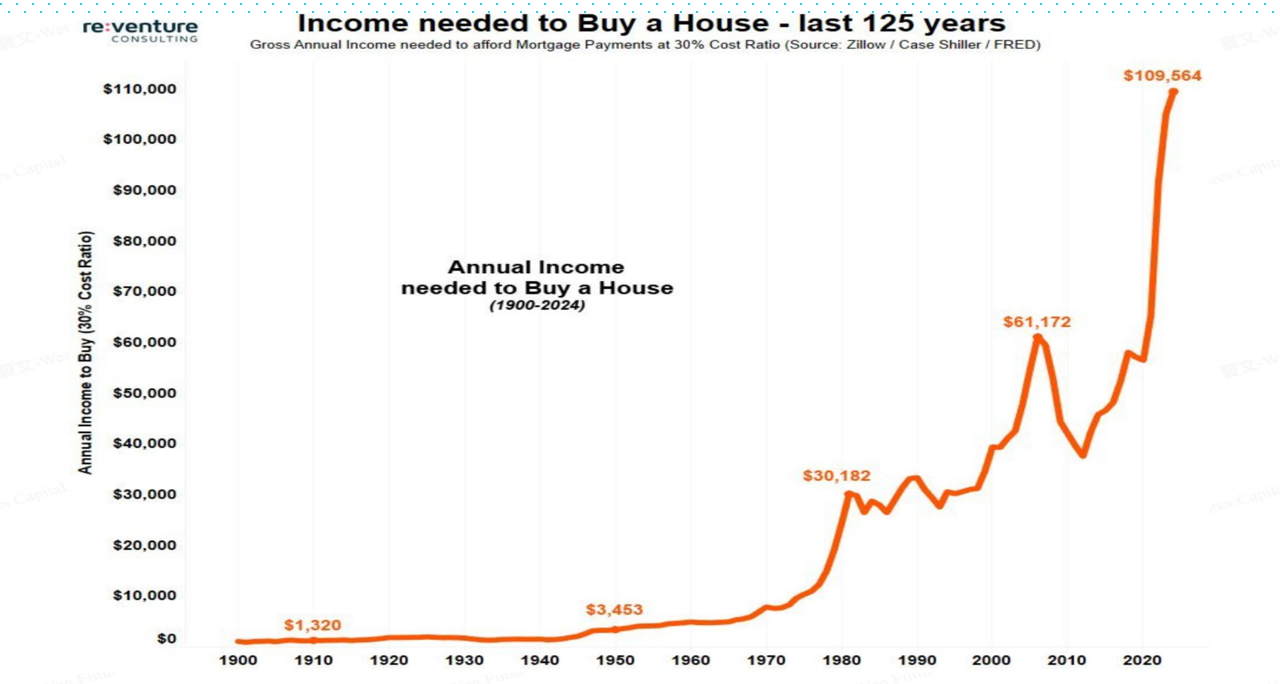
The second way it affects real estate is that market dips can create job losses that simply take more people away from being in the position to buy.








U.S. 30-Year Fixed Rate Mortgage Rate
Percent
8.0%
7.0%
6.0%
5.0%
4.0%
3.0%
2.0%
Historical Data
2008
2010
2012
2014
2016
2018
2020
2022
2024
2026
2028
https://econforecasting.com


re:venture CONSULTING
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)
Annual Income needed to Buy a House (1900-2024)
Annual Income to Buy (30% Cost Ratio)
$110,000
$100,000
$90,000
$80,000
$70,000
$60,000
$50,000
$40,000
$30,000
$20,000
$10,000
$0
$1,320
$3,453
$30,182
$61,172
$109,564
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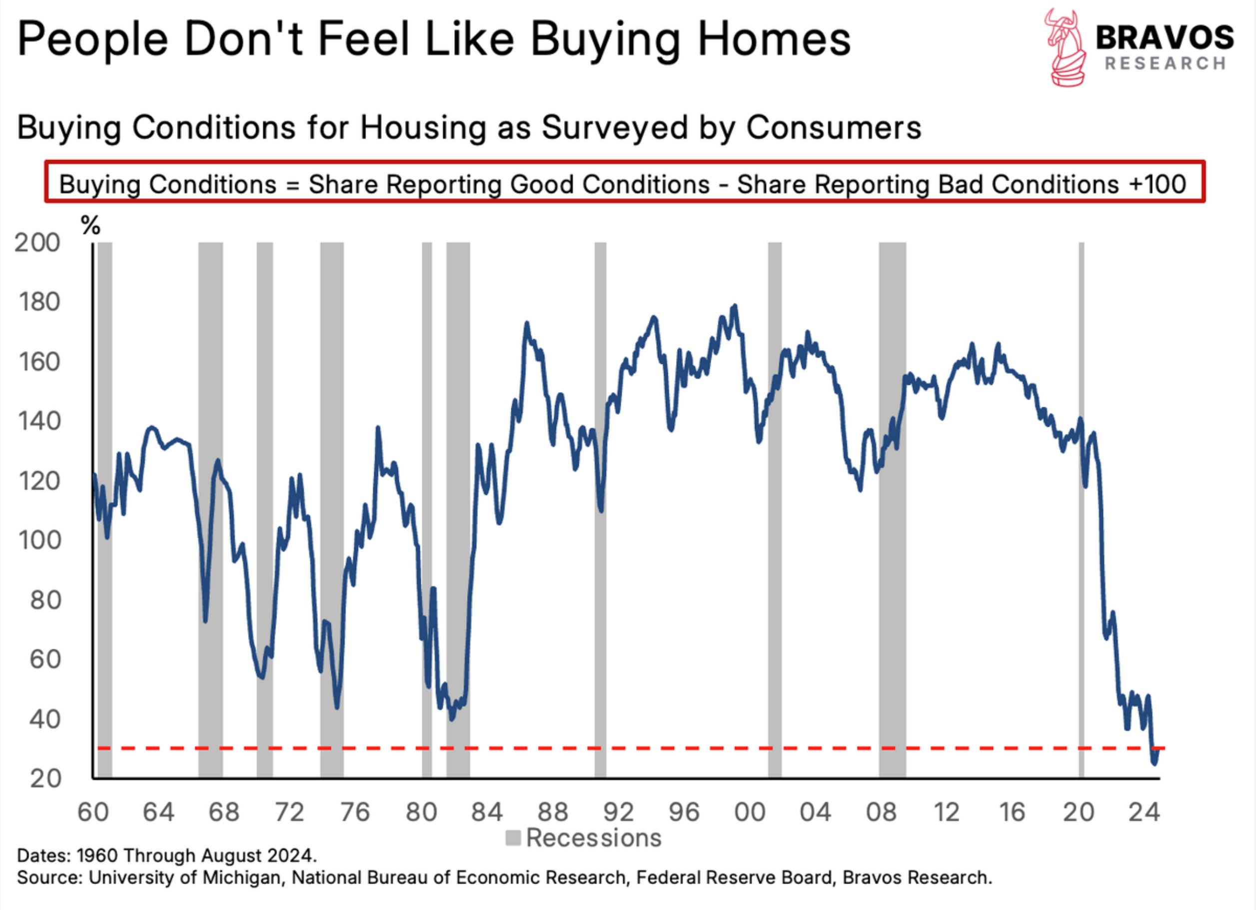

People Don't Feel Like Buying Homes
BRAVOS RESEARCH
Buying Conditions for Housing as Surveyed by Consumers
Buying Conditions = Share Reporting Good Conditions - Share Reporting Bad Conditions +100
%
200
180
160
140
120
100
80
60
40
20
60
64
68
72
76
80
84
88
92
96
00
04
08
12
16
20
24
Recessions
Dates: 1960 Through August 2024.
Source: University of Michigan, National Bureau of Economic Research, Federal Reserve Board, Bravos Research.

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

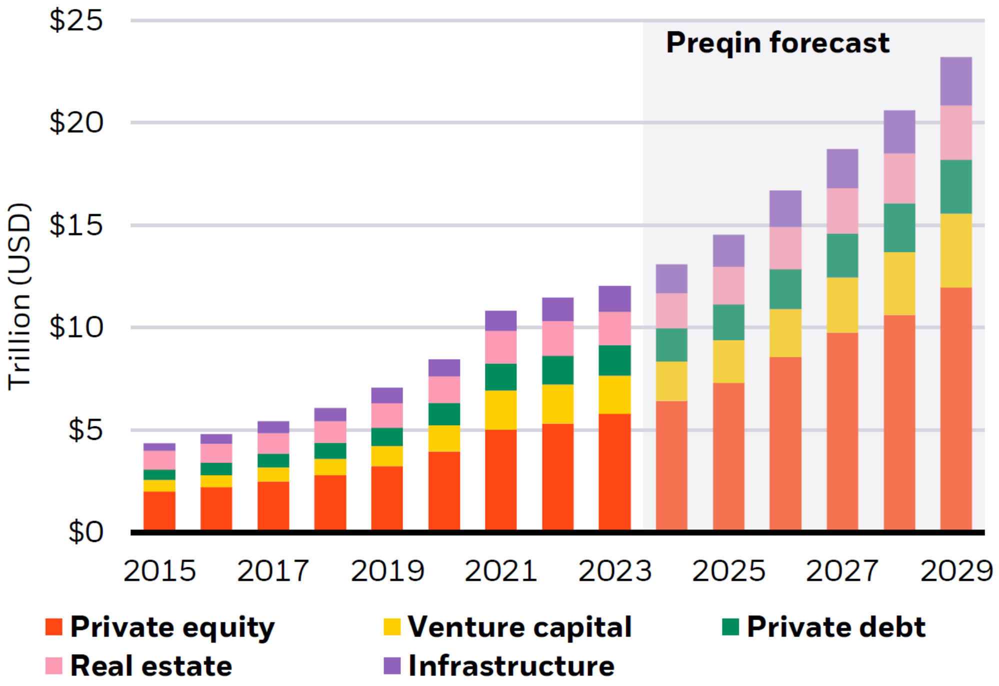


Chart takeaway: *Private assets have become a growing share of financial markets. We see private markets playing a critical role in the transformation ahead – sticking to public markets doesn't fully capture this broadening opportunity set, in our view.*

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

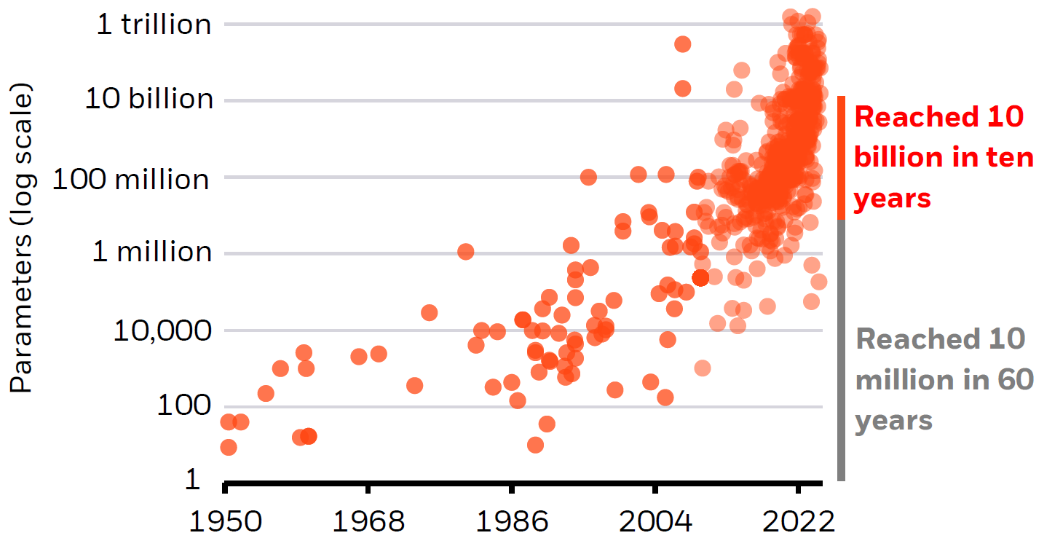


Chart takeaway: *AI models have seen exponential growth – from 10 parameters in the 1950s to 1 trillion today – driving leaps in capability. Yet further scaling comes with challenges.*

Years of Experience and knowledge benefiting our clients.

With over 2 decades of trading experience, we focus on uncertainty around macro-economic and geopolitical drivers, take advantage of market inefficiencies and generate superior risk-adjusted returns throughout any market environment.

We're not just a hedge fund, we're a community of like-minded people who believe in the power of investing to change lives. So if you're looking for a hedge fund that puts your interests first and is dedicated to helping you achieve your financial goals, look no further. We're here to help you every step of the way.

About Us

Proven Track Record

Wen Futures

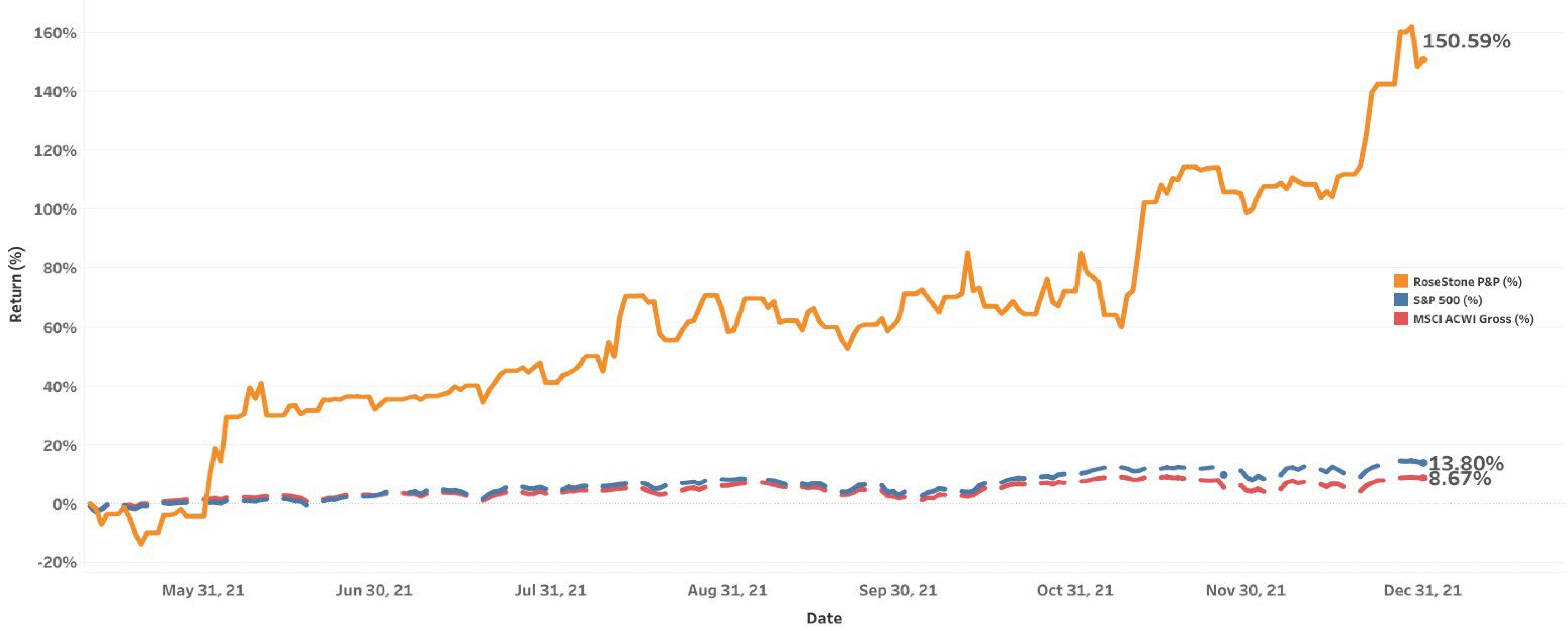
- Total Return 899.5%
- Annualized Rate of Return:

66.1%

Non ENEC/Nawah/BOC

RoseStone vs S&P 500 vs MSCI ACWI (Gross) | RoseStone vs S&P 500 | RoseStone vs MSCI ACWI (Gross)

RoseStone vs S&P 500 vs MSCI ACWI (Gross)



Thank You

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