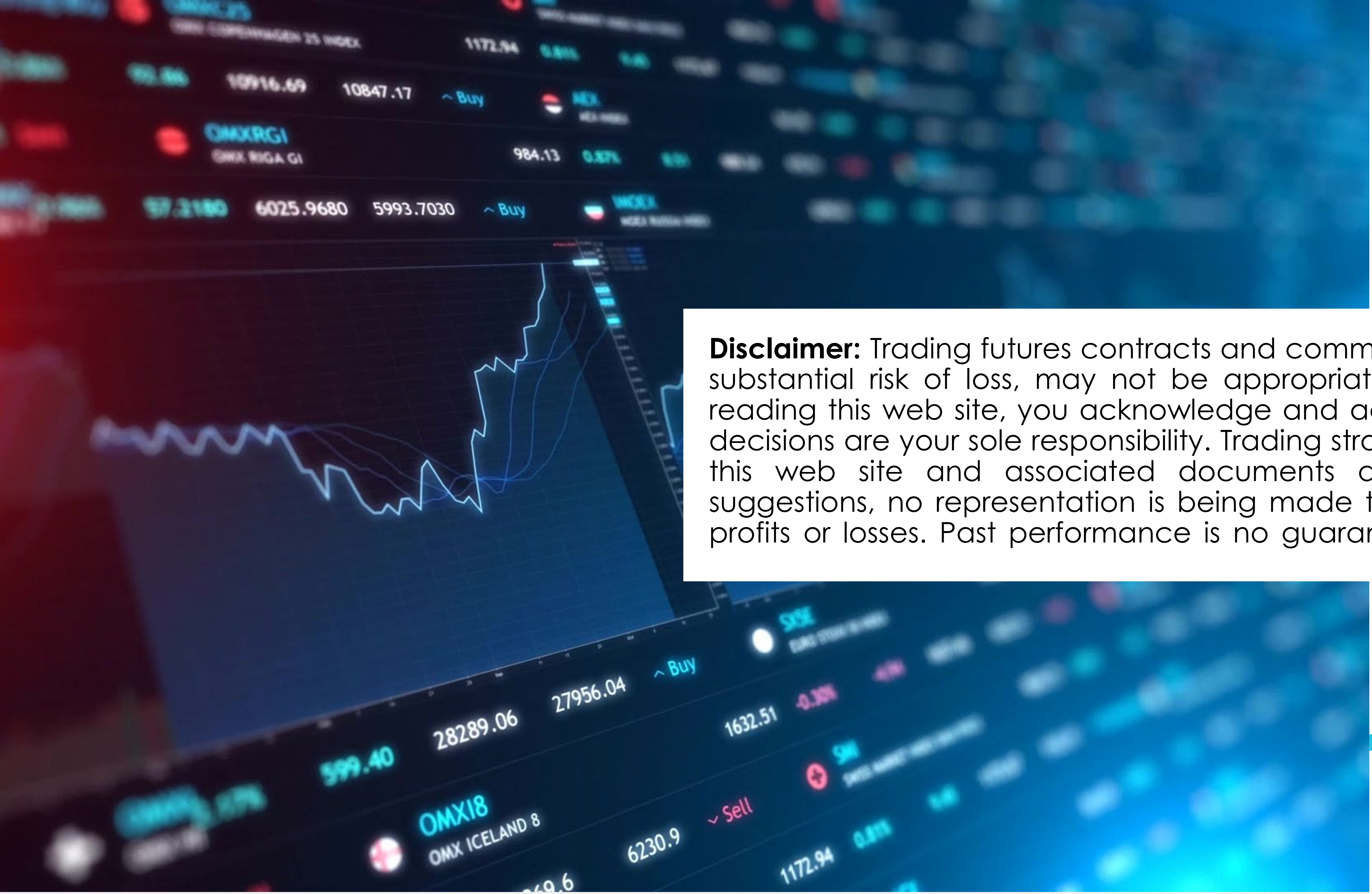
# WEN FUTURES CAPITAL MANAGEMENT
# A GLOBAL MACRO HEDGE FUND

Stock Market 2025


**Presented By**

**Wen Newman**

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# Stock Market 2025

For investors, 2024 was a year of surprises, defying many of the predictions that economists and strategists made at this time last year.

Historical trends are being permanently broken in real time as mega forces, like the rise of artificial intelligence (AI), transform economies. The ongoing outsized response of long-term assets to short-term news shows how unusual this environment is. We stay risk-on as we look for transformation beneficiaries – and go further overweight U.S. stocks as the AI theme broadens.

Transformation raises questions about how to build portfolios. An ever-changing outlook calls for an ever-evolving portfolio. It calls into question many long-held investing principles, including the idea of a neutral "benchmark" portfolio like the traditional 60/40 portfolio mix of stocks and bonds.

Now, no single portfolio will likely work across all scenarios over time. The upshot: Investors will need to take a dynamic approach. We think active strategies and investment expertise can provide an advantage in this environment.

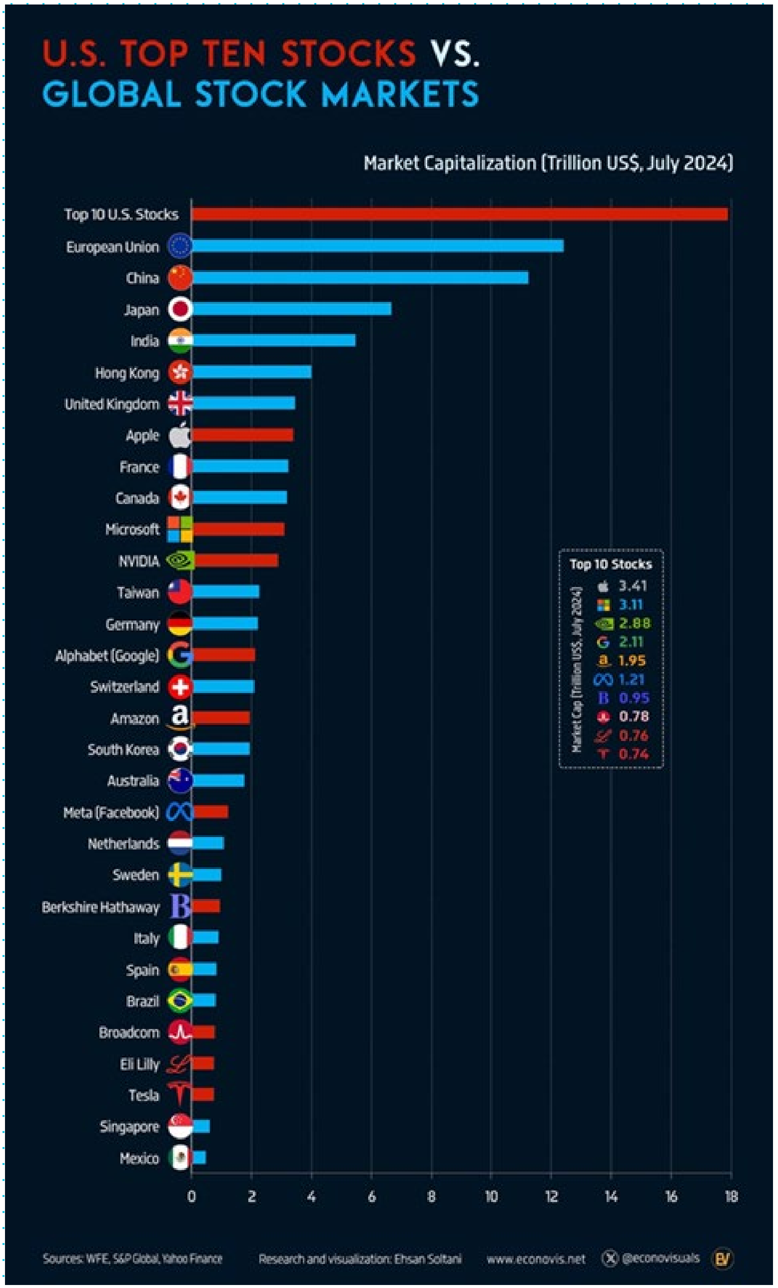
**Investment implications:**

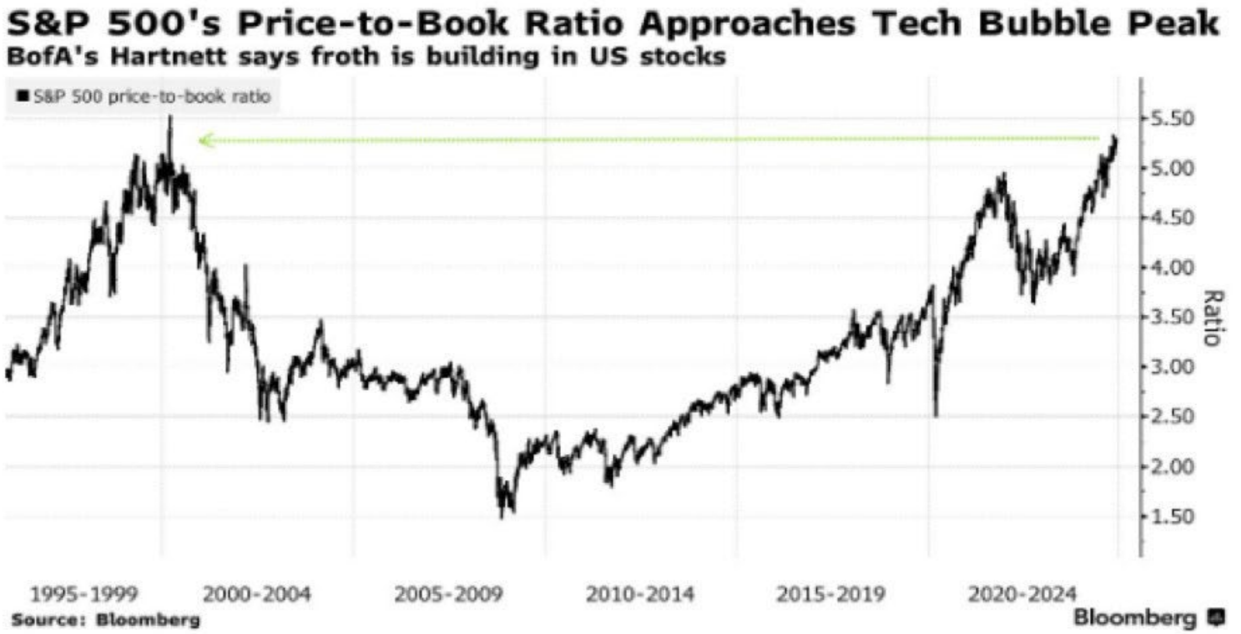
- Investors should focus on themes and less on broad asset classes.
- Greater volatility points to a need to be more dynamic with portfolio allocations.

**Now I want to emphasize risks:**

- Valuation, Why that matters?

  If currently rich valuations were to fall back to historically average levels then that may create a headwind for stocks that would be hard to overcome, at least for a few years.


U.S. TOP TEN STOCKS VS.
GLOBAL STOCK MARKETS
Market Capitalization (Trillion US$, July 2024)
Top 10 U.S. Stocks
European Union
China
Japan
India
Hong Kong
United Kingdom
Apple
France
Canada
Microsoft
NVIDIA
Taiwan
Germany
Alphabet (Google)
Switzerland
Amazon
South Korea
Australia
Meta (Facebook)
Netherlands
Sweden
Berkshire Hathaway
Italy
Spain
Brazil
Broadcom
Eli Lilly
Tesla
Singapore
Mexico
0 2 4 6 8 10 12 14 16 18
Top 10 Stocks
Market Cap (Trillion US$, July 2024)
3.41
3.11
2.88
2.11
1.95
1.21
0.95
0.78
0.76
0.74
Sources: WFE, S&P Global, Yahoo Finance
Research and visualization: Ehsan Soltani
www.econovis.net
@econovisuals


S&P 500's Price-to-Book Ratio Approaches Tech Bubble Peak
BofA's Hartnett says froth is building in US stocks
S&P 500 price-to-book ratio
5.50
5.00
4.50
4.00
3.50
3.00
2.50
2.00
1.50
Ratio
1995-1999
2000-2004
2005-2009
2010-2014
2015-2019
2020-2024
Source: Bloomberg
Bloomberg

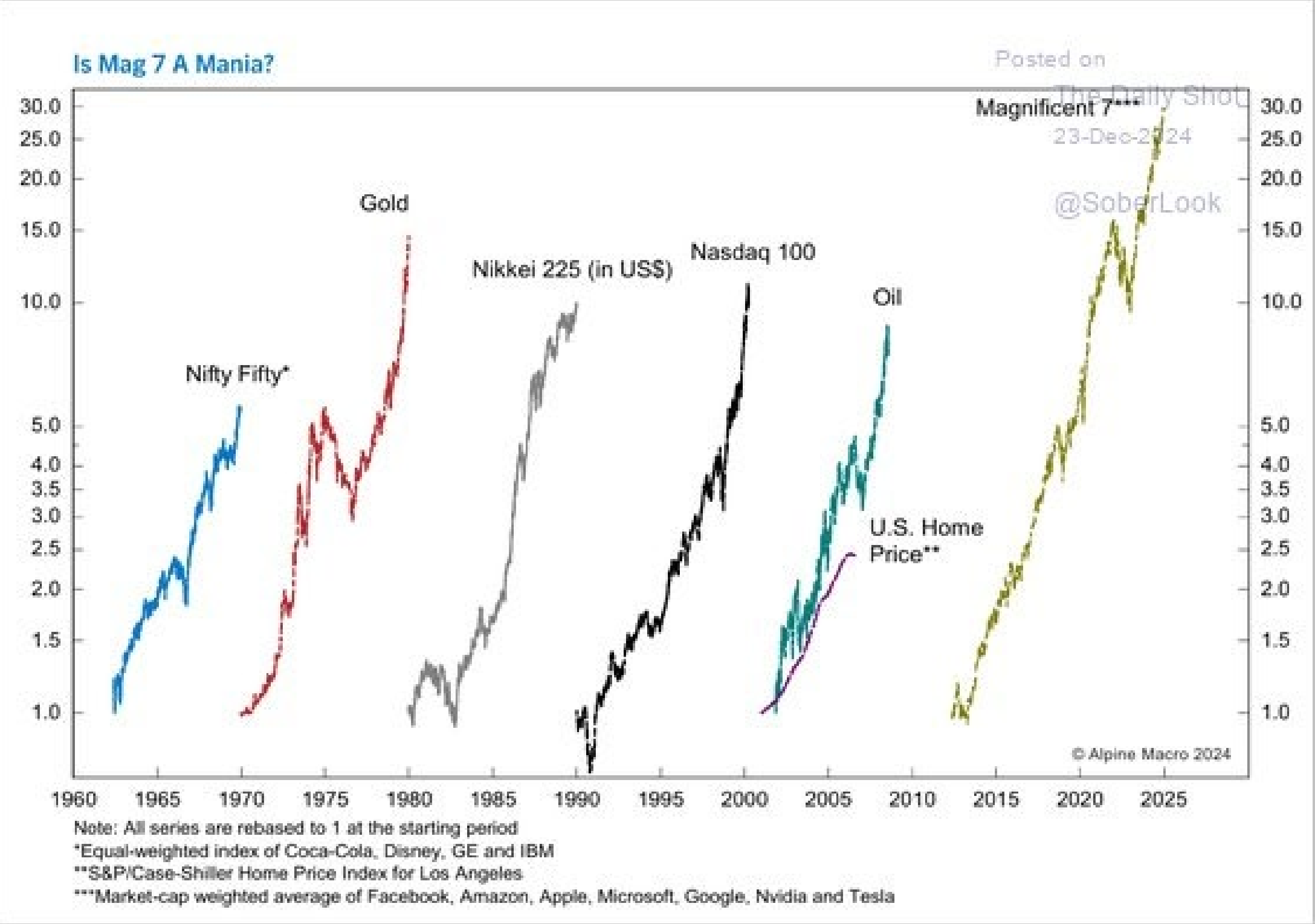

U.S. vs. Global ex-U.S. Equities
Relative Price Performance, USD
US vs. Global equities (US$ terms)
3.3
2.8
2.3
1.8
1.3
0.8
0.3
Nifty 50 bubble
Internet bubble
+1 St. Dev
-1 St. Dev
1950 1958 1966 1974 1982 1990 1998 2006 2014 2022
Source: BofA Global Investment Strategy, Global Financial Data, Bloomberg

## High concentration market, how big a worry?

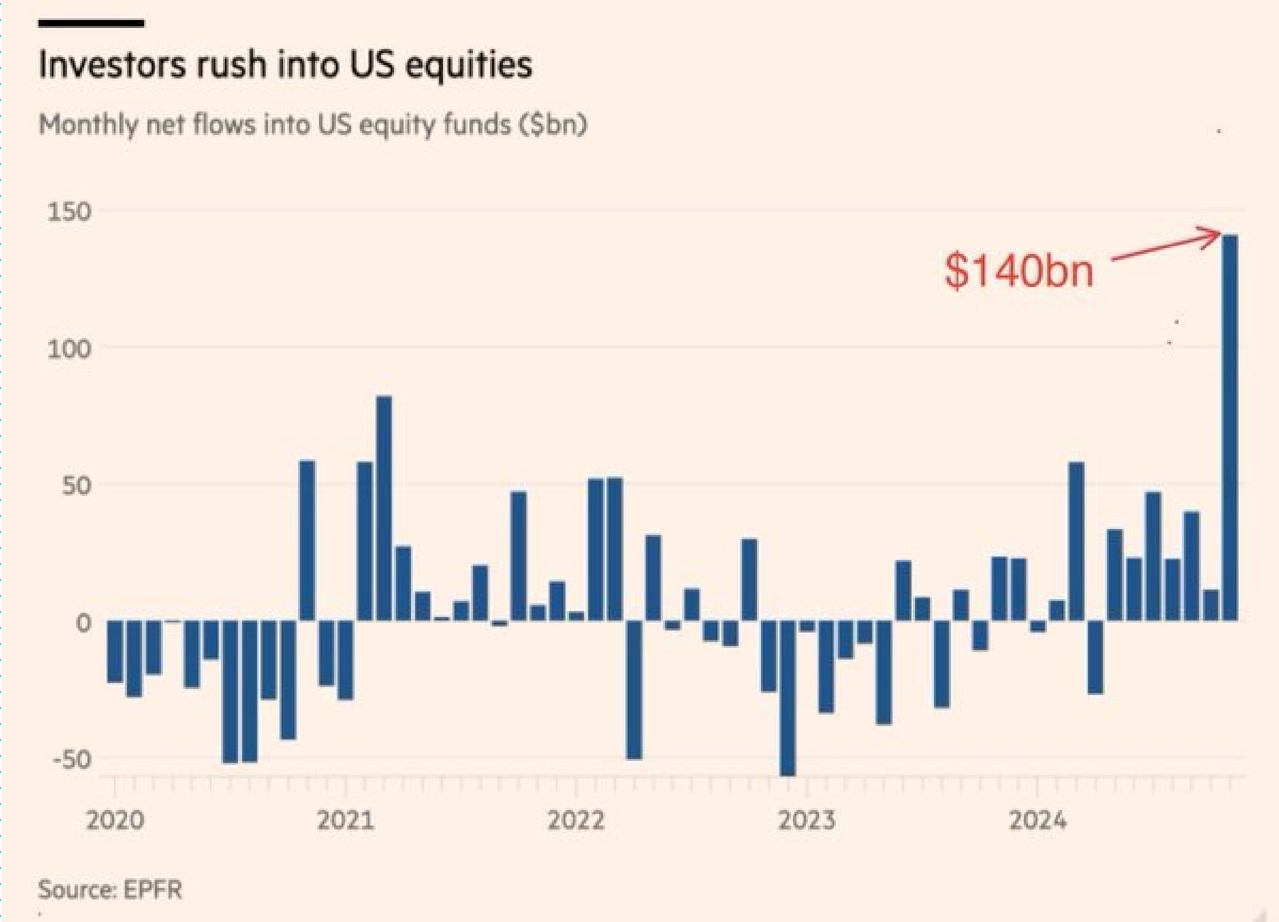
**Concentration Risk:** The market's reliance on a few stocks increases the risk of substantial losses if these stocks underperform or encounter negative news.

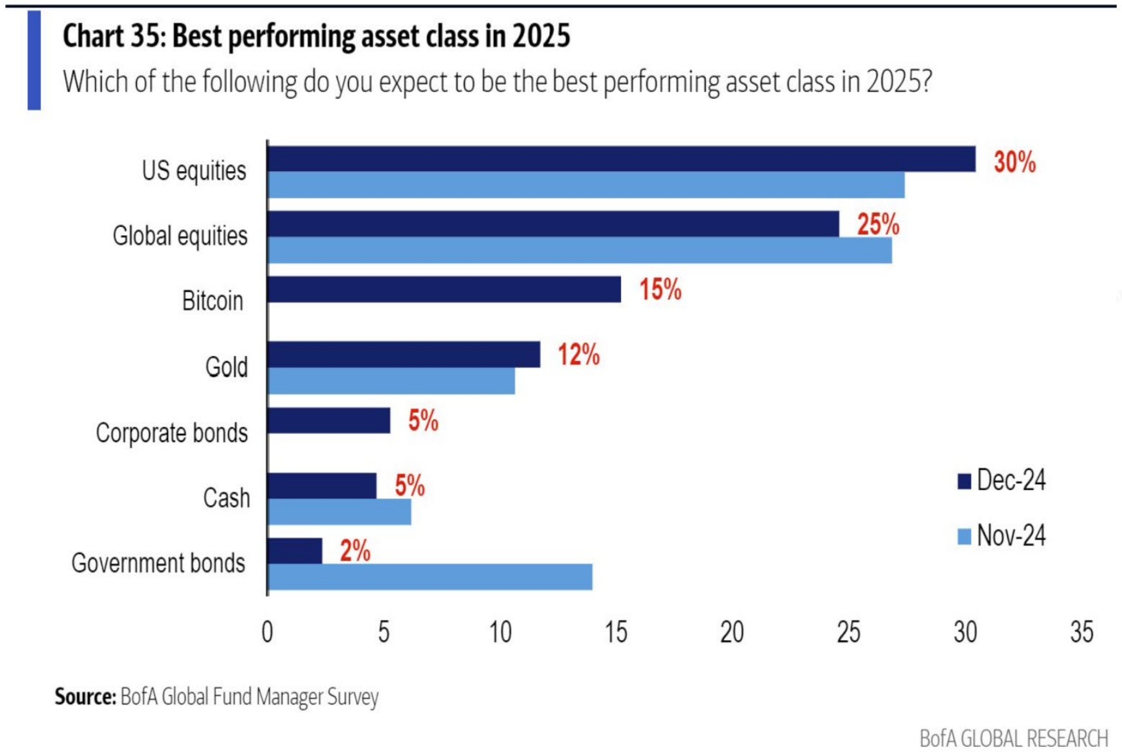
1. **Lack of Breadth:** A healthy market typically sees broad participation across various sectors. Narrow markets indicate limited investor confidence in a few sectors or companies.
2. **Potential for Sharp Reversals:** Markets dependent on a few stocks are prone to abrupt corrections if those stocks falter.
3. **Historical Precedents:** Historically, narrow markets have sometimes preceded downturns, as observed during the late 1990s tech bubble and the 1973 Nifty Fifty bear market.

## Magnificent 7 Stocks



# Every road leads to US equity market



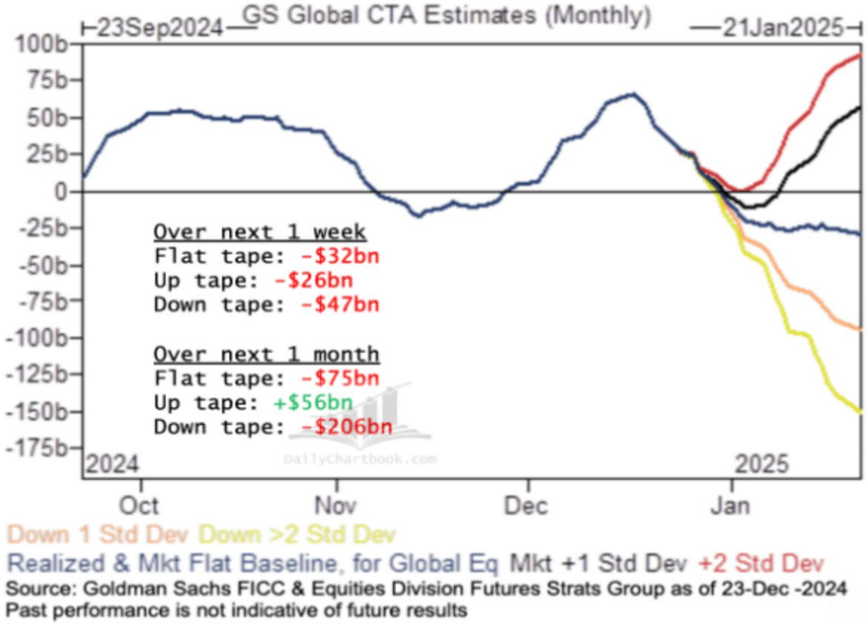
## What is the end of fanaticism

- The US and Global Stock Market are facing a big correction in next month and summer time.

## It won’t be easier for buy-hold investors!

• **CTA ii**

> 高盛的模型显示，在未来一周的任何情景下，CTAs都将抛售全球股票。展望未来一个月，CTAs的抛售规模可能高达2060亿美元。




# 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 | • 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. |
| Japanese equities | • 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. |
| Selective in fixed income | • 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. |
| **Strategic** | **Reasons** |
| Infrastructure equity and private credit | • 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. |
| Fixed income granularity | • 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. |
| Equity granularity | • 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. |

# About Us

## 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.


## Proven Track Record

# *Wen Futures*

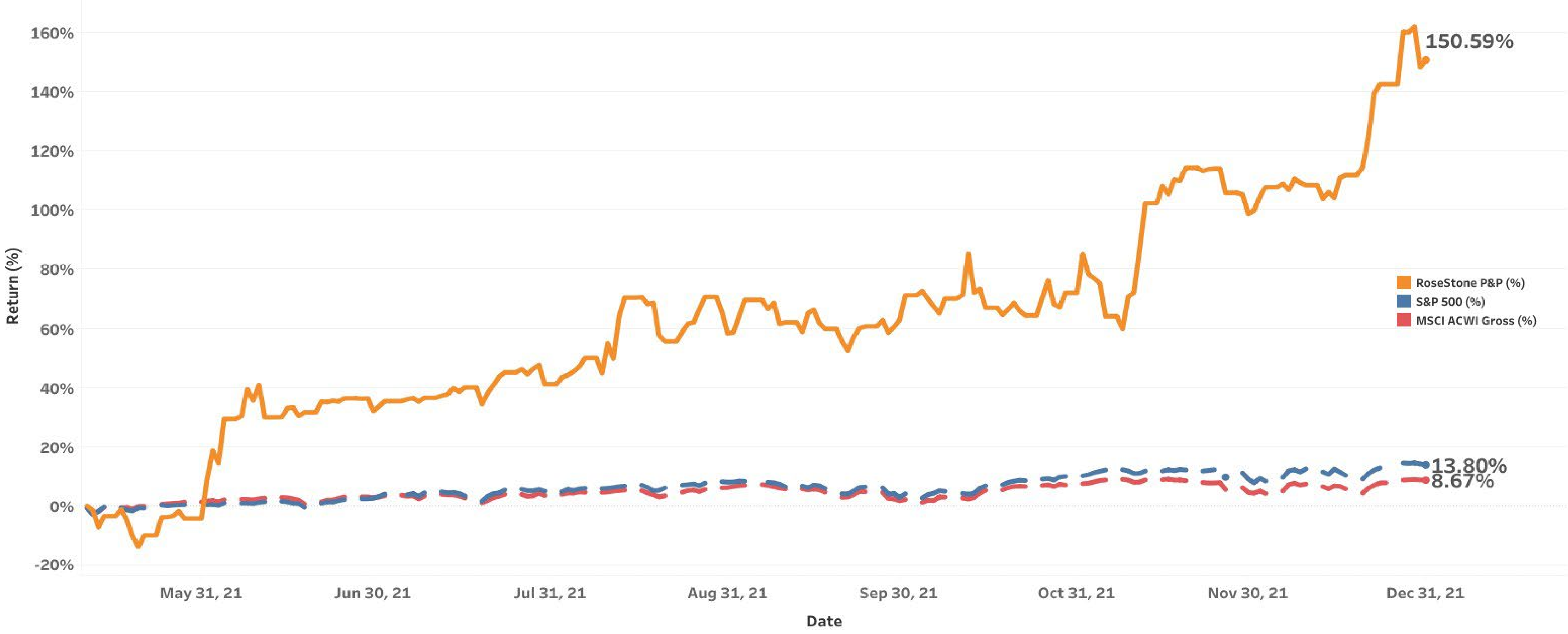
- Total Return 899.5%
- Annualized Rate of Return:

*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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