Workshop Brochure

Spring 2025
Economics & Investment Workshop

Indianapolis/Carmel, IN

April 5-6 2025

Presented by Daniel R. Amerman, CFA

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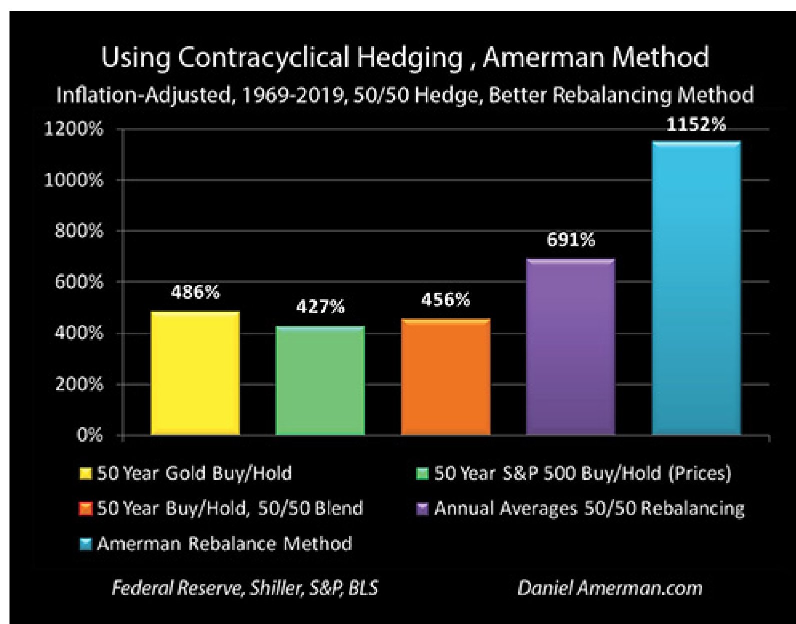
Gold / Stock Tranched Hedge Strategies

The primary purpose of the Spring 2025 workshop will be to present in detail my research over the last year with regard to two types of investment strategies that are designed to preserve and increase net worth in volatile and inflationary markets. We will review the first in this section, the second is the four-part inflation hedge that is covered in the next section.

For some years now, the most popular of the investment strategy solutions that I present at workshops have been the Contracyclical Asset Hedge. This hedge is based upon the historically contracyclical relationships between stock and gold prices in inflation-adjusted terms.

The original materials were released in 2010 as the "Gold Out Of The Box" DVD set, and were greatly expanded in the 2020 "Gold Out Of the Box, 2020s Edition" DVD set.

For 2025, I have expanded that analysis by literally two orders of magnitude, and will be presenting the quite fascinating results at the Spring 2025 workshop. A key innovation in the 2020 materials was presenting what I then called the "Amerman Hedge" as shown in the graphic below.



In those materials, I was presenting two strategies, each of which I looked at over the long term. By pursuing a mechanical, rule-based, market neutral annual average rebalancing strategy, there is the ability to both increase inflation-adjusted returns and reduce risks, relative to the underlying assets of gold and stocks. This is shown with the purple bar above.

I also presented a unique method for increasing returns by splitting the portfolio up into ten pieces, and then independently managing the ten pieces, each using a mechanical, rules-based, market neutral rebalancing strategy. For the reasons explained in the 2020 materials, over the long-term historical period of 1969 to 2019, breaking the portfolio up into ten pieces managed separately did indeed materially boost long-term returns. This is shown with the blue bar above.

A financial term for breaking portfolios up into slices is “tranching”. So the “Amerman Method” from 2020 was a ten tranche strategy, as the portfolio was broken up into ten slices each of which was managed differently.

For the new 2025 materials, we will be looking at 12 different forms of tranching. We will be looking at managing the portfolio in 1, 2 or 3 pieces, we will be looking at 10, 11 or 12 slices, and everything in between.

The other major enhancement is the intense focus on short, medium and long term holding period risks and returns. For the new asset rebalancing research, I took a similar approach to what I used when doing research for the “The Homeowner Wealth Formula” and “The Eight Levels of Homeowner Wealth Multiplication” books.

There are 54 different one year holding periods between 1969 and 2023, and 53 different two year holding periods. By the time we get to 10 year holding periods, there are 45 of them, and there are 35 different twenty year holding period returns. In total, there are 890 different holding periods of one to twenty years in the 1969 to 2023 period.

We have 12 different tranched hedges, as well as the two asset classes, along with a simple 50/50 fixed hedge that does not rebalance, for a total of 15 portfolio different portfolio strategies. Each of these alternative portfolio

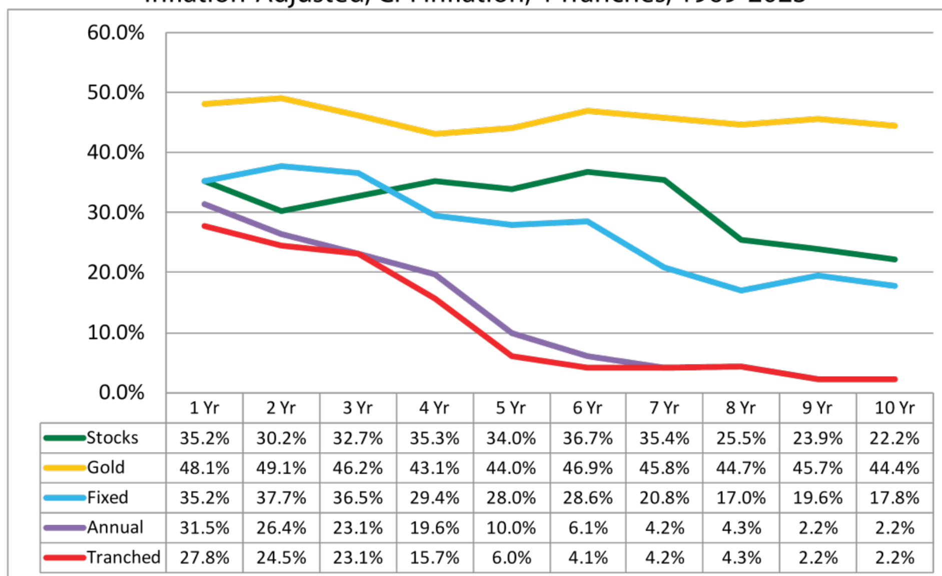
strategies is analyzed over 890 different possible holding periods. There are therefore 13,350 (15 X 890) investment outcomes, each of which can then be analyzed for things like inflation-adjusted returns, volatility, minimum and maximum yields and so forth.

At the workshop we will, of course, not go through anything like 13,000+ investment outcomes. What we will have is a vast amount of new information, that can be used to provide new answers to fundamental questions, in a readily understandable manner.

Consider the situation of someone who is concerned about inflation, and wants to be able to choose the safest strategy for preserving the inflation-adjusted value of their portfolio over the next five years. What investment strategy has historically been the best for making sure that they don't take any losses on an after-inflation basis?

Rolling 1-10 Year Frequency of Negative Real Returns

Inflation-Adjusted, CPI Inflation, 4 Tranches, 1969-2023



	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr	6 Yr	7 Yr	8 Yr	9 Yr	10 Yr
Stocks	35.2%	30.2%	32.7%	35.3%	34.0%	36.7%	35.4%	25.5%	23.9%	22.2%
Gold	48.1%	49.1%	46.2%	43.1%	44.0%	46.9%	45.8%	44.7%	45.7%	44.4%
Fixed	35.2%	37.7%	36.5%	29.4%	28.0%	28.6%	20.8%	17.0%	19.6%	17.8%
Annual	31.5%	26.4%	23.1%	19.6%	10.0%	6.1%	4.2%	4.3%	2.2%	2.2%
Tranched	27.8%	24.5%	23.1%	15.7%	6.0%	4.1%	4.2%	4.3%	2.2%	2.2%

Exhibit 5 *DanielAmerman.com*

The graphic above includes the results for all 50 of the five year holding periods between 1969 and 2023, ranging from 1969-1974 up to 2018-2023. It then looked at the change in inflation-adjusted on a price-only, annual aver-

age basis for five types of portfolios. The all stock portfolio failed to maintain its inflation-adjusted value for 17 out of the 50 holding periods, so it failed the test 34% of the time.

While gold has the reputation of being the best inflation hedge, on a historical basis it failed the test of maintaining inflation-adjusted value for 22 of the 50 holding periods, meaning a failure rate of 44%. Blending stocks and gold in a 50/50 portfolio and letting it run does bring down the failure rate, to only 14 out of 22, but that is still a failure rate of 28%.

As can be seen in the graph the two really big improvements are with the purple line and the red line. If we use annual average rebalancing for risk reduction, then the failure to maintain inflation-adjusted value rate falls to just 5 out of 50, or only 10%.

If we look at the results for a 4 tranche hedge, slicing the portfolio up into 4 pieces, there are only 3 out of 50 holding periods where the overall portfolio failed to maintain its inflation-adjusted value, so the failure rate is brought down to a mere 6%.

That's some new and very useful information - that is readily understandable. It is also based on running 250 historical investment simulations (5 portfolio management techniques X 50 five year holding periods).

By studying that same graph, we can also see how the relative risk changes over time for each of the five portfolio strategies. The annual rebalancing and four tranche hedges have less risk than the other three alternatives across all the holding periods shown. The degree of benefit is the least for the one year holding periods. The hedges rapidly pull away in terms of risk reduction during the two to seven year holding periods. Then the annual rebalancing and four tranche hedges provide the same degree of very strong protection for the eight to ten year holding periods. By the time we reach nine year holding periods, the failure rate for the two hedges has fallen only 1 out of 46, which is a 2.2% failure rate for maintaining inflation-adjusted value.

This is just one small snippet of information of what we will be exploring at the workshop, but I do believe there is an enormous deal of value just there

in that one graphic.

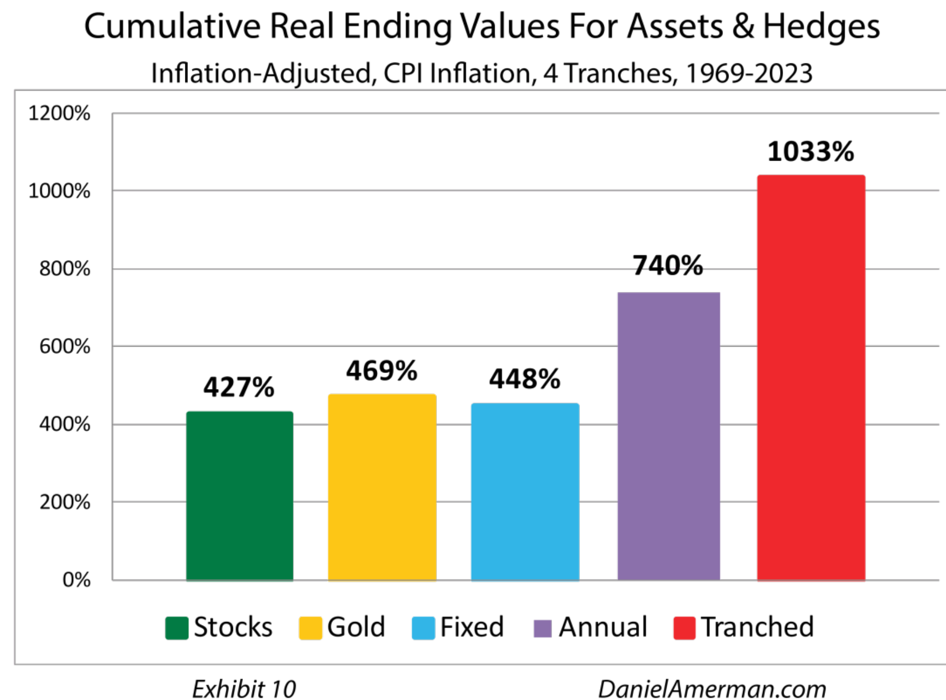


Exhibit 10 *DanielAmerman.com*

Separately from short-term risk, there is the matter of cumulative inflation-adjusted end values. If we track inflation-adjusted price movements between 1969 and 2023, then an annual rebalancing hedge does much better than the underlying assets if held on a buy and hold basis, and the four tranche hedge does much better than the annual rebalancing hedge. Keep in mind that this is a very difficult test - it is after-inflation, and the four tranche hedge grew in value by 10X+ over the long term.

This is a pretty interesting combination. Moving from a fixed 50/50 stocks gold hedge to an annual average 50/50 rebalancing hedge reduced both short and medium term inflation-adjusted price risks and also materially increased long term returns. For one to seven year holding periods, moving from a one tranche inflation hedge to a four tranche inflation hedge slightly reduced risks in 1-7 year holding periods, while materially increasing long term yields.

Those are just two little snippets out of a large presentation, and while they

contain some remarkable information, they also just set the stage for the most important part of the workshop presentation.

Why does this happen? What is the source of the risk mitigation? What is the source of the enhanced returns? Why does the risk mitigation change as we go from one to three to six to nine to twelve tranches? Why do the upside returns change when we change the number of tranches? Are there optimum zones for trading off risk and return? Does our intended investment time horizon change the optimum zones?

Understanding the "why" and the "how" is very important because what matters is not the past, but the future. The future will almost certainly be different from the past. The standard investment disclaimer that past performance does not guarantee future performance exists for a very good reason: it's true. As reviewed in the third section of this brochure, "Workshop Day One Overview", there are particularly good reasons to expect the future to be quite different from the past - and that we are also likely to need very effective inflation hedges.

Understanding that the future will not be like the past, there are nonetheless two quite different reasons for a rigorous and intensive study of the past, such as the underlying 13,350 investment analyses of how 15 different portfolio strategies performed over 890 different possible 1-20 year holding periods.

The problem / risk is that most people who are entering into inflation investments have a quite simplified understanding of the past, that is often mistaken. When viewed in inflation-adjusted terms, stocks are more prone to secular bear markets than most people realize. The same is true for the classic inflation hedge of gold - when we look in inflation-adjusted terms, gold failing to keep up with inflation is quite normal.

There is a lot of information value that comes from accurately understanding the complex and often seemingly chaotic place that is the past. The past is a continuous series of investor expectations about the future, taking the form of market prices, continuously meeting an unknowable future, that is full of surprises - sometimes to the upside, and sometimes very much to the downside. The specifics of the path will of course not repeat. The process of expec-

tations for an unknowable future meeting a series of surprises - is something that is likely to repeat, as it is the nature of things.

This brings us to the second part - if we accept that the future is unknowable, is there a logical set of rules that if followed in a market neutral manner will reduce our risks of negative outcomes? As we will develop at the workshop, there are indeed some very logical reasons to believe that a regular process of risk-reduction - that's what the tranched hedges are - will materially reduce the chances of negative outcomes when it comes to inflation hedge risk. When we test these logical rules against the past, then we get a very thorough testing of the rules in practice, which is quite useful information, although we still don't know the future.

More Information

The workshop is a highly valuable resource for investors who are financially preparing for a future that - realistically - will include some major challenges. There are some crucially important implications for retirement investing in particular. That said, financial professionals, as well as younger individual investors, may receive the greatest benefits of all in terms of how to benefit from a potential generational change in money and the markets.

Workshop participants will receive a manual for the presentation. This will include a detailed outline, supporting graphs, and financial exhibits, as well as supporting articles & analyses with much more detail on some of the subjects covered in the workshop.

The two day workshop presentation will have a classroom atmosphere. The focus is on communication, and attendance will be limited so that participants can easily ask questions and engage in back and forth discussions about what is being covered.

The Housing / Gold / Stocks / Mortgage Hedge

Gold, stocks, housing and mortgages are four distinct types of inflation hedges. Gold is perhaps best known for serving as protection against inflation. Because the prices that corporations can charge for goods and services rise with inflation, stocks can also be quite an effective inflation hedge over time. House prices actually have a stronger correlation with the rate of inflation than either gold or stocks. Mortgages are effectively a short against the dollar, and the higher the rate of inflation, then the greater the destruction of the value of the debt.

Which is the best inflation hedge of the four? As we will be reviewing at the workshop, while each inflation hedge has its advantages and disadvantages, historically what works best for risk reduction is when all four are combined together into a diversified four part inflation hedge.

This is a strategy that I first introduced at the Spring 2024 workshop. I will be presenting a much more sophisticated version of the strategy at the Spring 2025 workshop.

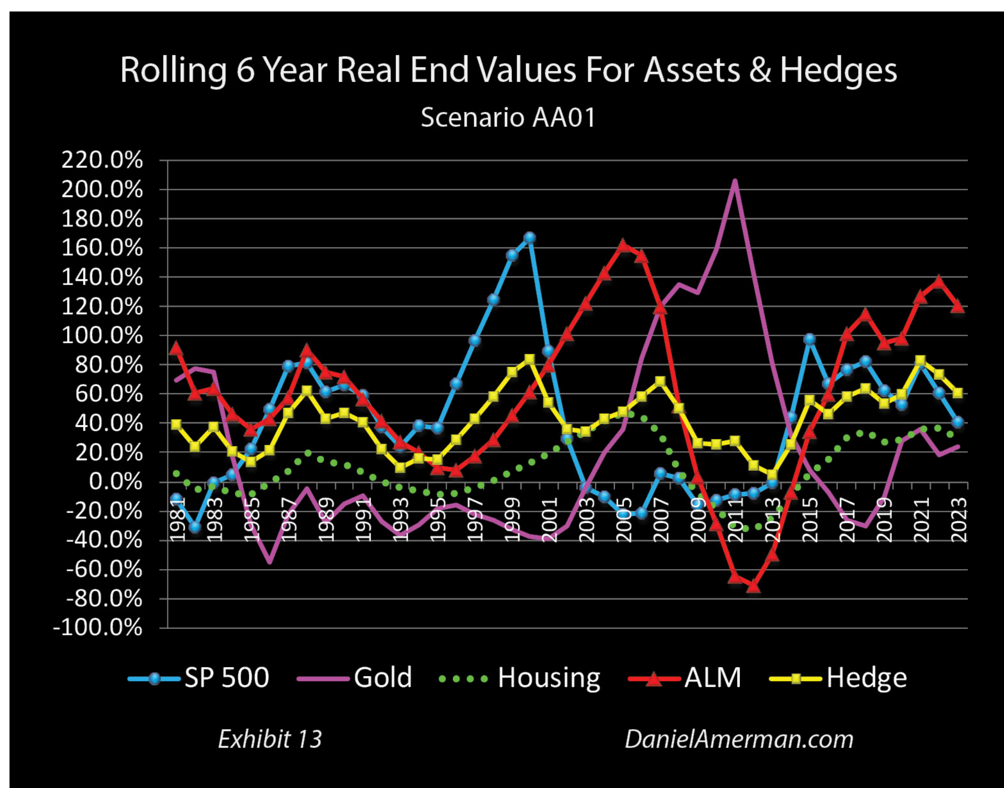
There are numerous possible ways of constructing such a four way inflation hedge, depending on investor objectives. The hedge can be thought of as a series of four sliders. There is the percentage of the starting investment that is in gold, the percentage in stocks, and the percentage invested in the equity portion of the real estate. Those three sliders must add up to 100%, which is the total investment. The fourth slider is the LTV of the mortgage.

As a round number example, someone investing $900,000 might put a third into gold ($300k), a third into stocks ($300k), and a third into a rental housing equity investment ($300k). If that $300k equity investment is used in combination with a 67% LTV (loan-to-value) mortgage, there would be a $600k mortgage, and total real estate owned of $900k. The total assets owned are therefore $1.5 million, and when we subtract the $600k mortgage, that leaves us with a net investment of $900k.

We can then move the "sliders" left or right, say to $400k gold and $200k stocks. We can also move the LTV slider up or down, going to say a 50% LTV, which would mean the $300k housing equity would in combination with a $300k mortgage be able to fund a $600k housing investment. The total assets owned are now $1.2 million, less the $300k mortgage, leaves us with a net investment of $900,000.

The next step is to test historical performance. For this research / analysis, I combined two different bodies of research, each of which I had been developing over multiyear periods. For the housing and mortgage hedges, I used the housing values and mortgage amortizations research that I did when writing the "The Homeowner Wealth Formula" and "The Eight Levels of Homeowner Wealth Multiplication. For gold and stocks, I used the research done for the tranched hedging of contracyclical assets, as described in the previous section.

When we put it all together, we get the fascinating, and to the best of my knowledge unique graph below.



What is shown is the inflation-adjusted price changes for all 43 six year holding periods from 1975-1981 to 2017-2023. This includes the average annual values for the asset classes of stocks, gold and housing. It includes the red Asset Liability Management (ALM) line, which is the inflation-adjusted value of the difference between the housing investment and the amortized mortgage at the defined LTV. The yellow line is the particular hedge, the percentage combination of gold, stocks, housing and the mortgage LTV (this is not the same as the round number hedge example).

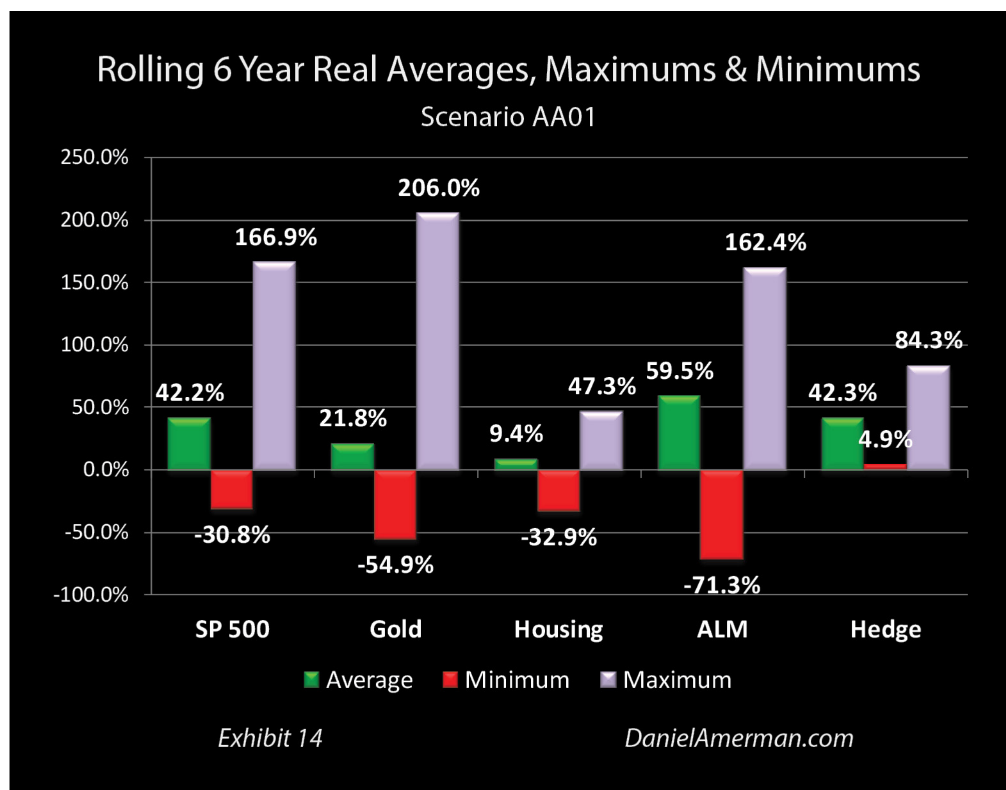
This is another one graphic snippet from a much bigger presentation, but there is still a great deal of information value. There are 215 data points above, which are the results of 215 inflation-adjusted investment analyses, consisting of the five investment strategies, each analyzed for all 43 of the six year holding periods. To the best of my knowledge, this is a unique presentation, and one could spend hours studying the historical relationships.

There are genuinely four different factors here, and the relationships can be complex. By themselves, stocks are not contracyclical with housing, note that both were negative in real (inflation-adjusted) terms in the six year periods ending in the early 1980s and during the Great Recession. Gold in isolation is also not contracyclical, consider the years ending in the mid 1980s and the mid 1990s. Crucially, however, there is never a time when all three asset classes are negative over the medium term (6 years) together, there is always one or two going up even when the other one or two are going down. That gives us something powerful to work with when it comes to constructing a risk-reduced inflation hedge.

The relationship between the green line of housing and the red ALM line which contains the mortgage is worth close examination. As long-time readers and workshop attendees know, I've been making the point for years that mortgages are best used as a risk-reduction inflation hedge, rather than for risk-increased speculative leverage. This can involve a quite different choice of optimum LTV. If you look at the 1980s and 1990s, there are multiple periods where the ALM strategy acted in this risk-reduction capacity. Housing was experiencing negative inflation-adjusted medium-term returns, but rather than multiplying these losses, the mortgage (at the illustrated LTV) was using its own inflation hedging to pull the combined ALM real returns up into the positive range, sometimes substantially positive.

Looking at the 1990s as an example, for most of that decade we had **negative real price returns on two of our inflation hedges, gold and housing**. Yet, those were more than offset by **positive real returns on our other two inflation hedges of stocks and mortgages**, with the yellow line of **the four-part hedge remaining consistently positive** in inflation-adjusted terms.

The relationships between the four inflation hedges are quite fascinating, as we will be exploring at the workshop. Essentially there is a band of values for each asset class in terms of percentages held, that work particularly well for risk reduction while maintaining the returns, for the three way diversification of gold / stocks / housing. Then, when we bring in the fourth inflation hedge of mortgages, and start to slide it upwards in terms of increasing LTV, the relative relationship between the optimum bands of gold / stocks / housing slides with it, moving to different optimum weightings for each asset class at different LTVs.



The above graph is a summary of the 43 individual six year holding period

results for all five of the possibilities. If we define "return" as being the average of the six year increase in inflation-adjusted value, and if we define "risk" as being the minimum of all 43 six year historical periods, the hedge statistically dominates all three of pure inflation hedge asset categories.

The 42.3% average after-inflation return for the four-way inflation hedge very slightly exceeds the 42.2% average return for stocks (price only), with the really big difference being in risk. The single worst six year holding period for stocks between 1975 and 2023 was a negative 30.8%, while the worst holding period for the hedge was a positive 4.9%.

Compared to gold, the four-way hedge had almost 2X the average inflation-adjusted return, and there is a stark contrast between the negative 54.9% minimum for gold, versus the positive minimum for the hedge. If we look at housing prices by themselves (no mortgage) then the hedge has more than 4X the average inflation-adjusted gains, while doing far better than the negative 32.9% minimum return.

Another way of phrasing this is that each of the three inflation hedge assets of stocks, gold and housing had a historical worst-case inflation-adjusted return of at least negative 30%, but by combining the three assets in a single hedge in the right proportions, the minimum return can be positive (no mortgage needed).

If someone currently has a real estate portfolio and is looking to reduce risks through diversification, then the best comparison may be the ALM strategy, the housing financed with mortgages. This strategy did show the highest average price gain of 59.5%, which is a very strong six year inflation-adjusted return, particularly with no cash flows. However, there was also the highest degree of risk, with a minimum return of a negative 71.3%. By creating a combined hedge with both gold and stocks, on a historical basis the downside risk would have been wiped out altogether, while still keeping a very attractive after-inflation average price gain.

Of course, as discussed in the previous section, these are historical results, and the future may be very different from the past. With that said, information has value.

Day One Overview

We use a two day structure, with the first day being "Situation Saturday", and the second day being "Solutions Sunday". Because this particular workshop will be solutions-heavy, I anticipate that we move to Solutions Sunday after the (brief) mid-afternoon break on Saturday.

What will likely be the single biggest financial change of our lifetimes is well underway. By a number of different metrics, the United States National Debt has reached what could be called a "terminal" phase.

The headline number is currently $36+ trillion - but, other than being fantastic and somewhat depressing, what does that really mean? This is where an almost complete disconnect comes in for most investors & business owners. We have what is likely to be the biggest single financial event of our lifetimes on the way, but yet, no one's really focusing on the details.

On Saturday, we'll be looking at the details in four key areas: 1) Compounding; 2) Funding; 3) Interest Rates; and 4) Inflation.

1. Compounding. For more than ten years, I've been taking an unusual approach to the National Debt, in that I've been treating it as an exercise in compound interest. All interest payments on the national debt are borrowed. If someone borrows money on a credit card, they can't make the payments, and when they borrow still more money to make the payments, they quickly set off a compound interest inferno that will destroy them.

Annual interest payments on the national debt now exceed $1.3 trillion. An additional $1.3 trillion had to be borrowed last year to make those payments, and now the money needs to be borrowed next year to not only pay the $1.3 trillion again, but to further pay the interest costs on the interest payments borrowed last year. The single largest component of federal spending is interest payments, and they are exponentially compounding. A very powerful exponential process is no longer theory, but is currently underway.

Unfortunately, national debts don't just grow with compound interest. There

is a second source of exponential growth, and that is running consistent and large primary deficits - as the United States government has been consistently doing.

The primary deficit is non-interest borrowing, it is the extent to which government spending exceeds government revenues from taxes & other sources. There is a strong structural component at this point, as the costs of entitlement spending, military spending and government bureaucracy greatly exceed tax revenues. For this situation to change would require a radical decrease in spending and/or increase in taxes, to an extent that many would argue is politically "impossible". And if it is indeed politically infeasible to cure this - then the compounding will just continue.

When we understand compounding - then we shatter the illusion of "free money". Watching politicians & the media, it seems like there is an endless flow of free money. Fifty billion here, a hundred billion there, the money seems endless, the eyes glaze over, and there doesn't seem to be any cost. The Ukrainian War, student loan forgiveness, the CHIPs Act, immigrant resettlement benefits, there seems to be a bottomless pile of money.

According to surveys I've seen, while a little more than half of the US adult population somewhat understand compound interest, only about 30% fully understand how the exponential mathematics work. For those who do, then we can see that "free money" is actually the most dangerous money of all. *The additional spending directly increases the compounding rate*. The primary deficit in recent years (post-pandemic) has been running 2X to 3X the Congressional Budget Office projections. Keep in mind that all the "free money" from 2008-2014 is still there, as are all the massive amounts that were handed out during COVID. The debts are not only all still there, but we've been paying compound interest upon them the whole time.

Crucially, if we look at recent events in DC, the converse is also true. If deficits can be reduced by say $250 to $400 billion, that is inadequate when it comes to balancing the budget. However, what it does do is reduce the rate of exponential compounding - and that can have surprisingly powerful effects over the next 5 to 10 years.

2. Funding. Another unusual thing that we've been doing at the workshops

for a number of years is we've been going through the balance sheets of the Federal Reserve and commercial banking system. One of the biggest changes of our lifetimes occurred starting in 2008 when for the first time the Federal Reserve used "Quantitative Easing" to create money on a massive basis. After bailing out Wall Street, the Fed then came up with additional trillions to fund mortgage securities, the growth in the national debt, and to for the first time effectively take control of medium and long-term interest rates.

Contrary to popular belief, the Fed has not simply "printed" the money, or that would have indeed led to the historically normal high rates of inflation. Instead, as explored in my book "*The Stealthy Raid On Our Bank Accounts*", Congress changed the laws to allow the banks to lend the monies in our deposits to the Federal Reserve, through a process of reserves-based money creation, which the Fed then used to help fund the national debt while controlling interest rates. We can then track exactly how the banks & Fed fund the national debt on a weekly & monthly basis. This is of critical importance to understand, because unlike what would happen with an unlimited printer, there are limits on how much the Fed & banks can fund without triggering the usual rates of inflation.

At the April, 2024 workshop I for the first time explicitly tied the compounding of the National Debt, together with the far, far slower compounding of bank reserves available for funding the national debt while controlling interest rates. As we explored at the 2024 workshop, the national debt is essentially rapidly outgrowing the ability to control it using reserves-based monetary creation - and this not even close.

By combining the analysis of the growth in the debt with the analysis ability of the Fed/banks to fund the national debt we essentially get a Timer of sorts. We don't get a single precise answer, as much is still unknown in terms of future interest rates, deficit ranges and so forth. But, given the ranges of assumptions we can indeed get an idea of the range in years in which one of the biggest financial changes of our lifetimes could occur - when the Fed loses its historically abnormal control over medium & long-term interest rates. Virtually every investment market in the US is based on the assumption of indefinite Quantitative Easing, an indefinite ability of the Fed to control interest rates, rescue financial markets, and fund massive stimulus

spending in recessions. Every one of those assumptions is historically bizarre even if they have dominated the markets for the last 16 years, and an end to the "miracle" of the Fed controlling all rates while funding the debt could merely bring a return to normal, that few are prepared for.

That said, the situation is not impossible for the Fed. By transforming and repurposing the banking system (moving to "ample" or "abundant" reserves), the Fed can drastically increase its ability to fund US government spending (although not indefinitely). The thing about understanding reality-based funding limits, however, as opposed to infinite money printing, is that everything has a price. As we will explore, if the Fed takes this approach - and it is thinking about it - then everything in this country that depends on bank lending will begin to change, and soon. Commercial lending, consumer lending, real estate lending - everything that depends on that private lending will be on the table and changing.

Either way, as the National Debt rapidly compounds away from the economy and banking system, it will indeed be triggering wholesale financial changes, with the questions being which path and when? With either path, investors and business owners are likely to find themselves in a very different environment, something very different than what we have seen since 2008. The new debt growth / funding growth combined analysis "Timer" provides unique insights into this process.

Note also that the key risk is the difference between the rate of growth in the debt, and the rate of growth in the funding. When incremental changes are made to that debt rate of growth - moderately higher or lower deficits - it can have a much larger impact on risk than what one might expect.

3. Interest Rates. Since 2008, the National Debt has been growing at an extraordinary rate, and this would have ordinarily led to a sharp increase in interest rates long before now. Indeed, it was the historically normal limiting factor for increases in the national debt: when if it grew too fast, the "bond vigilantes" would demand higher interest rates, which would create unaffordable interest payments, giving the government strong financial incentives to back off before the debt grew too large.

In their "brilliance", the very clever people at the Fed overrode this built-in

free market safety mechanism, and by tapping into the trillions in spending power in our bank accounts were able to force the historically abnormal combination of: 1) extraordinary increases in the national debt; and 2) some of the lowest interest rates in history. This unnatural combination has always been based on the new funding mechanism discussed in section 2 above.

This combination created extraordinary short-term political & financial benefits - but it was so "clever" and so pervasive that it created not long-term dangers, but extreme medium-term dangers & costs. From the start in 2008, this toxic strategy only lasted 15 years, before it ran into fundamental limitations by 2023 - and we will now be paying for it for decades (we're still in the early stages).

So, when I say the National Debt is "terminal", that is not hyperbole, because that time has already arrived, and it can be seen every day in the mortgage & housing markets. After rescuing the financial system, the first use of Quantitative Easing by the Fed in 2009 was to massively support the mortgage market, to keep rates lower than they would be. The Fed then later used its new trillions in funding to massively intervene in the medium & long term Treasury markets, forcing down rates and making mortgages still more affordable. So, the mortgage market - and therefore the housing market - was being double supported by the Fed's massive new source of funding (our bank accounts).

As we have reviewed at each of the last three workshops - that situation has changed. The Fed & banking system have each been rapidly reducing their funding of mortgage securities and long-term Treasuries - removing both levels of support. Ten year yields have drifting up, and mortgage rates have remained stubbornly high - because their funding from the banking system has been falling.

Again, this is still early stages, it will build powerfully each year unless there are radical changes, and it directly ties the growth in the national debt to housing and other investment outcomes. As the national debt exponentially compounds at a much faster rate than the source of funding, it creates competition for funding ("crowding out"), and as we explore at the workshops using the "Timer" when we tie all the factors together, this requires the stripping of ever more funding - and support - from the

mortgage and housing markets.

4. Inflation. Inflation tightly ties in with the previous three factors, and it is the most difficult for the government to control, particularly as the debt compounds higher. Running fiscal deficits - spending more than you take in - is fundamentally inflationary. If the spending is compounding at an exponential rate, then you quite literally have an exponential compounding going on with inflationary pressures.

There is also a fundamental tension between interest rates and inflation. The higher that inflation gets, the worse the problem. Inflation is controlled by raising interest rates, that is why we're in the current higher interest rate cycle. As long as government debts are not large relative to the economy, then that's not a big problem. The increase in interest rates doesn't set up a compound interest spiral. However, we have a very large and fast compounding national debt, where interest payments are borrowed. Close to half of government borrowing is making interest payments at rates that are much higher than they used to be, because inflation went up.

Massive deficit spending is fundamentally inflationary. The resulting inflation is controlled by raising interest rates. When the government can't pay its bills, and all interest payments must be borrowed, then higher deficit spending leads to higher inflation which leads to higher interest rates which leads to an exponentially greater compounding of the national debt.

There is also the issue that the higher inflation is, then the higher interest rates are in a free market. Rational investors demand interest rates that are higher than the rate of inflation. The Fed has used its funding to force artificially lower interest rates. But, the higher the debt goes relative to the available funding, the higher the pressure on interest rates, the more likely market pressures are to force higher interest rates, which then sets off a higher rate of debt compounding that the government would not be in control of. There are no good solutions to these problems, other than to not get into the situation in the first place - and it's far too late for that, getting into this situation was effectively Fed & government policy for 15 years.

The four factors - the compounding debt, funding, interest rates and inflation - are all tightly intertwined. These factors were there in plain sight

for years, we've been discussing them for years in the workshops, although in a less formal fashion. The difference in 2025 is that these factors can no longer be ignored, as they are becoming dominant - a massive primary deficit driven surge in the debt in order to fund stimulus spending did set off an increase in inflation that did lead to a sharp increase in interest rates that did set off a compound interest spiral in the debt, even as the combination of rising rates and decreasing funding transformed the mortgage and housing markets.

Now, unless we have truly radical changes in the growth of the national debt, this situation is not going away. The rate of compounding has to be slashed.

On our current path, absent such changes, the relationship between the national debt and the economy/markets is likely to strengthen with each passing year - and that means that the price of ignoring any of the four factors grows each year. The higher the national debt gets - the bigger its immediate impact on the economy, investors, retirees and business owners. The same is true for the funding of the debt, interest rates and inflation - the larger the debt grows, the more important all four of the factors become in the near and medium term, as well as their intertwined relationships.

Keep in mind that the national debt is not only massive but is currently growing at an exponential rate - which means that it becomes much more important with the passage of time. For anyone making financial decisions over the next year - the national debt will be important. For decisions involving the next four to five years - the national debt will be of critical importance. For decisions involving the next eight to ten years - such as retirement investing - the national debt in combination with the other three factors may be the single most important determinant of actual outcomes.

Five Risks Of Acceleration

As we will review, the current rate of national debt compounding is unprecedented - and it is also happening in the absence of other major crises. However, our current $36 trillion national debt did not primarily occur because of normal compounding. Instead, there were a series of crises that greatly accelerated the growth in the national debt, they are most of the

reason that we are here.

So, when we use the “Timer” analyses to project forward the time frame for when control is lost over the compounding of the debt, that may seem like a fairly pessimistic approach - but it is instead a fundamental act of optimism. Because it assumes that nothing else goes wrong, and it is smooth sailing from here forward. And given all that has gone wrong since 2008, it would be quite the remarkable development if nothing else were to happen over the next five to ten years.

There won’t be any firm forecasts, or glooming and dooming about the next crisis. However, the same or related information that we will be exploring with the four factors, can also give us some pretty good insights in terms of where we are with some of biggest financial risks we face. If any of the five risk categories described below occur in practice, they are likely to greatly accelerate the risks associated with the national debt.

1. Recessions. The two biggest modern increases in the national debt were in 2009 to 2013, and 2020 to 2021, during the “Great Recession” and the COVID shutdowns. In each case, there was extraordinary government borrowing to fund extraordinary stimulus spending, like there was no tomorrow. Except tomorrow has arrived, every dollar of those trillions is still there, we’re still paying interest on it, and interest on all the previous years of interest payments.

Each were treated as once in a lifetime events - but yet it was only seven years between when primary deficits dropped below 5% in the spring of 2013, to when they exploded up above 10% in the spring of 2020. Underlying causes aside, what we’re really seeing here is a change in governmental and Fed policy.

There had been centuries of recessions beforehand in the US, and the government didn’t borrow trillions because that would have been grossly irresponsible. The current policy remains if another recession occurs, the government will borrow massively again - greatly accelerating the compounding of the national debt - and just stack it on top the previous recession borrowings. This works from a short term political perspective, but is pure folly over time.

Now, there is a case to be made that one of the main causes of the current extraordinary level of primary deficits is that they are needed to keep out of recession. As we will see when we adjust for a more reasonable rate of inflation, economic growth is substantially less than what is being presented. As has been well-covered, spending and job growth has been occurring almost entirely on the governmental side, which means that what we see as economic growth is being financed by the government going ever deeper into debt. Stop the deficit spending and the economy slides into recession, which then radically increases the deficit spending.

Another substantial recession would likely greatly accelerate the compounding of the debt. This is a very unhealthy place to be, we never should have gotten into this situation, but yet - here we are.

2. Financial Crisis. The event that triggered the radical change of the Fed tapping into bank deposits to rescue and take control of markets was the Financial Crisis of 2008. The rapid increase in Fed funding for the national debt actually began in 2019 instead of 2020, as there wasn't sufficient funding for the growth in the national debt at desired interest rates, which triggered the 2019 repo market crisis. As we explored in detail at the Spring 2023 workshop, the huge funding of Treasuries and mortgage-backed securities at very low interest by the banks created a banking crisis, that went well beyond Silicon Valley Bank and Signature Bank, and it took major gyrations by the Fed to keep the banking system running and solvent.

One of the most important reasons to understand the Fed's limited ability to fund the national debt without triggering high inflation, is that the Fed's ability to contain financial crisis is based on that same limited funding. There is no unlimited "free money", as many people wrongly believe. So, if the Fed has to reduce its funding of the national debt to rescue banks and the markets, that greatly accelerates the problems with the funding of the national debt. Another way of phrasing this is that with each year that the national debt compounds faster than the funding for the debt, the greater the chances that a financial crisis would bring down the financial system, instead of being contained by the Fed.

3. Rising Inflation. A phrase that I've used at a number of previous

workshops is the "Fatal Flaw". Increasing inflation is contained by increasing interest rates - this is basic economics, always has been. By their hubris in rapidly increasing the size of the national debt, the Fed & government created a situation where inflation could not be contained except by increasing interest rates to a level where they would set off a compound interest spiral in the national debt. This was always baked in if inflation happened, it did happen, and that is why the government is now borrowing an additional $1.3 trillion per year just to make interest payments.

This is not a stable problem - with each year of compounding that goes by, the greater the exposure of the national debt to a compound interest spiral. We have multiple sources of increased inflation potentially on the way, including tariffs, labor shortages, and the increasingly fractious relationship with China. Should inflation return, then interest rates likely increase in the attempt to contain it (as has just happened), then the higher interest rates set off a substantially higher rate of exponential compounding, increasing the national debt at an accelerated rate.

This is one of the reasons that I refer to the national debt as being terminal, and say that it has crossed over from being a huge but vague future threat, to needing to be a key part of our short and medium term financial decision-making. Inflationary threats are very real. Due to the sheer size of the national debt, fighting inflation now requires setting off a compound interest spiral in the national debt. The fatal flaw is between these two bad choices - and that means we are currently living in a quite different place than what has formed our expectations over these previous decades.

4. Rising Interest Rates. Inflation is a very important source of rising interest rates - but, it isn't the only source. There is a separate compounding cycle related to supply and demand, that is quite traditional. The more debt that is sold, the higher rates need to be in order to find enough buyers. So, if there isn't enough funding, then rates climb, which sets off a compound interest spiral, that generates still more excess debt to sell, which means that rates go higher still. There is no good cure other than not getting that deeply into debt - which is yet another reason why nations acting in their rational medium long term best interests don't do what the US government has done.

There is also a critical feedback loop that is involved between the compounding national debt, funding for interest rate control, and interest rates. The higher the debt goes, the greater the market interest rate. The greater the interest rate, the faster the debt compounds. This is the natural, free market situation - and why nations usually do everything they can to keep from getting into this situation, that the US has entered into as a matter of policy. The US has a limited amount of funding to prevent this, and the higher the debt compounds, the less the adequacy of the funding, and the higher the chances of losing control of interest rates.

Currency exchange rates and trying to defend the value of a currency are other reasons why interest rates can rise sharply. The US, however, now can't use these traditional tools without accelerating the compounding of its national debt.

If interest rates go materially higher for any reason, then the compounding gets far worse.

5. International / Reserve Status Of Dollar. The world is changing fast as it splits into competing geopolitical blocs, and it is not at all clear that the US dollar will always reign supreme. If the dollar loses its reserve status - with the very large national debt helping to bring this on - then there are multiple very negative effects on the debt. Paying for more expensive imports would likely sharply accelerate inflation. The lack of foreign buyers for Treasuries would sharply increase interest rates. Both factors in combination would sharply accelerate the compounding of the national debt.

Testimonials From Prior Participants

Because the workshop is new, none of the participant testimonials below are about that particular workshop. The new workshop is the culmination of more than ten years of delivering live workshops while refining the strategies and analyses as well as how to teach the materials - and the testimonials are for earlier versions of the workshop that were part of the development process.

"Finding Daniel Amerman was one of the best things to happen to me. I have been concerned for years about preserving the purchasing power of my retirement savings, which is a challenge unto itself. When you add the additional burden of paying taxes on top of any gains, the task seems impossible to overcome. Daniel is the first person I have found that provides an answer to this challenge. He is truly a creative thinker, playing the chess game 5 moves ahead of most people. After reading his Turning Inflation Into Wealth emails, I decided to buy his course. It is one of the best things I have ever done to help me clarify what is going on and have a plan for the future that gives me confidence. It was an easy decision to attend his second course, which is an update of what has happened in the past two years. I found this seminar to equal his first course in terms of original thought and actionable content. Keep 'em coming Dan."

Bill C.

"Although I am a financial markets addict, my husband is not and he somewhat reluctantly agreed to attend the workshop with me. Halfway through the first morning, however, his attitude completely changed! Dan's presentation captivated him. Dan's precise analysis of current market trends are brought into sharp focus with very practical examples. The unprecedented world of negative interest rates is bewildering to say the least. Not only does Dan help make sense of it all, he provides the tools you need to survive and thrive!

Far from being dry or boring, Dan presents and analyzes the current trends and provides very practical applications. The workshop was packed with useful information. Dan encourages engagement during the sessions. Your

questions and comments are welcomed and he incorporates them into his presentation with the skill of a seasoned expert in the field. If you want analysis of the current trends and practical, useful advice on how to navigate them, Dan is your man!"

Sue and Mike B., Ohio

"Following the 2008 financial debacle, I began frantically searching for reliable sources to understand and prepare for what appeared to be instability in the U.S. and world economies. Amazingly Dan Amerman, I discovered, had already been writing about such possible market risks. Dan's gift to take the complex and simplify into meaningful, practical terms provided me an understanding of the various dynamics at the core of the volatility. More importantly, Dan's publications (DVD's, books, and seminars) provided me with actionable insights and strategies to incorporate in my investment and retirement plans. Today I continue to benefit from Dan Amerman's educational tools and insight and highly recommend them to anyone interested in building financial wealth."

Ron K, KY

"My husband and I are both pleased to recommend Daniel Amerman as a singular and top rate financial educator. We are impressed by his ability, as well as his willingness, to provide his students with guided tours into the murky waters of economic theory in a way that is practical, factual, data-driven, and ideology-free. One comes away from each of his trainings and workshops with a little more insight into how both the American and the global economies actually work, and with a little bit of the wool of politics and "common knowledge" removed from one's eyes.

One of the most helpful things Mr. Amerman does is expose how the players at various levels in the financial industry think and act. It is incredibly useful simply to understand the mindsets of those who are in control of the game. He also integrates quantitative with qualitative data to generate insights and perspectives that other economists either miss or dismiss, to the average

investor's detriment. The asset/liability management matrix he created to help students "run the numbers" and understand the financial consequences of various investing strategies under different scenarios is, in particular, of great help. That sort of practical education is difficult to come by for those not already in the financial industry.

We will continue to study and find ways to apply Mr. Amerman's work as we chart our financial future in today's very confusing and uncertain waters. We also look very forward to attending future workshops to keep up with changes in economic policy and its consequences. I am happy to say that Mr. Amerman has earned our trust, which is not an easy thing to give to anyone in an industry that is dominated and controlled principally by predators, fraudsters, clueless academics and salespeople posing as "advisors". Thank you, Mr. Amerman, for showing us that all is not lost in your industry, and for giving the rest of us a fighting chance to survive and even thrive in what is becoming an increasingly bizarre and uncertain financial world."

Jennifer CM

"Dan Amerman is a 'banker's banker' in the world of high finance. Be one of the few to see how the real game is played, especially relevant since the 2008 chaos. Study his materials. Attend his seminar to relearn how to apply these unique strategies to your personal portfolio. The seminar attendees are sophisticated and add considerable insights!"

Ron C
Wisconsin

"It was an absolute pleasure meeting you this past weekend. I want to thank you again for all your time and effort in providing such a wonderful learning experience. Your insights and analysis were well thought out and logically

presented. They brought clarity to an economic picture that, for most, has been extremely fuzzy. I left the weekend with a much clearer focus on what tactics need to be employed as we move down this uncertain economic road."

Bob R

"Mr. Amerman's workshop changed my life. He brought my understanding of the global economy's impact on my personal financial life to a new level. Due to his workshop, I have made giant changes in the way I save and the structure of my financial plans for the future. I feel much more secure and look forward to a future of prosperity! I can wholeheartedly endorse the time and money spent attending his workshop - it will be returned to you many times over."

Lee Anne S

The testimonials were solicited in follow-up e-mails sent after previous workshops. No compensation was offered in exchange. They are each the full testimonial as received, and have not been edited for content. Not all workshop participants provided testimonials. From those who did provide testimonials, the most positive testimonials were those selected for inclusion in this brochure. Because those with particularly positive experiences are the most likely to provide highly positive testimonials, they are not a random sampling, and nor should they be considered as representative of the experiences of all prior workshop participants.

About Daniel Amerman

Daniel R. Amerman is a Chartered Financial Analyst and finance MBA with over 30 years of professional financial experience. He is the creator of a number of books and video courses on finance and economics. Articles by Mr. Amerman or referencing his work have appeared in numerous publications and websites, including *Reuters, MarketWatch, U.S. News & World Report, MSN Money, Seeking Alpha, Business Insider, ValueWatch, Nasdaq.com, Morningstar.com, TalkMarkets*, and *Financial Sense*.

Since 2006, Mr. Amerman's work has focused on the financial interests of the median, the productive and hard-working person in the middle, rather than the "one percent" of the insiders who have grown fantastically wealthy even while the size and relative wealth of the American middle class have been in decline for decades. His research is devoted to finding solutions for how the middle class and upper middle class can protect themselves from Washington and Wall Street.

Mr. Amerman's work with inflation and banking began while in college and graduate school, as he learned economics and finance even as the highest rates of inflation in the modern era were raging. After graduate school, he began work with an institutional investment bank that specialized in working with and restructuring savings & loans as well as small banks. These years provided the starting knowledge for what would later become the "*Home Wealth*" series, as he worked with the impact of inflation on mortgages. As an investment banking vice president, Mr. Amerman also became an expert in working with financial institutions and their balance sheets on a national basis.

In the 1990s, Mr. Amerman worked as an independent quantitative analyst, providing expert structural, analytical, and mathematical verification services for the trust departments of major banks, investment banks, and rating agencies, mostly in real estate and mortgage-related areas. During

those same years, Mr. Amerman wrote his first two books on investment and security analysis for institutional investors, which were published by McGraw-Hill (and subsidiary): *Mortgage Securitie*s, and *Collateralized Mortgage Obligations: Unlock The Secrets Of Mortgage Derivatives*.

Beginning in 2006, he moved from providing analytical services to some of the nation's largest banks to setting up a website that would later become DanielAmerman.com. This financial education website was intended to serve the needs of the public rather than the financial institutions. The financial education is provided by ongoing analyses, books, and videos, as well as periodic workshops.

As documented in detail in Mr. Amerman's work over the following eighteen years, and now in the current series, for those who understand how to use the tools, the effective control of inflation, nominal & real interest rates, money creation, regulations, and the tax code can be - and have been - used to redistribute the wealth of an entire nation. However, because what is happening is complex and it requires specialized knowledge of finance and economics to properly follow, this means that it has been able to happen in plain sight without the voters fully understanding what is happening - how the channels have been set up so that the new natural flow of the wealth is from the people to the government and major financial institutions.

To fully understand what Washington and Wall Street have been doing requires the ability to actually "follow the dollars", to be able to analytically reconstruct what is going on and who benefits. In addition to being in positions of power with access to vast sums of money, many of the people who are involved in this process do have extensive formal training in finance and economics. They can be experts using the sophisticated tools of those fields, many of which are little understood by the average person. To follow what is happening, it is helpful to have an expert on your side, who also has a sophisticated and analytical understanding of finance and economics.

Pricing, Discounts & Payment Information

Workshop Price:	$1,695
Early Registration Discount (Payment by March 23)	($200)
Workshop Price Net Of Discount	$1,495
2nd Person Discount	Save 50%

Discounts when related DVDs are purchased (these cannot be combined with Early Registration Discount): Save $500 Or $300

Save $500 on workshop registration when the "Investment Strategies For Crisis & The Containment Of Crisis" DVD set or "Gold Out Of The Box, 2020s Edition" DVD Set is purchased at the same time. See the next page for more information. Please note that the combination packages involve purchasing the DVDs, and then receiving an offsetting discount on registration.

Anyone who separately purchased those DVDs has 12 months after delivery to receive a $300 discount on their workshop registration. Please write Mary at the address below to get your credit.

Tax Deductibility: A good question to discuss with your tax advisor

For questions, to select your choice of DVDs for discounted purchase, to receive your discount for a prior DVD or online video purchase, or for information on paying by check, please write to:
mary@danielamerman.com

Space Is Limited, Sign-Up Now:

http://www.danielamerman.com/workshop/payment.htm

Meeting Schedule & Hotel Information

Holiday Inn Indianapolis Carmel

251 Pennsylvania Parkway, Carmel, Indiana 46280

1-317-574-4600, 1 888 HOLIDAY (1-888-465-4329)

https://www.ihg.com/holidayinn/hotels/us/en/indianapolis/indml/hoteldetail#

Saturday & Sunday, April 5-6, 2025

Saturday check-in will start at 8:15 am, with the workshop presentation beginning at 8:30 am, and lasting until 5:00 pm. There is an hour break for lunch each day, and short morning and afternoon breaks as well.

The Sunday session will begin at 8:30 am, and last until 4:00 pm.

Disclaimer

Please note that the seminar / workshop will be of a strictly educational nature, rather than the rendering of professional advice. The future is uncertain, and there are no guarantees or promises of success or particular outcomes. As with any financial decisions, there is a risk that things will not work out as planned, and with hindsight, another decision would have been better.

The workshop will not include specific investment, legal or any other form of professional advice. If specific advice is needed, it should be sought from an appropriate professional. Any liability, responsibility or warranty for the specific results of the application of the general educational principles contained in the workshop and the written materials, either directly or indirectly, are expressly disclaimed by the workshop leader.