



ASPEN FUNDS®

INVESTABLE MEGATRENDS
FOR THE NEXT DECADE



AGENDA

- About Aspen
- Investable Megatrends Data
- Q&A



ASPEN FUNDS MANAGEMENT TEAM



BOB FRASER

CO-FOUNDER & CHIEF FINANCIAL OFFICER

Mr. Fraser has 20+ years experience in finance, investing and technology and has held several CFO and CTO positions. Fraser is a former E&Y entrepreneur of the year winner when he founded a technology company that became one of the fastest growing companies in the Midwest reaching 250+ employees. He was magna cum laude graduate of U.C. Berkeley's computer science program.



JAMES MAFFUCCIO

CO-FOUNDER & MANAGING DIRECTOR

Mr. Maffuccio has 30+ years full-time experience in real estate investing and an award-winning real estate developer. Maffuccio is an expert in development, mortgage notes and is deeply networked in the secondary mortgage industry, holding key relationships with primary sources, note buyers and sellers, and service providers.



ASPEN FUNDS MANAGEMENT TEAM



DAN SCHULTE

MANAGING DIRECTOR & CHIEF OPERATING OFFICER

Mr. Schulte has 20+ years' experience in asset management, private equity and real estate and has held senior management positions with several entities, both public and private. Schulte is formerly the SVP and General Counsel for Waddell & Reed, a publicly traded mutual fund company. He began his career as a corporate securities attorney in the private practice of law for a boutique securities law firm and as a tax accountant for Ernst & Young.



BEN FRASER

MANAGING DIRECTOR & CHIEF INVESTMENT OFFICER

Mr. Fraser is responsible for capital markets. Mr. Fraser has experience as a commercial banker and underwriter, as well as working in boutique asset management. Ben is a contributor on the Forbes Finance Council. He is also a co-host of the Invest Like a Billionaire™ podcast. He completed his MBA from Azusa Pacific University, and his B.S. in Finance from the University of Kansas, graduating magna cum laude.



ASPEN INCOME FUND

PORTFOLIO	
No. of Mortgages in Fund	1,137
Cost/Payoff	75.0%
Portfolio ITV	56.0%
Number of Defaults Since 2017	42
Profit on Default	+54%





WHAT I LEARNED IN 2001

1. Follow the tides
2. Go Private





REITs

REIT	Property Type	P/E	\$/Book
American Tower (AMT)	Communications	38	15.31
Public Storage (PSA)	Self Storage	25	9.36
Simon Property Grp (SPG)	Malls	14	9.74
Equinix (EQIX)	Data Center	84	5.08
Prologis (PLD)	Industrial	22	2.33
Equity Residential (EQR)	Multifamily	21	2.39
Welltower (WELL)	Medical	69	1.67
Aspen Neighborhood Retail	Neighborhood	4	1



OUR PROCESS FOR IDENTIFYING DEALS

Our team co-invests in every deal.

We oversee asset management, business plan execution, and reporting to investors.

1

Identify key macro trends in play and likely to continue.

2

Identify best asset classes and investment strategies that will benefit from those trends

3

Identify best-in-class co-sponsors and perform extensive due diligence

INVEST LIKE A BILLIONAIRE™

WITH BOB FRASER, JIM MAFFUCCIO
AND BEN FRASER

Most investors don't know that the ultra-wealthy (billionaires, institutions and family offices) have large portions of their investment portfolios allocated to investments outside the stock market and in alternatives like real estate, private equity and hedge funds. Meanwhile, the average high net worth investor is mostly invested in stocks and bonds.

Join Bob Fraser, Jim Maffuccio, and Ben Fraser as they dive into the world of alternative investments, uncover strategies of the ultra-wealthy, discuss economics and interview successful investors and alternative investment experts.

TheBillionairePodcast.com

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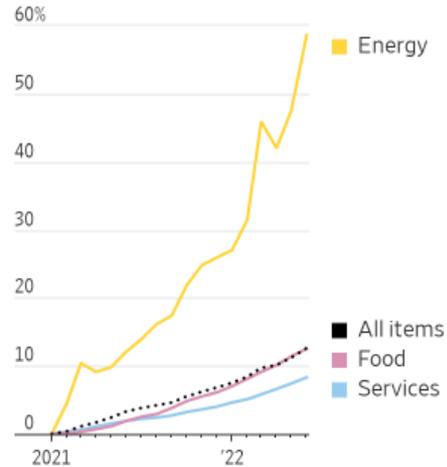
MEGATREND #1
INFLATION



INFLATION – WE MAY HAVE SEEN THE WORST BUT NOT THE LAST

- ❑ Supply chain issues will ease
- ❑ Energy and worker shortages will continue

Consumer-price index, change since January 2021



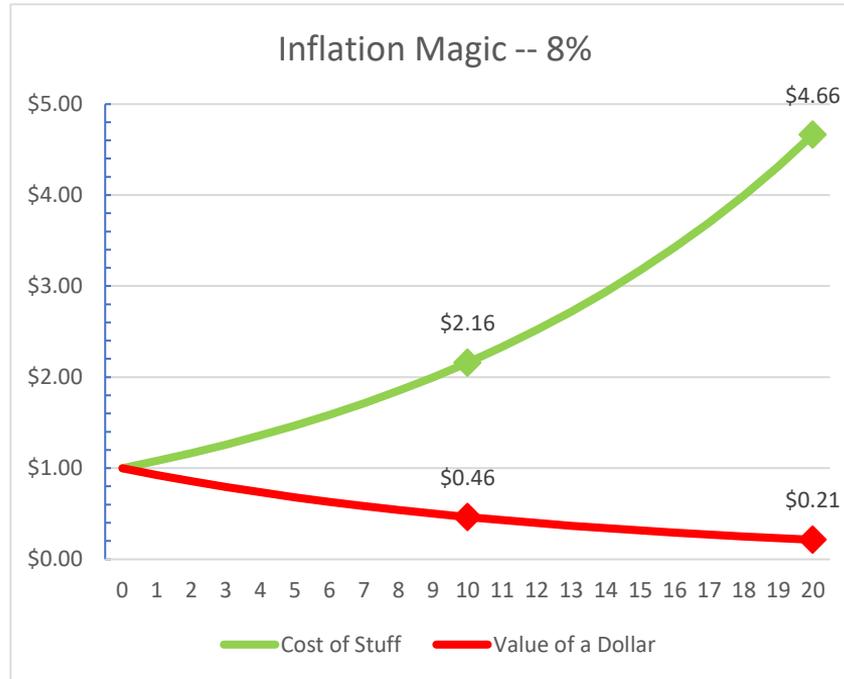
Note: Seasonally adjusted
Source: Labor Department



Source: U.S. Bureau of Labor Statistics



INFLATION: WEALTH DESTROYER / CREATOR





NOMINAL RATES ARE RISING, BUT REAL INTEREST RATES STILL NEGATIVE



Inflation

Interest Rates

"Real" Interest Rates

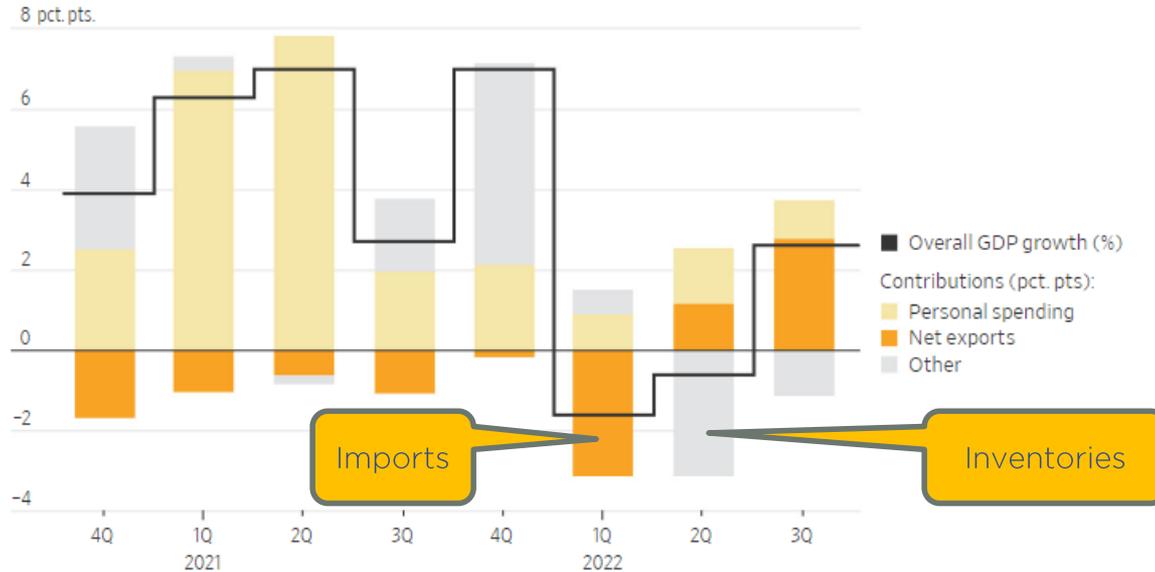


HIGH CORRELATION BETWEEN REAL RATES AND CAP RATES





NO RECESSION YET - Q1-Q2 NEGATIVE GDP PRINTS DRIVEN BY EXPORTS AND INVENTORY CHANGES



Note: Chart shows contributions in percentage points and overall GDP growth in percentage change from the previous quarter at seasonally adjusted annual rates. 'Other' includes gross private domestic investment and government spending and investment.

Source: Commerce Department



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MEGATREND #2

ENERGY PRICES

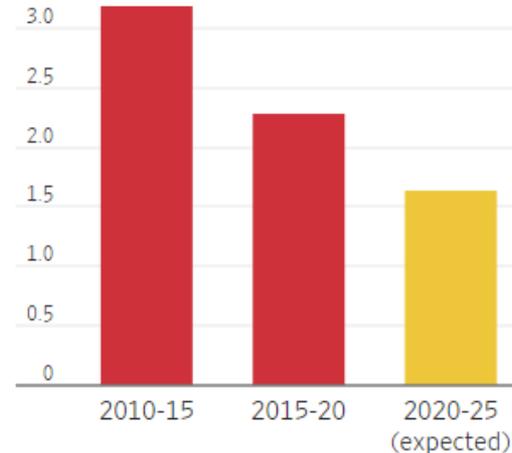


ENERGY MARKET DYNAMICS 2022-2024

- ❑ In 2014, a new energy narrative became dominant: that fossil fuels had reached peak demand.
- ❑ Simultaneously, global environmental initiatives and ESG have focused on not only reducing fossil fuel consumption, but also on reducing fossil fuel supply and investment
- ❑ ...so long-term investments in fossil fuel projects declined - down 55% from 2014
- ❑ ... as a result, global energy production today is severely supply constrained, with no prospect of rapid increases

Investment in oil and gas exploration and development

\$3.5 trillion (nominal)



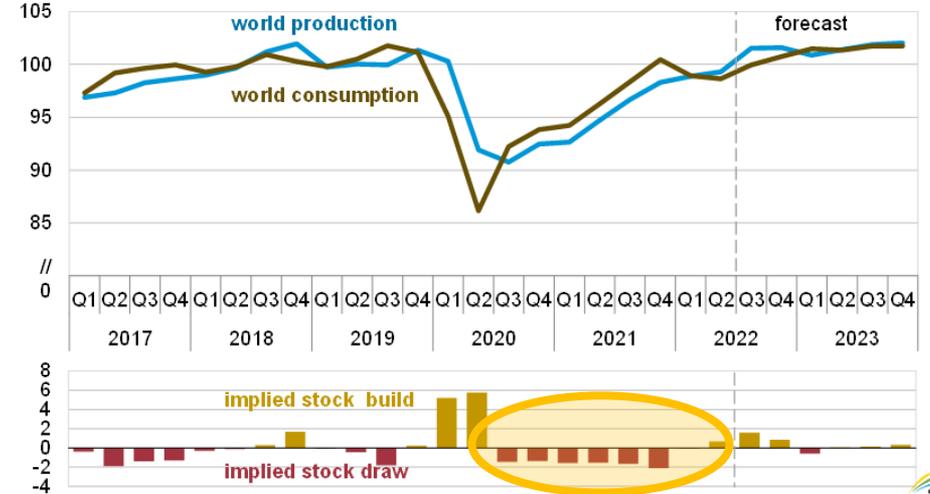
Source: BlackRock Investment Institute, Wood Mackenzie, June 2022



ENERGY MARKET DYNAMICS 2022-2024

- ❑ For the last two years, oil production has not kept pace with post-COVID demand
- ❑ The result: global oil inventories are at record lows
- ❑ ... and now the Russian war on Ukraine and subsequent embargo has created a global energy supply shock, unlikely to revert, even in post-war scenarios

World liquid fuels production and consumption balance
million barrels per day



Source: U.S. Energy Information Administration, Short-Term Energy Outlook, July 2022





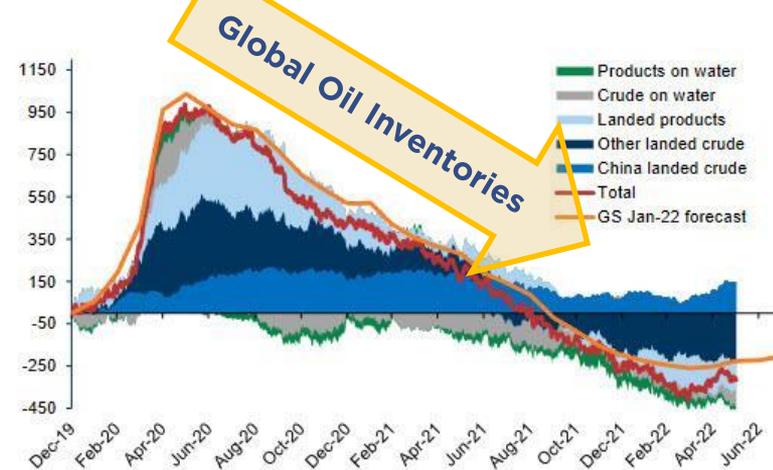
ENERGY MARKET DYNAMICS 2022-2024

From Goldman Sachs Global Research:

- ❑ “Oil Inventories are at record lows and will take oil price above \$140 to rebuild”
- ❑ “Supply remains inelastic to higher prices” – i.e., *higher prices will not result in increased supply*
- ❑ “The negative global growth impulse remains insufficient to rebalance inventories at current prices.” – i.e., *economic slowdown will not end shortage*
- ❑ “The market will not build sufficient spare capacity by the end of 2023, extending the bull market into 2024+”

Exhibit 7: Despite China's lockdowns, global oil inventories continue to surprise to the downside YTD

Global high-frequency inventory tracking vs. Dec-19 compared to our Jan-22 GS supply-demand expectations (mb)



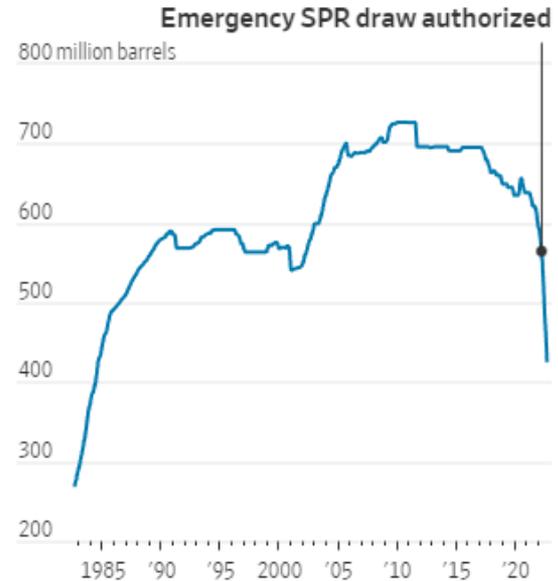
Source: Kpler, IEA, JODI, EIA, PJK ARA, PAJ, IE Singapore, Fujairah, Oilchem, Goldman Sachs Global Investment Research



DUMPING OF US STRATEGIC PETROLEUM RESERVE HAS KEPT OIL PRICES LOWER

- SPR lowest since 1985

Weekly U.S. ending stocks of crude oil in the Strategic Petroleum Reserve

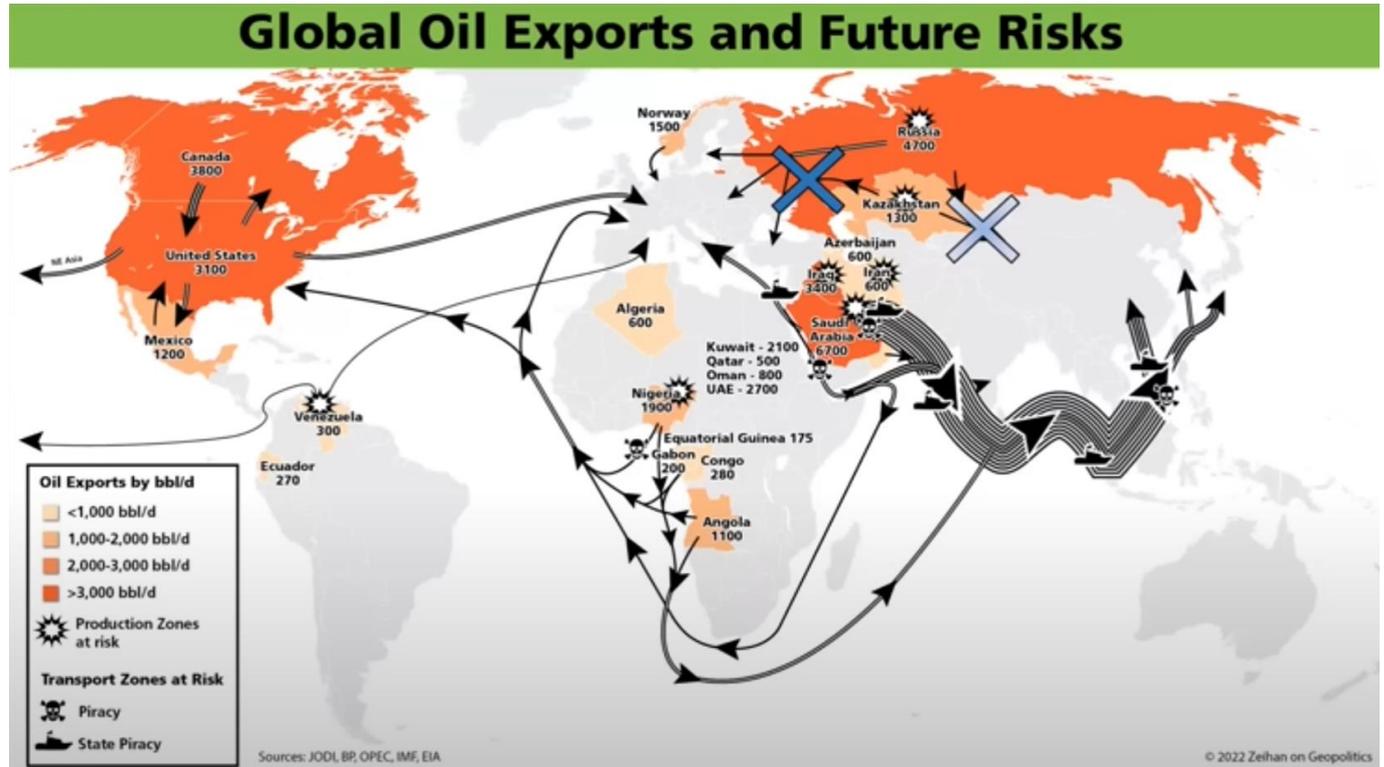


Source: U.S. Energy Information Administration



RUSSIA-UKRAINE WAR OUTCOMES

- ❑ Europe: Severe Energy Crisis
- ❑ Must divert flows from Africa/Middle East to Asia
- ❑ Must increase flows from US





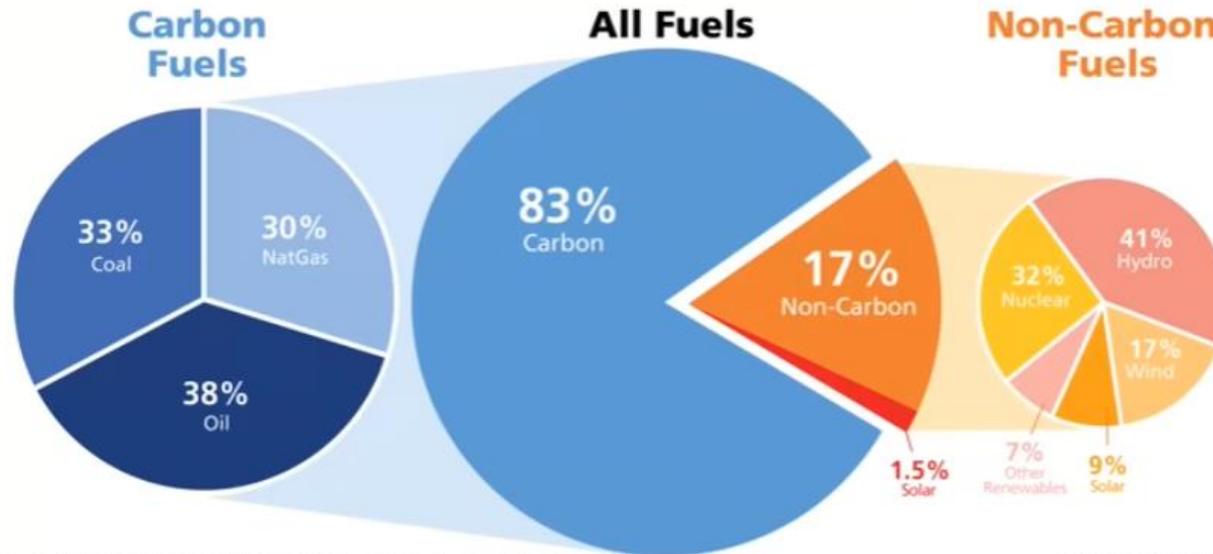
ENERGY MARKET DYNAMICS 2022-2024

- ❑ We expect energy prices to remain elevated into 2030+
- ❑ Energy prices will not “revert to normal” even if the war ends due to the de-Russification of global energy demand
- ❑ Energy disinvestment combined with ESG and the global environmental movement’s focus on supply reduction (instead of just demand reduction) ensures high prices will endure
- ❑ Energy is the “mother of all commodities” – all other commodities require it – and this ensures inflation will remain stubbornly high



GREEN ENERGY – A LONG WAY FROM REPLACING CARBON

Total Global Energy Use by Source, 2020



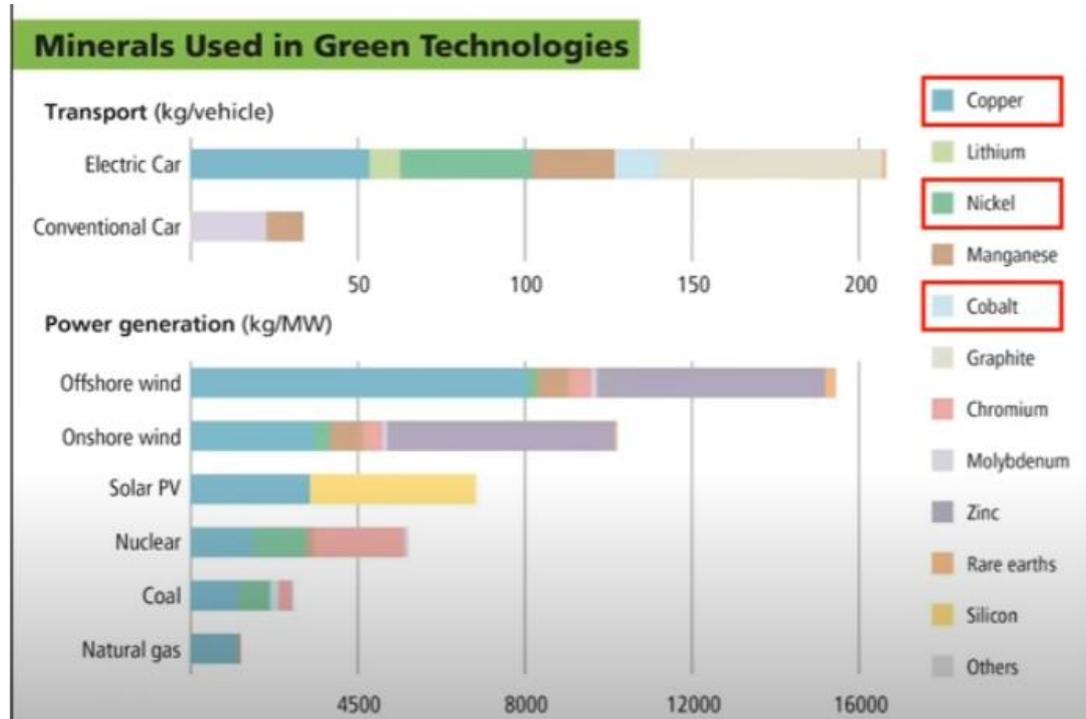
Source: BP Statistical Review of World Energy (Totals may not equal 100 due to rounding.)

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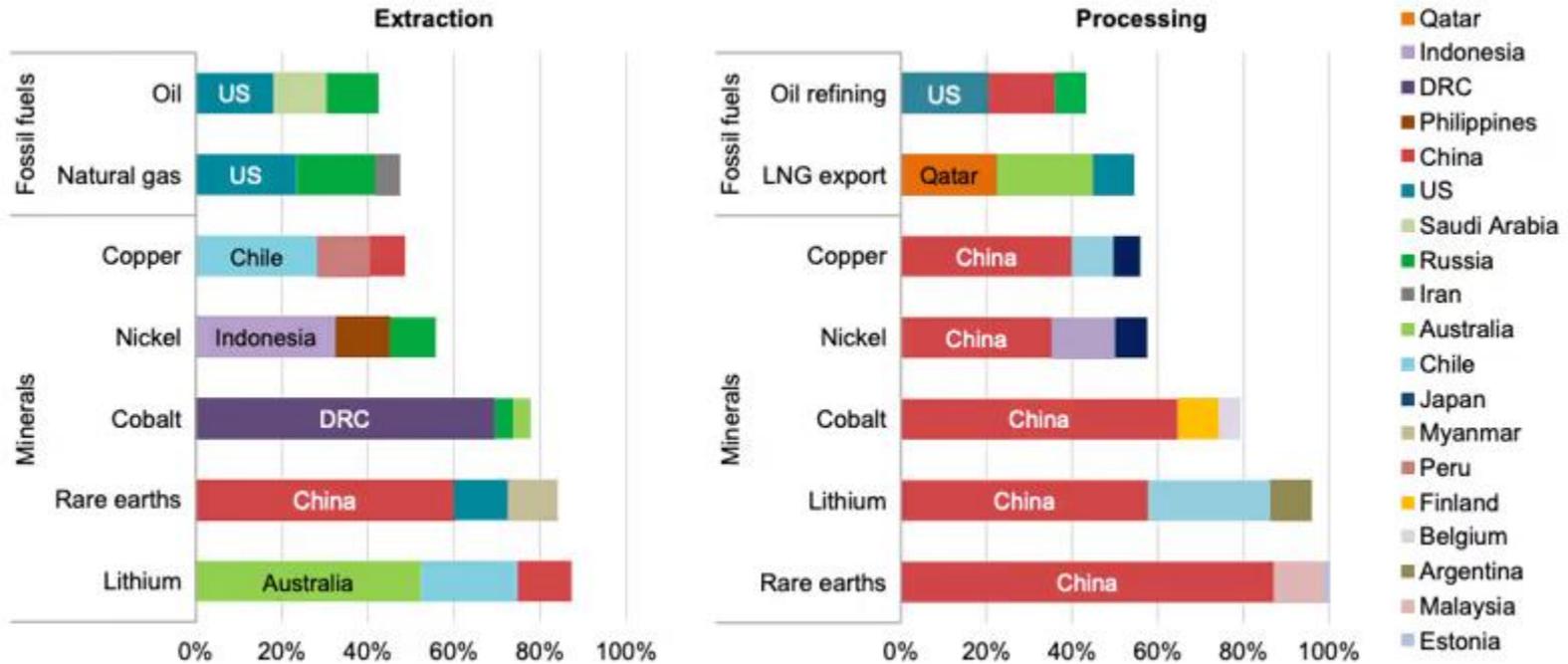
GREEN IS A DIRTY WORD

- ❑ Environmental advocates have failed to understand that the green revolution requires natural resources, most of all oil
- ❑ EV's amounted to 4.4% of US Passenger vehicle sales in 2021
- ❑ And used 65% of global lithium mine production





PROCESSING OF BATTERY MINERAL MOSTLY DONE IN CHINA ...AND ALL OF IT REQUIRES FOSSIL FUELS





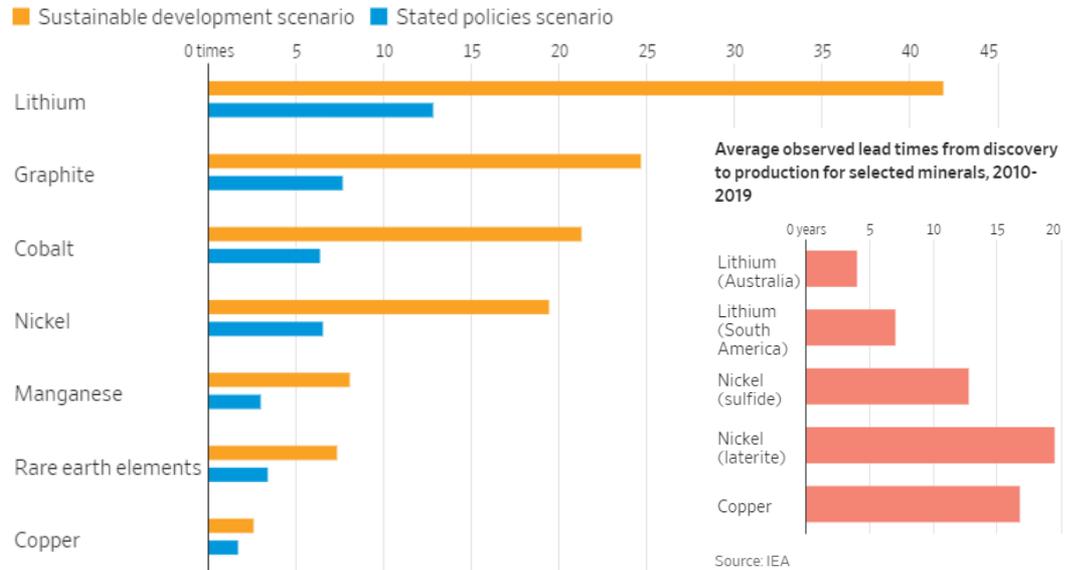
GREEN REALITY CHECK

IEA: to meet Paris Agreement goals, demand would jump 40-fold for lithium and 20-fold for nickel and cobalt between 2020 and 2040.

A green revolution will require

1. Massive investment in natural resource development
2. Resource security / US-based development
3. Lots of time

Projected growth in demand from clean energy technologies, 2040 relative to 2020*



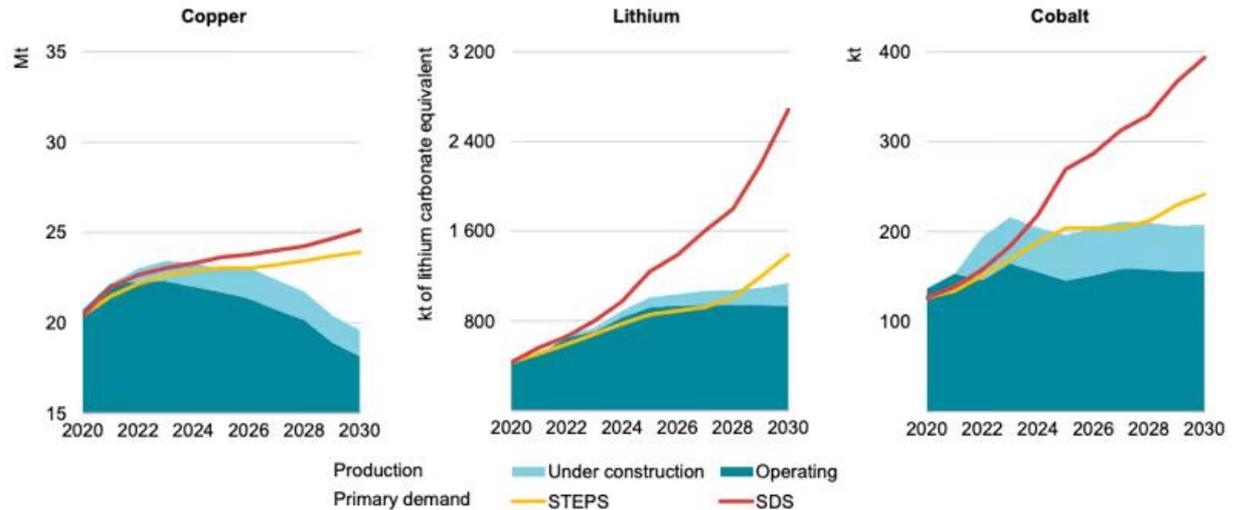
*Each bar represents the projected increase in demand between the year 2020 and 2040. For instance, demand for lithium will increase by 42 times for the sustainable development scenario.
Source: IEA



GREEN REALITY CHECK

- ❑ EIA: By 2030, existing mines and projects under construction will only be able to produce about half of what's needed to satisfy demand.
- ❑ Benchmark Research:
 - 59 new lithium mines (45,000 t/y)
 - 38 new cobalt mines (5,000 t/y)
 - 72 new nickel mines (42,500 t/y)
 - 97 new natural flake graphite mines (56,000 t/y)
 - 54 new synthetic graphite plants (57,000 t/y)
- ❑ Lithium mines that started operations between 2010-2019 took an average of 16.5 years to develop.

Committed mine production and primary demand for selected minerals





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MEGATREND #3

DEGLOBALIZATION



THE WORLD IS ABOUT TO DISCOVER THEY CAN'T LEAVE RESOURCE DEVELOPMENT TO THE THIRD WORLD

Russian, Belarusian and Ukrainian Major Exports

First in Global Ranking

Second

Third

Natural gas

Crude oil

Coal

Uranium (fuel)

Refined oil products

Aluminum

Neon

Platinum group metals

Gas turbines

Processed nickel

Refined copper

Titanium

Semi-finished iron

Steel

Wheat

Seed oils

Fertilizer

Ammonia

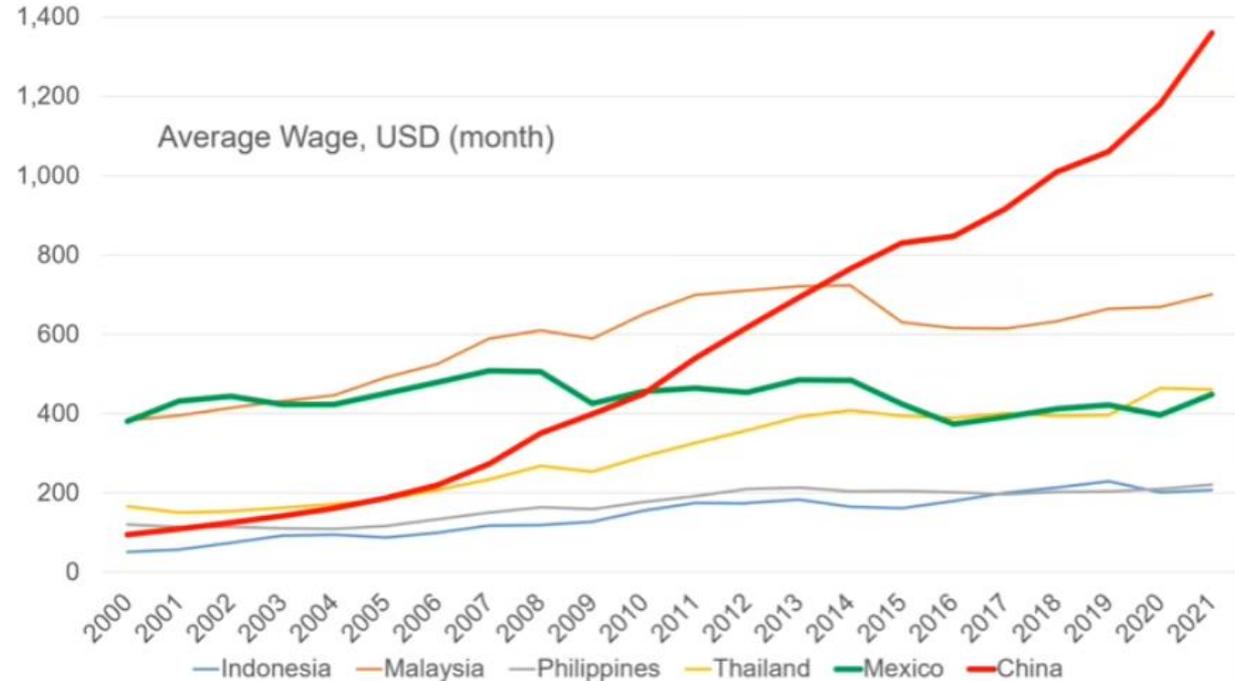
Potash

Sawn wood



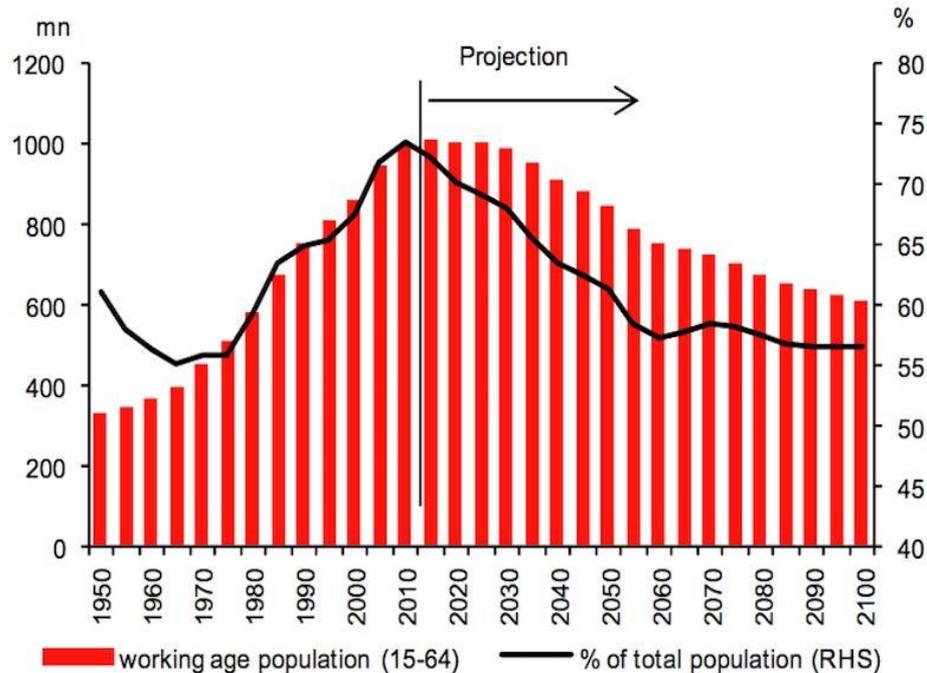
CHINA HAS SEEN ITS GREATEST DAYS AS A MANUFACTURING TITAN

- ❑ The fastest labor appreciation in human history
- ❑ 15-fold increase since 1999



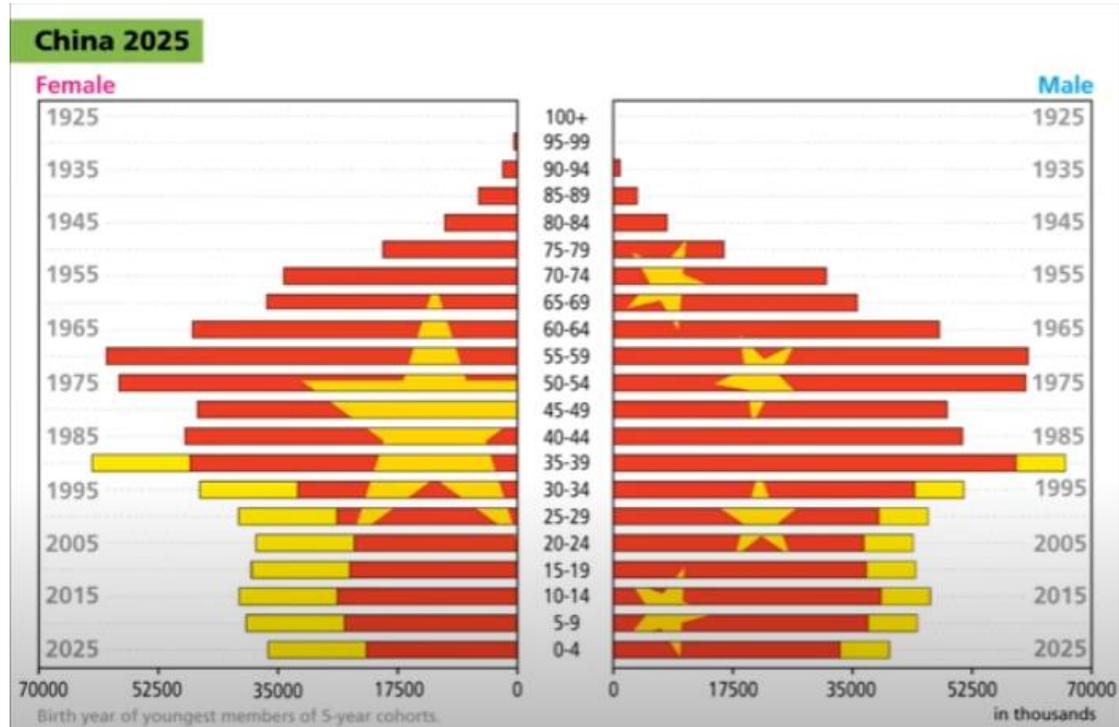


THE SUN IS SETTING IN THE EAST





THE SUN IS SETTING IN THE EAST





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MEGATREND #4

INDUSTRIAL BOOM
STAGE TWO



E-COMMERCE GROWTH IS SLOWING

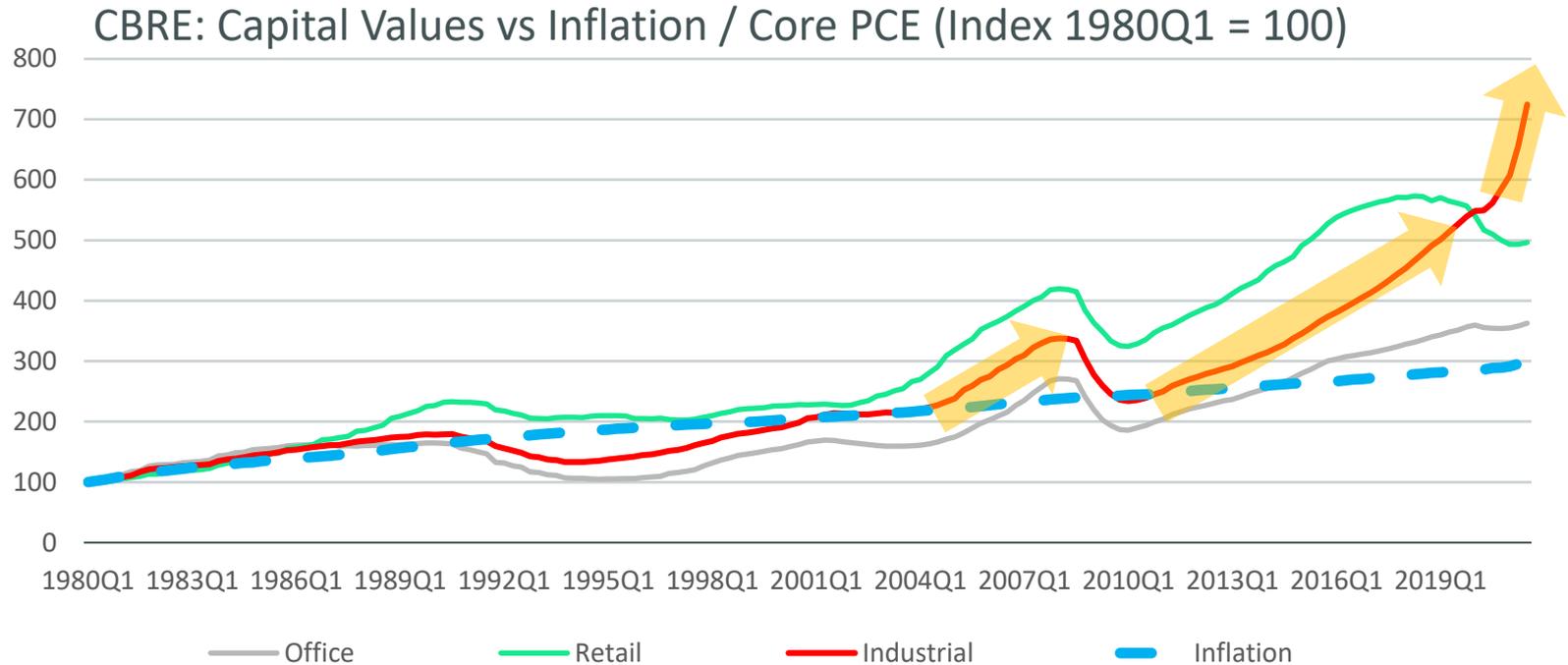
Retail Sales Share by Pure E-commerce Retailers
% of Total Retail Sales



Core retail sales refers to total retail sales excluding auto, gas, and restaurant/bar sales.
Source: U.S. Census Advance Monthly Retail Sales, CBRE Research, Q4 2021.

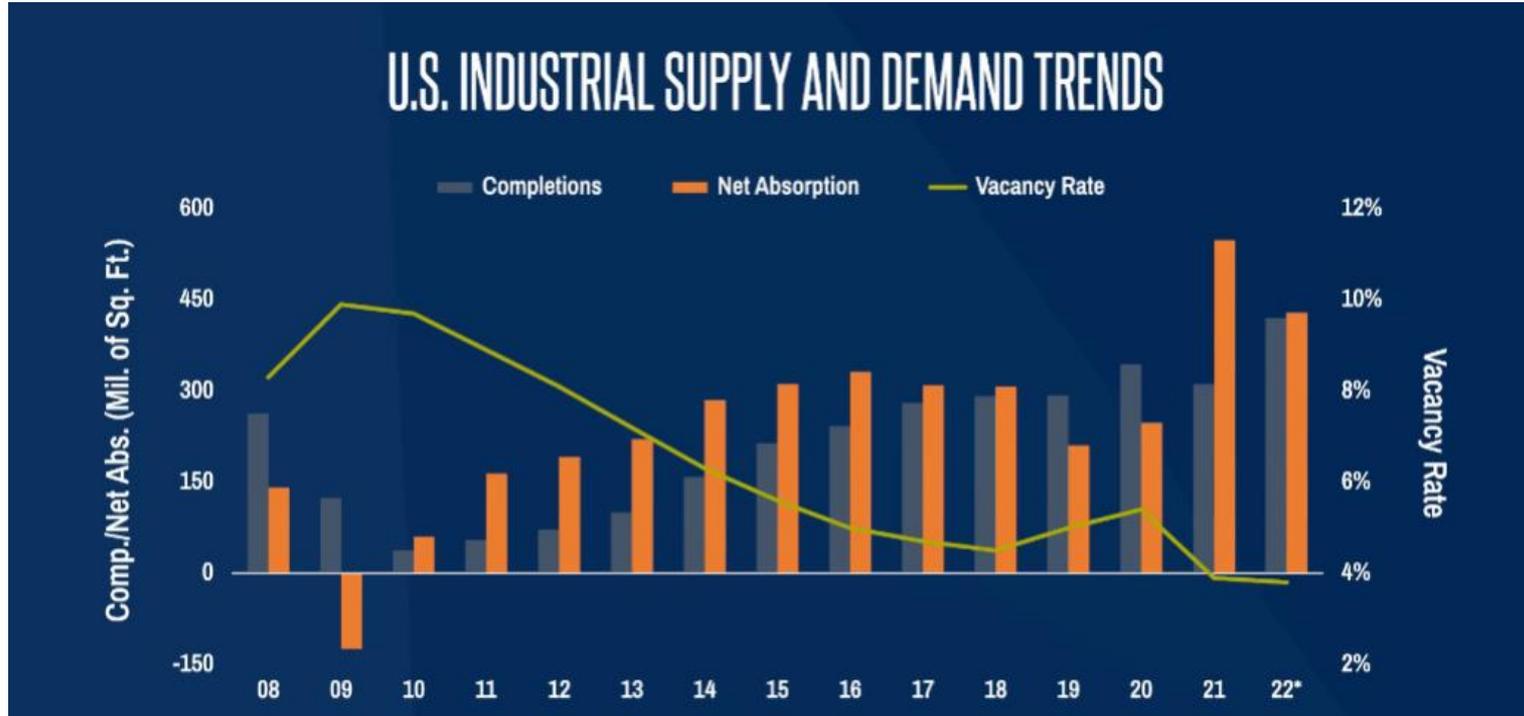


IN THE LONG RUN CRE BEATS INFLATION





INDUSTRIAL VACANCY 2.9% RECORD ABSORPTION





SUPPLY CHAIN DISRUPTIONS

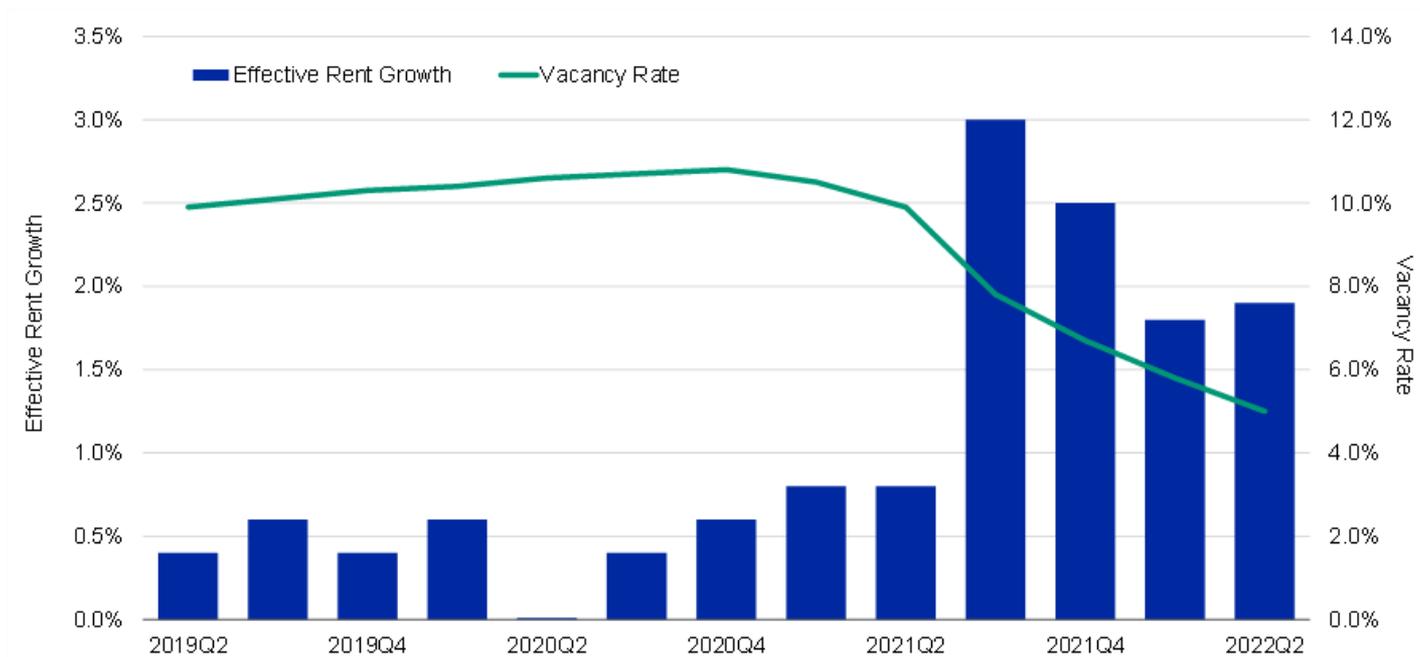
Tens of Thousands Unfinished Ford Trucks Sit Parked: Here's Why

By **Sean Tucker** 09/23/2022 8:33am





MOODY'S ANALYTICS: WAREHOUSE/DISTRIBUTION EFFECTIVE RENTS AND VACANCIES





LATEST DEMAND ESTIMATE RISES BY 800 MILLION SF

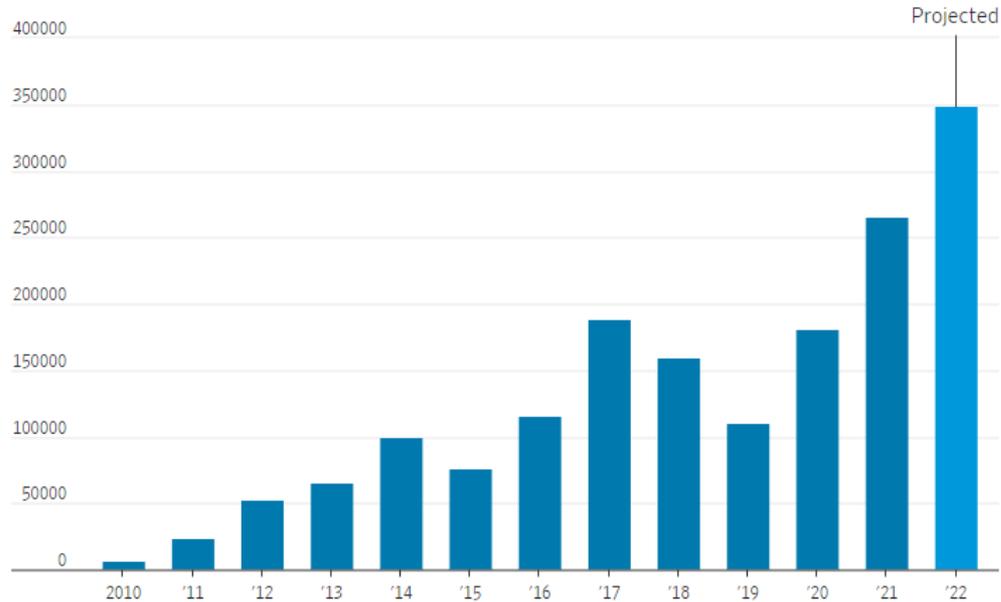
- ❑ “Melinda McLaughlin, senior vice president and global head of research at Prologis, said across the company’s some 5,800 customers, the increased demand amounts to an average of about 138,000 square feet per client.” (800M sf)
- ❑ Prologis’s biggest customers include companies such as Amazon.com Inc., FedEx Corp. , Home Depot Inc. and United Parcel Service Inc.



WSJ: US COMPANIES ON PACE TO BRING HOME RECORD NUMBER OF OVERSEAS JOBS

Reshoring

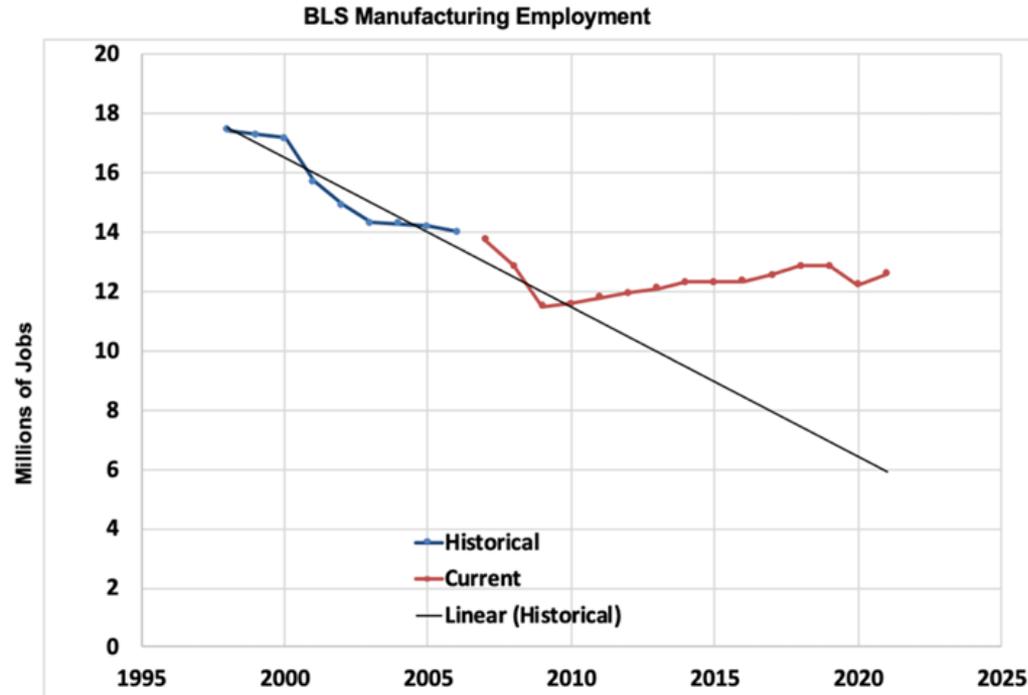
Number of job announcements per year



Source: Reshoring Initiative



US MANUFACTURING EMPLOYMENT RISING FOR THE FIRST TIME IN DECADES





WSJ: ENERGY PRICES DRIVING SHIFT TO U.S.

THE WALL STREET JOURNAL.

Robert Fraser ▾

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High Natural-Gas Prices Push European Manufacturers to Shift to the U.S.

The Ukraine war is driving up energy costs in Europe, while relatively stable prices and green-energy incentives are luring companies to the U.S.

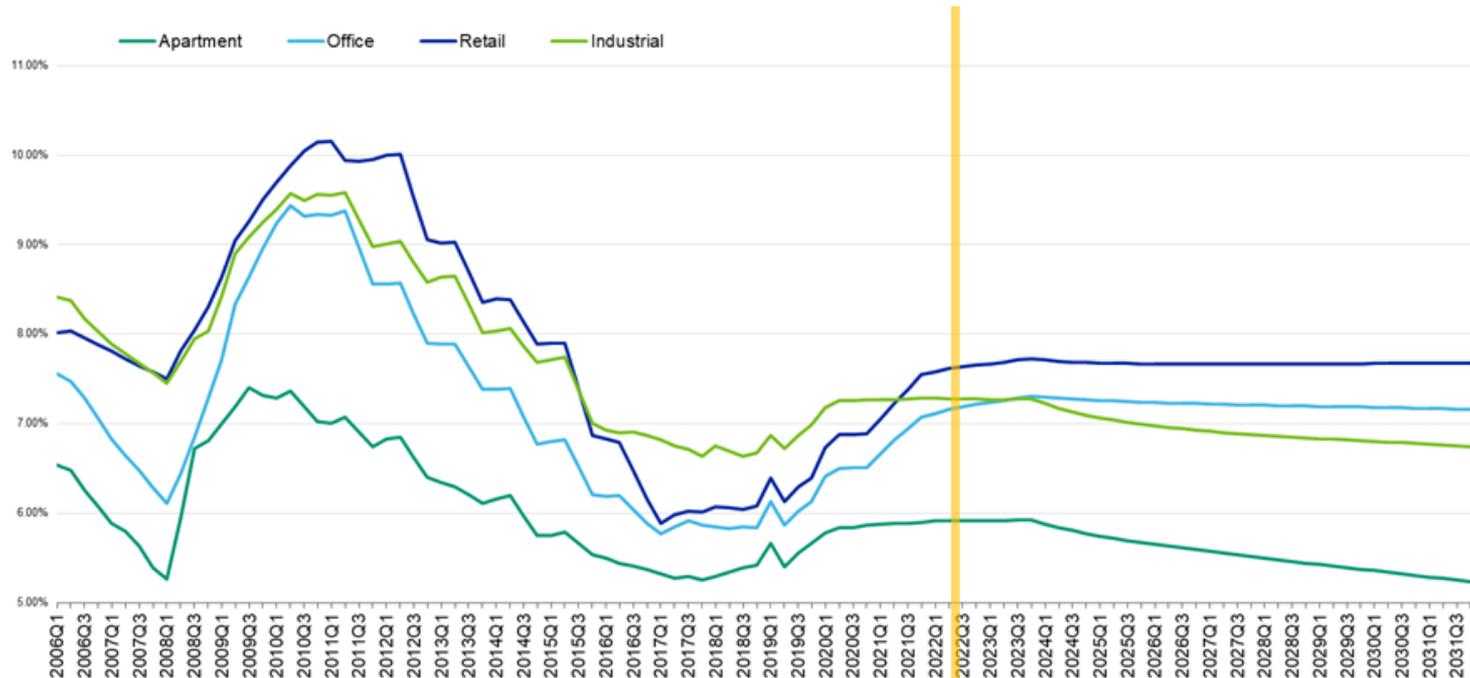


TOP REASONS COMPANIES ARE RE-SHORING

Factors trending up	% up
Social/ethical concerns	700%
Walmart	700%
Inventory	300%
U.S. price of natural gas/chemicals/electricity	300%
Freight cost	129%
Automation	107%
Manufacturing/engineering joint innovation (R&D)	59%
Green considerations	32%



MOODY'S ANALYTICS: CAP RATE FORECASTS





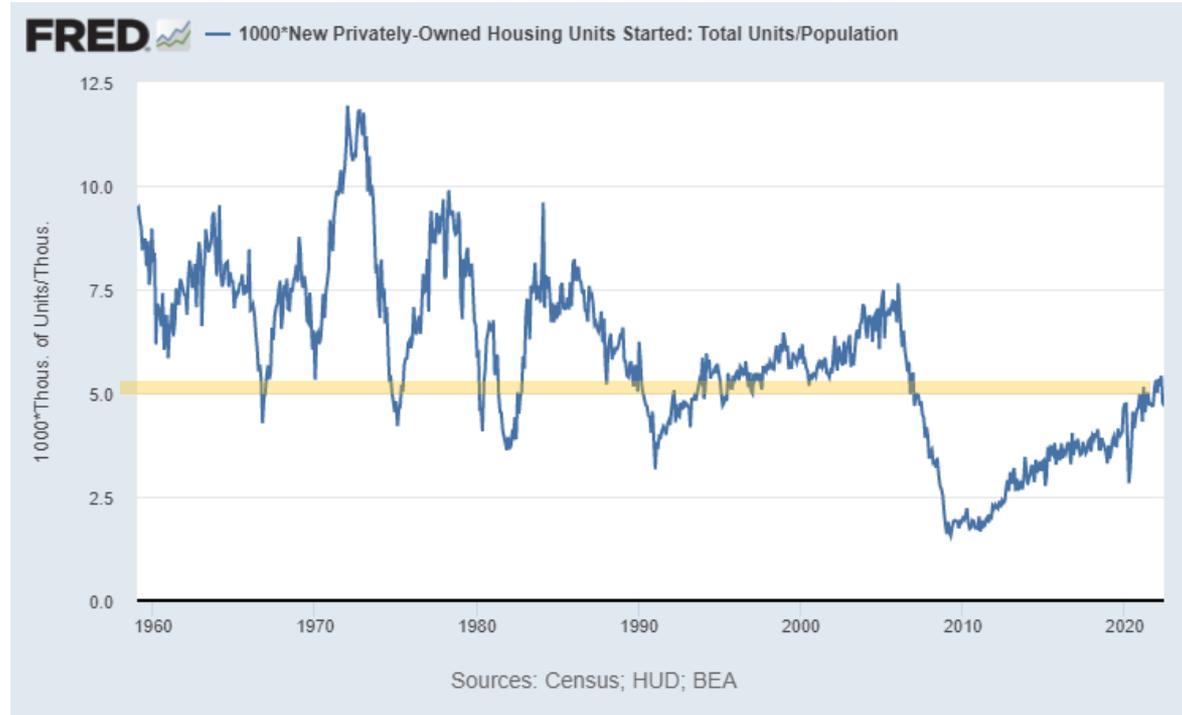
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MEGATREND #5

HOUSING SHORTAGE



CHRONIC UNDERINVESTMENT IN HOUSING SINCE 2007





RENTS AND HOME PRICES MARCHING HIGHER SUPPORTING ONE ANOTHER

- Rents and home prices will march higher

AFFORDABILITY GAP BETWEEN HOME PAYMENT AND AVERAGE RENT WIDENING AS HOME PRICES AND MORTGAGE RATES SURGE



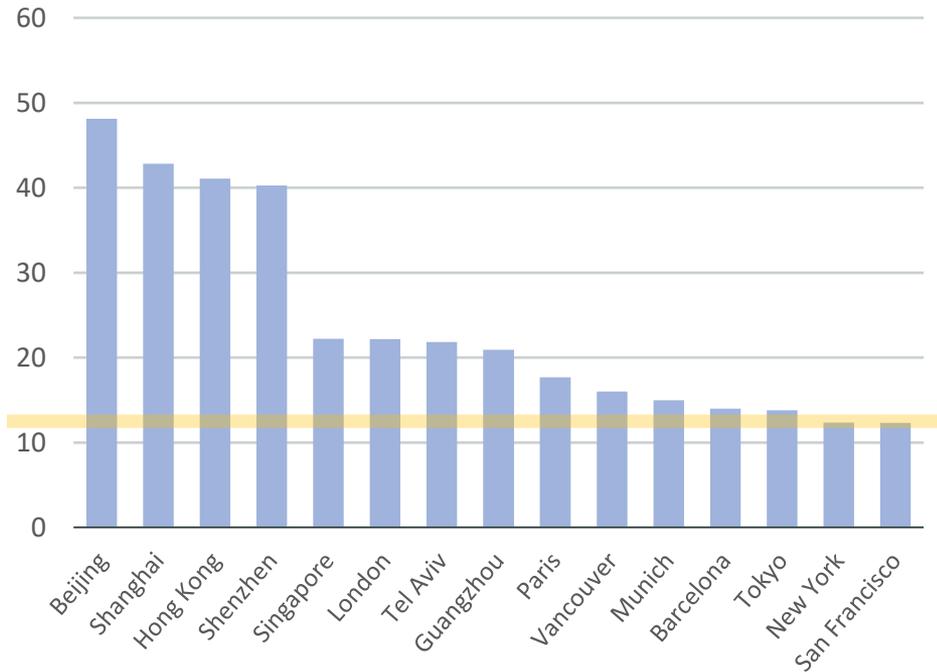
IPA INSTITUTIONAL PROPERTY ADVISORS

* Through 1Q
Mortgage payments based on quarterly median home price for a 30-year fixed rate mortgage, 90% LTV, taxes, insurance, and PMI
Sources: Marcus & Millichap Research Services, Redfin, Inc., Freddie Mac, National Association of Realtors

Marcus & Millichap



HOUSING AFFORDABILITY CAN FALL





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Q & A



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