When the Money's No Longer Real:

Investing in What Actually Is

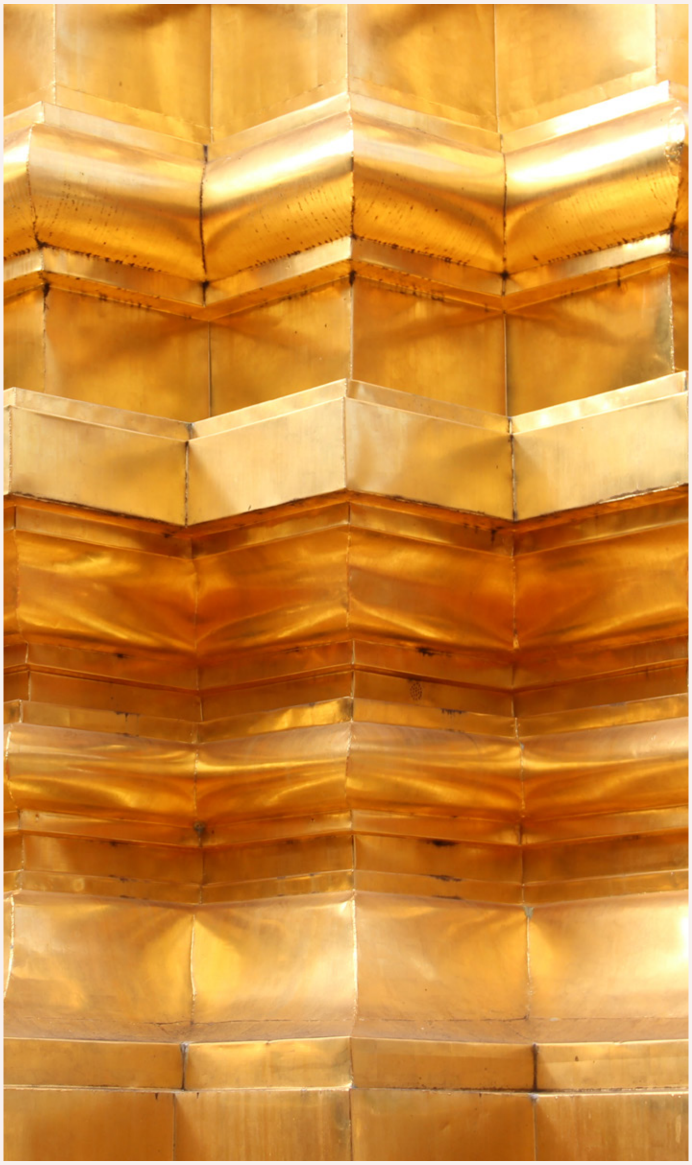
By Paul Ehrlichman

FLEXTION It's about *time.*

Lost in the noise of trade disputes, military conflicts, and economic uncertainty is one inescapable fact: global debt has exploded—from $40 trillion in 1997 to more than $350 trillion today. That figure does not even account for the even larger mountain of unfunded liabilities.

In theory, this debt could be reduced through painful defaults or a dramatic reduction in consumption. But historically, politicians and societies have opted for a more politically palatable path: currency debasement and engineered growth.

In simple terms, this means more money will be printed than goods produced—fueling inflation over time. As nations prioritize economic stability and bond markets, fiat currencies will be left to absorb the pressure. Debt monetization will take many forms, but the endgame is clear: low interest rates, weaker currencies, and a competitive devaluation among nations.



We're already seeing signs of this shift. Gold and Bitcoin are rising rapidly as trust in "paper money" erodes. Meanwhile, economically sensitive commodities, particularly in the energy sector, have been falling—hit by fears of a global recession. At Flextion, we view this weakness not as a warning sign, but as an opportunity.

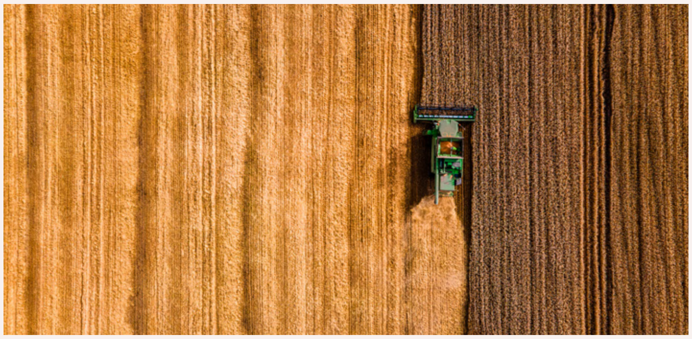
Over the past three months, 26 central banks around the world have cut interest rates—levels typically seen only during major recessions. Europe is easing debt limits to fund infrastructure and defense. China is bolstering domestic consumption to cushion against trade shocks. And the "Global South"—a group of developing nations including China which represent 88% of the world's population— are working collectively to raise living standards and drive growth.

Despite their size, these countries consume only a quarter of the commodities per capita compared to developed nations, signaling massive upside potential as their economies expand. An environment of low rates, fiscal stimulus, and a weakening U.S. dollar supports robust growth in these highly commodity-dependent markets.

Unlike high-value manufactured goods, commodities are less vulnerable to tariffs, sanctions, and embargoes. While not entirely immune, they are globally fungible and driven more by technology, infrastructure, and geology than geopolitics. Blocking access to basic materials often backfires—undermining a country's own competitive advantage.

This is why, even under President Trump, many tariffs on commodities have been reversed, limited, or exempted. In recent months, agricultural and fertilizer prices have shown signs of recovery as climate challenges and trade tensions tighten supply.

That's why commodity investing doesn't require pinpointing which region will grow fastest or predicting the outcome of today's trade realignments. The structural backdrop is favorable either way.



From a value perspective, commodities are at a historic inflection point. The S&P GSCI Index—a broad measure of commodity performance—is near a 50-year low relative to U.S. equities. Meanwhile, the U.S. dollar hovers near a 50-year high. This rare combination sets the stage for a generational shift: the outperformance of real assets over financial ones.

While capital has poured into tech, commodity producers have underinvested for over a decade. Aging mines and mills are shutting down just as long-term demand is poised to rise. If energy prices fall further, investment in exploration and production will likely shrink—tightening future supply even more. Energy, now near record-low weighting in the S&P 500, is deeply out of favor—creating opportunity for contrarian investors.

In short: **owning a diversified basket of commodities aligns investors with one of the most powerful macro trends of our time**—the global need to inflate away historic levels of debt. With limited policy tools beyond printing money, real assets could be poised for a period of significant outperformance.

The InFlextion AI platform highlights these strategies and funds that will benefit from the outperformance in real assets.

- Rydex Series: Basic Materials Fund
- Fidelity Select: Materials Portfolio
- BlackRock Resource Commodities Strategy Trust
- Fidelity Global Commodity Stock Fund
- SPDR S&P Global Natural Resources ETF
- SPDR S&P Oil & Gas Equipment and Services ETF
- VanEck Funds: Global Resources Fund
- Flexshares Morningstar Global Upstream Natural Resources Index Fund
- BlackRock Energy & Resources Trust
- iShares North American Natural Resources ETF

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About the Author

Paul Ehrlichman, Flextion's CEO and CIO, has over four decades of experience in portfolio management, leveraging fundamental and quantitative research to develop investment processes and strategies that enhance client returns and manage risks in volatile markets. He has led equity teams focused on global and international value strategies, serving a diverse client base that includes individuals, pension funds, and endowments at several leading global asset managers.

Flextion is a breakthrough platform for evaluating fund strategy returns, helping investors identify managers at a pivotal turning point—those poised to outperform after a period of underperformance. Designed by seasoned portfolio managers, Flextion bridges the gap between "clock time" and "market time," empowering investors to unlock long-term value and uncover hidden performance potential.

For more information contact:

Paul Ehrlichman, CEO and CIO ▸ **paul@flextion.com**
Bevin Crodian, President and COO ▸ **bevin@flextion.com**