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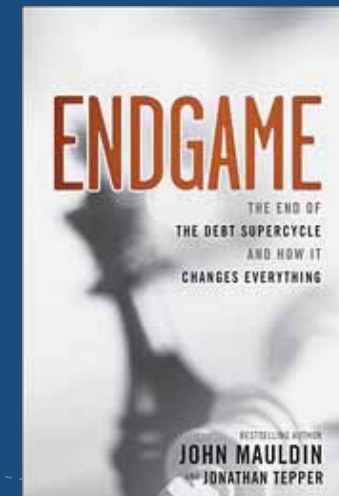
The Lion in the Grass

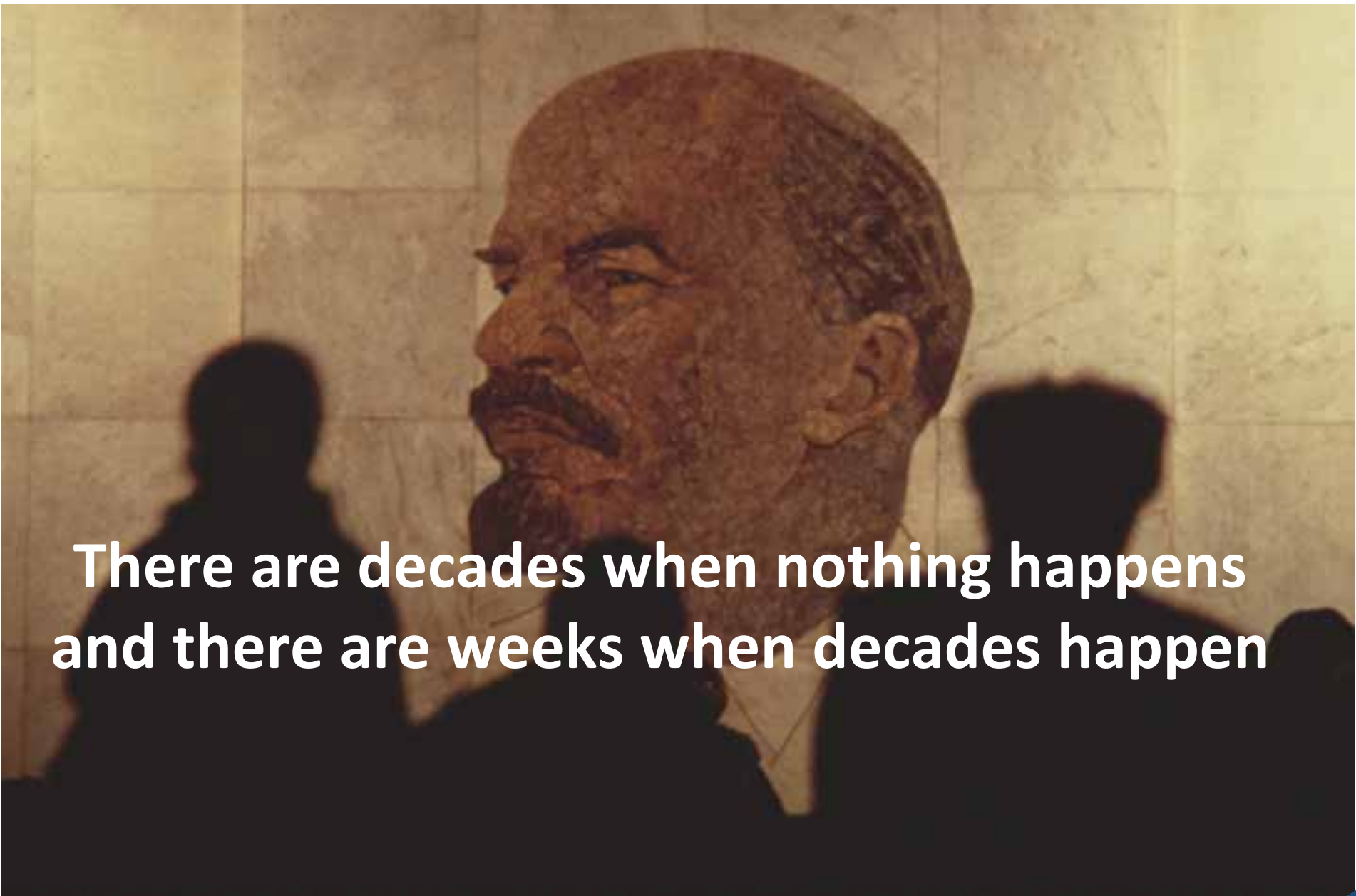
A Presentation by John Mauldin



Author of **ENDGAME** and Editor of
Thoughts from the **FRONTLINE**

www.JohnMauldin.com





**There are decades when nothing happens
and there are weeks when decades happen**





Frederic Bastiat:

In the economic sphere an act, a habit, an institution, a law produces not only one effect, but a series of effects. Of these effects, the first alone is immediate; it appears simultaneously with its cause; *it is seen*. The other effects emerge only subsequently; *they are not seen; we are fortunate if we foresee them*.

There is only one difference between a bad economist and a good one: the bad economist confines himself to the *visible* effect; the good economist takes into account both the effect that can be seen and those effects that must be *foreseen*.

Yet this difference is tremendous; for it almost always happens that when the immediate consequence is favorable, the later consequences are disastrous, and vice versa. Whence it follows that the bad economist pursues a small present good that will be followed by a great evil to come, while the good economist pursues a great good to come, at the risk of a small present evil.

John Maynard Keynes

“The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influence, are usually the slaves of some defunct economist.”

The Great Experiment



Keynes
VS
von Mises



VS
Fisher
VS
Friedman





- Financial crises occur when debt is excessive relative to income, whether public or private or both
- It doesn't make any difference who the debt is owed to
- Government actions, even involving sizeable sums of money, are far less helpful than they appear. As the book states, "Infusions of cash can make a government look like it is providing greater growth to its economy than it really is."
- Further increasing leverage to solve the problem only leads to greater systemic risk and general economic underperformance.



The Lion You Can See

Europe

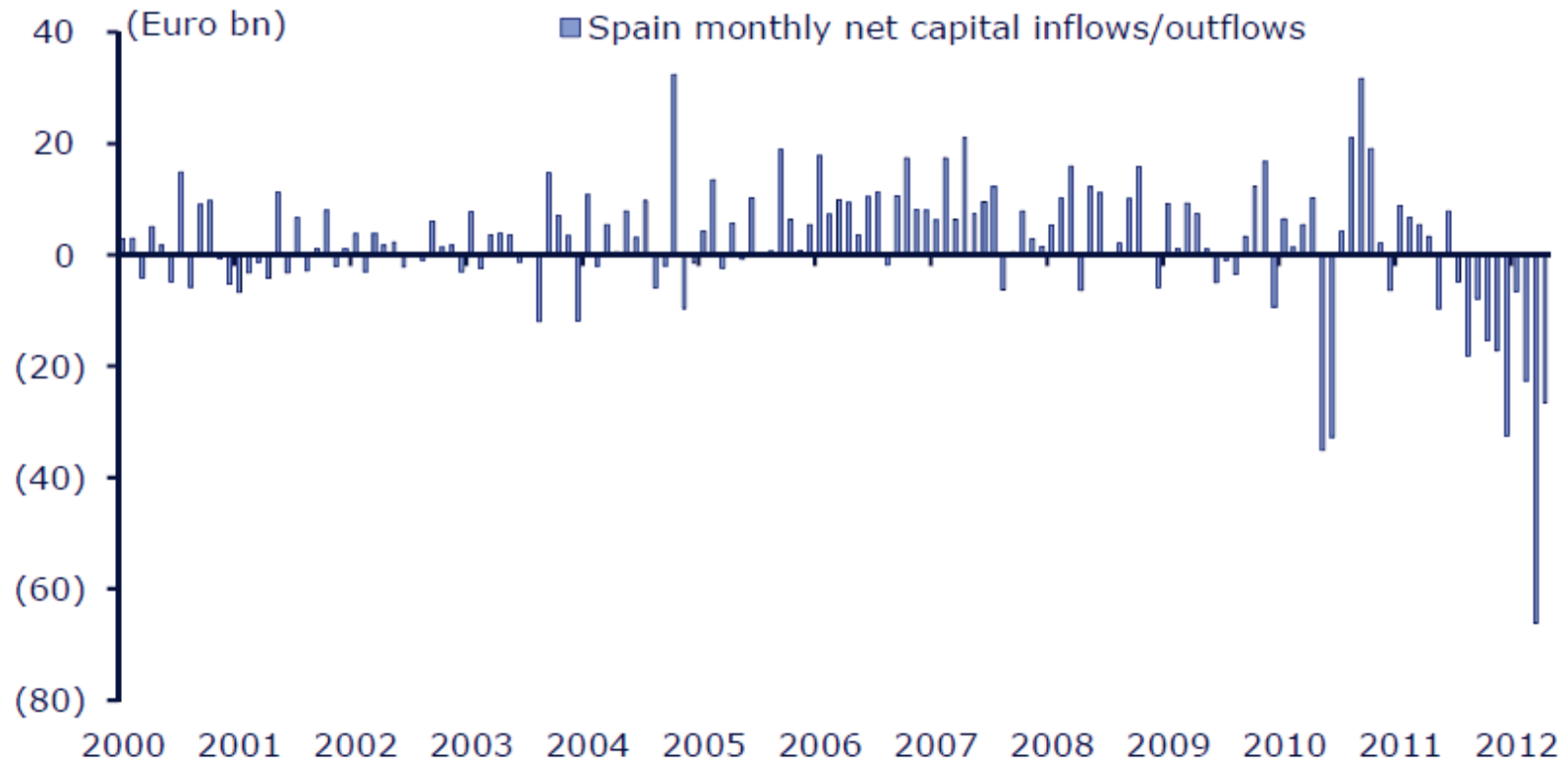
**We Can All See Greece, Portugal,
Cyprus, Malta**

And Spain and Even Italy!

Money Is Flying Out of Spain

Figure 2

Spain monthly net capital inflows/outflows

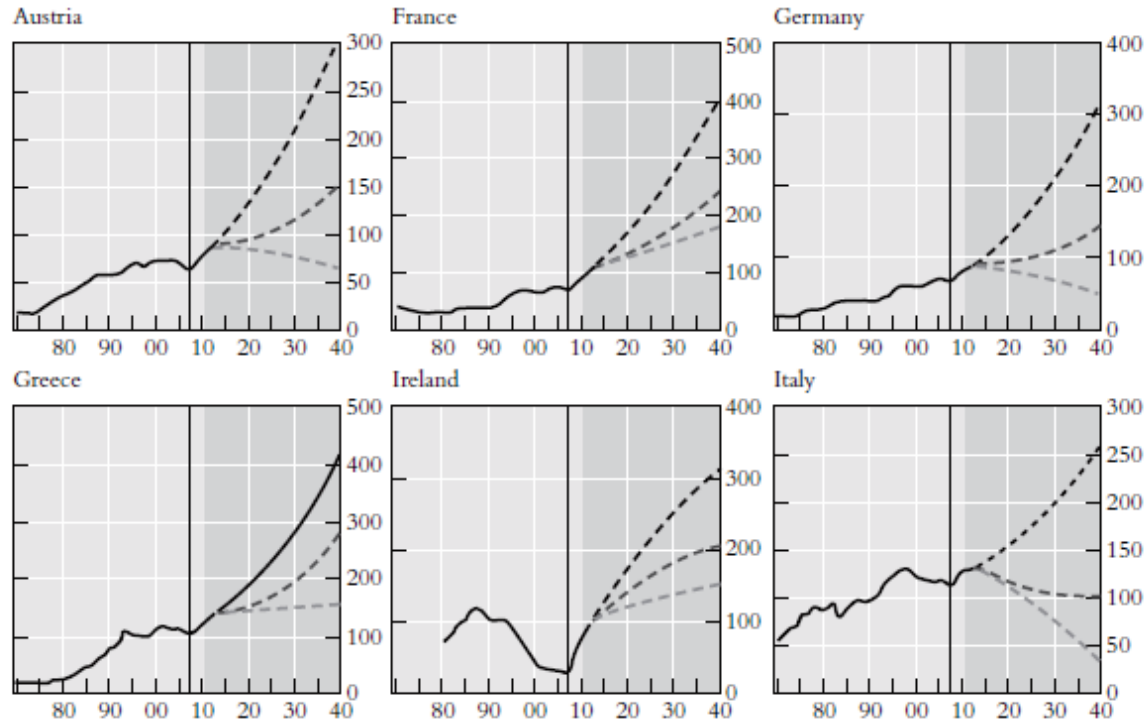


Note: Balance of payments: financial account balance excluding Bank of Spain. Source: Bank of Spain

The Lion We Don't See?



Public Debt/GDP Projections



SOURCE: Bank of International Settlements

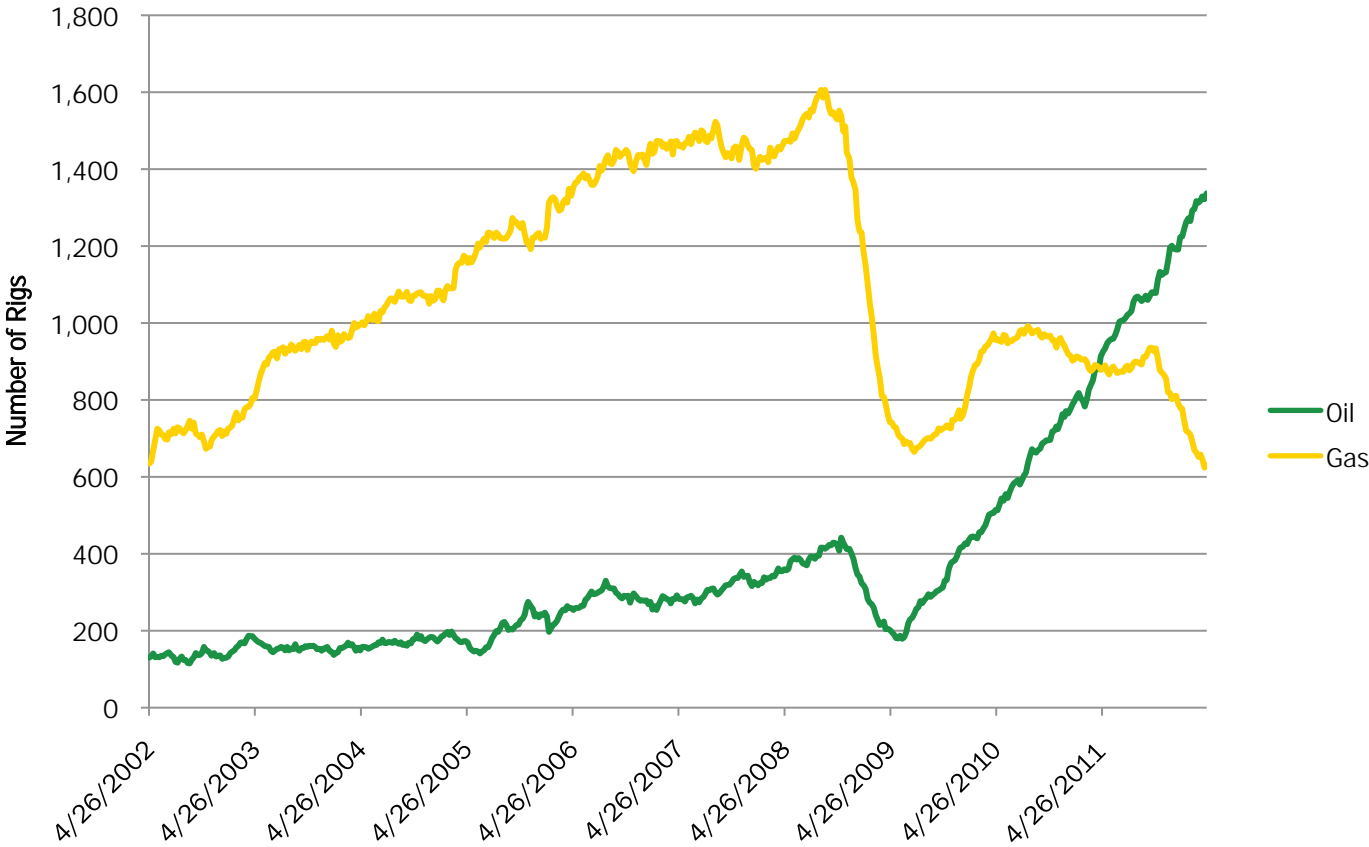
The Lion We Can See?



**The US Will Become Energy
Self-Sufficient**

Oil Production Is Simply Going to Rise

Number of Rigs in the United States





The Lion We Don't See?
**The US Will Become a Major Energy
Exporter and The US Trade Balance
Will Turn Positive!**

But This Means There Will Be
Fewer Dollars Entering Into
the Global Trading System

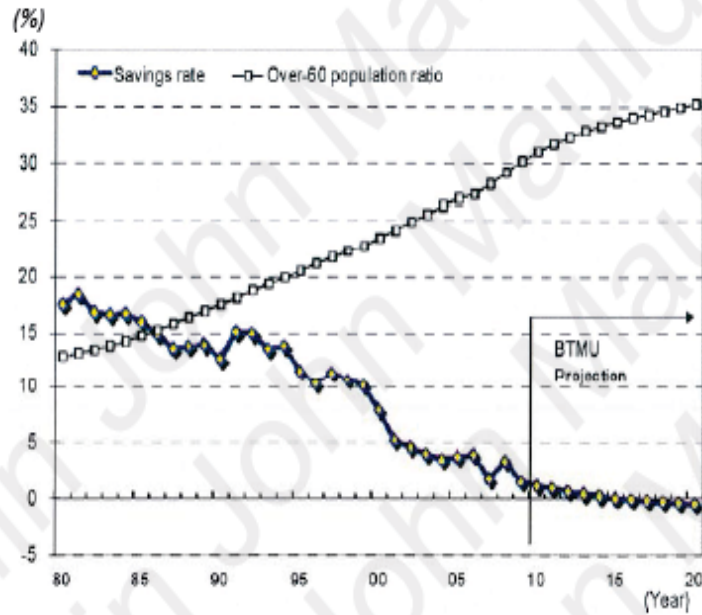
**And the Dollar Will Become
Very Strong!**

The Lion We Can See

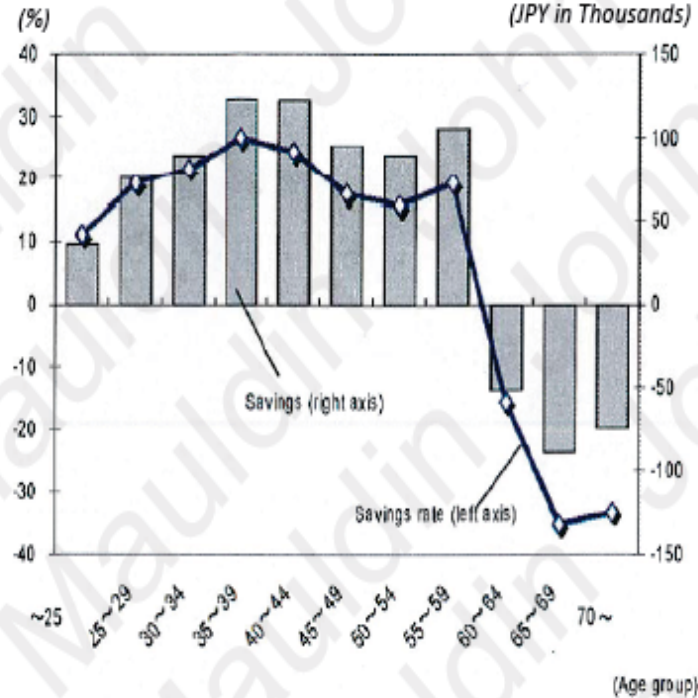
Rising Japanese Debt

Japanese Household Savings Approaching Critical Turning Point

Japanese Household Savings Rate and 60+ Population Ratio

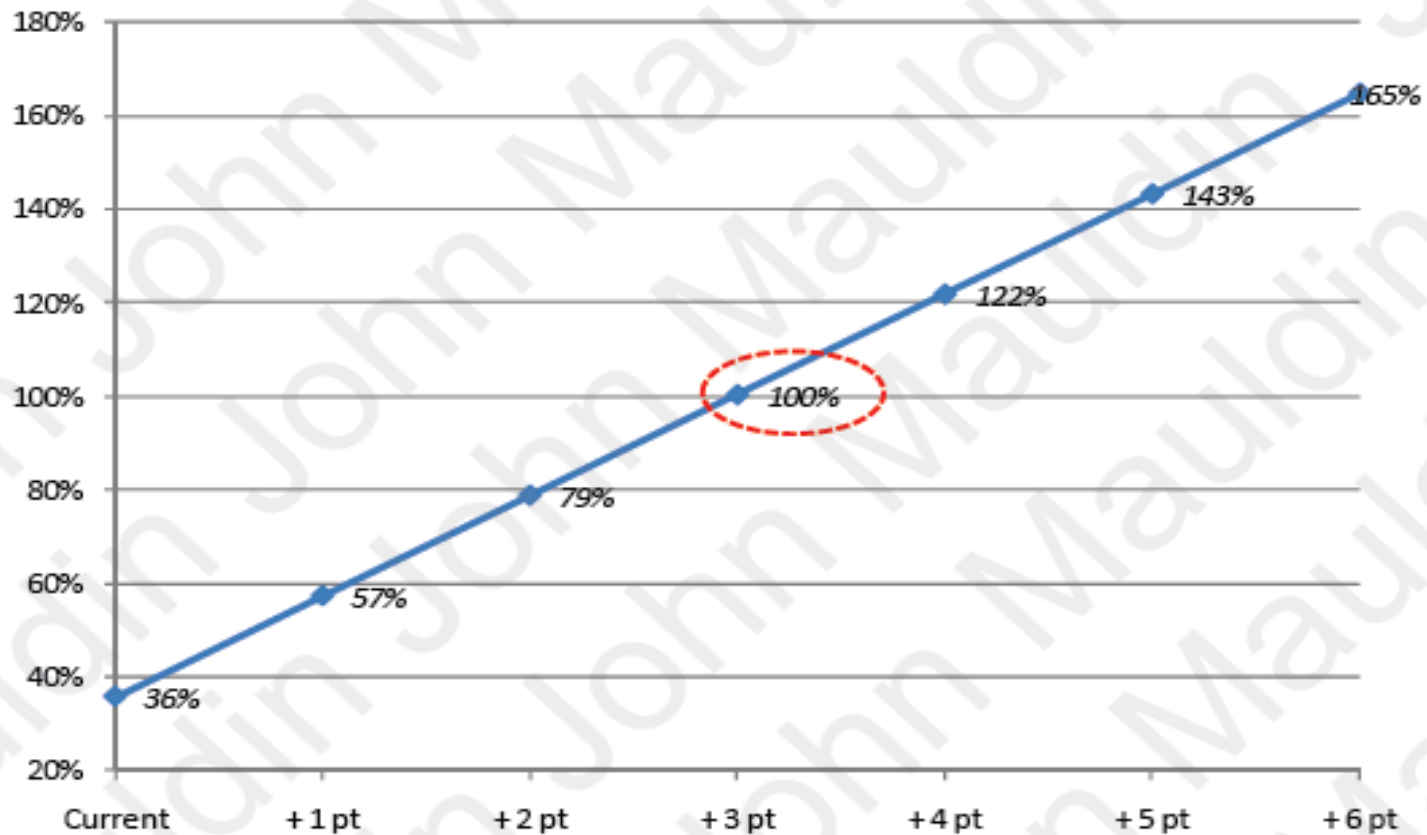


Japanese Savings Rate and Average Savings by Age Group



How Can Japanese Bonds Survive When they Must Borrow Money From Outside of Japan?

Total Estimated Central Government Interest Expense as % of Tax Revenue



The Lion We Can't See?

What if Japanese Interest Rates
Don't go Up?
But the Yen Goes into Free Fall?

This Will Trigger a
REAL Currency War!

And One Last Lion We Don't See

The Catastrophic Success Of the Biotechnology Revolution



A Few Long Term Trends

1. The End of the Debt Supercycle
2. The End of the Secular Bear Market
3. The Millennium Wave
4. Demographic Destiny
5. The Rise of Asia and the Diminishing of Europe

For more information visit JohnMauldin.com

The screenshot shows the homepage of JohnMauldin.com. At the top, there is a navigation bar with the MAULDIN logo, language options (English, Español, 中文), and user links (Member Login, Sign Up Now). Below this is a secondary navigation bar with categories like 'Hot Topics', 'GDP', 'The Fed', 'Economic', 'Inflation', 'Housing', 'Employment', and 'Deflation'. A search bar is also present.

The main header features the MAULDIN logo, a tagline 'Renowned financial expert, NYT best-selling author, and pioneering online commentator.', and the slogan 'clear | concise | crucial' next to a portrait of John Mauldin.

The content area is divided into several sections:

- OUTSIDE THE BOX:** Free Commentary Newsletter, Subscribe Today.
- BULL'S EYE INVESTING:** Must-Read Investment Book, Order Now.
- THE MAULDIN CIRCLE:** Connect to All Investments, Learn More.

Navigation tabs include HOME, ABOUT, RESEARCH, MEDIA, INVEST, COMMUNITY, and LINKS.

Key content blocks include:

- FREE MAULDIN INVESTOR RESOURCES:** 'Thoughts from the FRONTLINE' article about the Irish economy, 'The Mauldin Circle' membership information, and 'Outside the Box' video content.
- MAULDIN IN THE NEWS:** A video player showing Mauldin's Outlook for 2011 in Forbes Interview.
- MAULDIN CALENDAR:** Upcoming events like 'Speaking at Fed Friday Conference' and 'Keynote Speech at CLSA in Tokyo Japan'.
- MAULDIN PARTNER RESEARCH:** Links to research from STRATFOR, Casey Research, and Everbank.
- EXCLUSIVE CONVERSATIONS:** A promotion for a 1-year subscription to 'Conversations with John Mauldin & Friends' for \$199.
- MOST POPULAR ARTICLES:** A list of featured articles.
- LATEST FORUM TOPIC:** A discussion thread about laptop usage.
- RECENT TWEETS:** A tweet from the week's Ask Mauldin.

At the bottom, there is a footer with contact information, social media links (Facebook, Twitter, YouTube, RSS), and a 'CONNECT WITH MAULDIN' section with a 'NUMBER ONE' badge and an email subscription form.

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