

Turning the Strategies Back to Positive Performance. December 2025 was a successful month for the GAMAG strategies. For GAMAG Black+White, a stabilization in Bitcoin and interest rates contributed to a solid monthly performance. For GAMAG Vola+Value, slightly higher option premium levels led to positive results for hedged option-writing strategies.

Overall, however, we remain extremely conservatively positioned. The reason has been explained to you many times: the global debt problem. The time bomb is ticking — the only uncertainty is how many minutes remain on the clock.

Strategy	November 2025	% against previous month	% since start of trading
G.A.M.A.G Black+White	18.958,78	+ 1,24 %	+572,66 %
G.A.M.A.G Vola+Value	11.922,23	+ 0,26 %	+ 41,90 %

We have discussed the U.S. debt problem many times. In the coming months, the USD 40 trillion mark in U.S. government debt will be breached. All attempts to curb the debt growth relative to GDP have so far failed.

What has been the effect of the many interest rate cuts by the U.S. Federal Reserve on long-term U.S. government bonds with maturities of around 20 years? None at all.



Long-term borrowing continues to cost the U.S. government approximately 4.5% per year. During the COVID period, annual interest expenses were around USD 700 billion. Today, they amount to approximately USD 1.1 trillion per year, with the increase only partially dampened by the fact that the U.S. has increasingly refinanced itself at the short end (2–5 year maturities). This creates a significant refinancing risk in the event of a crisis, as future funding at tolerable interest rates may no longer be available.

Assuming an average interest rate of just 4%, total interest expenses on USD 40 trillion of government debt would reach around USD 1.6 trillion in 2027.

This represents an additional USD 1 trillion in annual interest expenses compared to the COVID period — yes, one trillion dollars (1,000,000,000,000). This burden would hit a federal budget that was already massively in deficit in 2025:

- USD 7.0 trillion in expenditures
- USD 5.3 trillion in tax revenues

- USD 1.7 trillion deficit (already including USD 1.1 trillion in interest costs)

An increase in interest costs from USD 1.1 trillion to USD 1.6 trillion would widen the deficit further to around USD 2.2 trillion, meaning more than 40% of total expenditures would no longer be covered by tax revenues (up from already over 30%).

Japan: The Hidden Accelerator of Risk

The U.S. is not alone in this situation. What makes the overall environment so dangerous is the fact that Japan — the largest creditor of the United States — has itself developed a massive sovereign debt problem.

Japan has long been the banker of the world: a country with large trade surpluses and, until recently, zero or even negative interest rates. This led to the USD/JPY carry trade: Japanese investors borrowed at near-zero rates and invested in U.S. assets yielding around 4%.

Even assuming a substantial currency move (e.g., a 20% USD depreciation against the yen over five years), the interest rate differential would still have compensated for currency losses. As a result, tens of trillions of dollars were invested abroad by Japanese investors over recent decades.

Remarkably, the yen even weakened against the dollar instead of strengthening, leading not only to higher yields but also to currency gains. However, due to Japan's massive government debt (around 225% of GDP) and rising domestic inflation, long-term Japanese interest rates have recently risen sharply.



While there is still a yield advantage of roughly 0.75% at the very long end and around 1.5% at the 10-year maturity in favor of the U.S., the attractiveness of the carry trade has deteriorated significantly.

If Japanese investors begin to reduce carry investments — or if a pronounced dollar weakness triggers an unwinding of the yen carry trade — the result could be massive sell-offs of Western government bonds, triggering sharply rising interest rates across the West.

The recent election result in Japan, which gave the ruling LDP a clear majority, has slightly improved political stability. However, it does nothing to resolve Japan's debt problem. At a debt ratio of 225% of GDP, even a 3.5% average interest rate would require interest payments equivalent to 10% of Japan's GDP — not of the state budget, but of total economic output.

As in the U.S., insolvency is currently prevented only by the existence of large volumes of long-term government bonds issued over the past 20 years with coupons of 0–2%. This is not a stable situation.

Japan cannot grow fast enough to solve this problem through economic growth — regardless of political wishful thinking.

Have you read anything about this explosive setup in mainstream or even specialist financial media? If not, you now understand why we focus on it — and why we refer to it as a time bomb.

There are no realistic political strategies left to solve this problem. A few desperate attempts may still be made, but eventually the day of reckoning will come: massive austerity programs, wealth taxes, and similar measures.

Strategy Positioning and Outlook

We are positioning the GAMAG strategies accordingly. From today's still extremely overstretched equity valuations, such a scenario would result in far more than just a correction.

Capital protection strategies are therefore essential, and we deploy them extensively. They protect us against systemic collapse.

2026 will be an extremely delicate year. The U.S. economy is expected to be artificially supported until the midterm elections in November to avoid jeopardizing Republican re-election prospects. We have serious doubts as to whether this strategy will succeed.

The problematic environment has already driven strong increases in precious metals prices. The sharp pullback of recent days has led to extremely high option premiums, creating an excellent opportunity for our strategies. In a debt crisis, precious metals are essential — and via options we can now acquire them at significantly lower effective prices than through direct purchases.

The same applies to crypto investments following the recent Bitcoin crash.

Thus, we see a clear solution to the expected crisis: hedged real-asset investments acquired at a discount through option strategies. We implement this approach broadly and consider it a highly promising trading strategy for 2026.

For this reason, despite — or precisely because of — the crisis environment, we remain very positive about our strategies.