Fiscal Dominance and the Real-Asset Imperative: Why Unsustainable Debt Is Bullish for Commodities

ALPS | CoreCommodity Natural Resources ETF (Ticker: CCNR)

ALPS | CoreCommodity Management CompleteCommodities Strategy Fund (Ticker: JCRIX)

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US federal interest expense has reached roughly $1.35 trillion over the trailing twelve months and is on track to become the single largest line item in the federal budget. The arithmetic of the debt now leaves policymakers with one realistic resolution: allow inflation and negative real interest rates to erode the debt's real value—a process called monetization, or fiscal dominance. That regime is corrosive for cash and nominal bonds and historically powerful for real assets. We believe it argues for a strategic overweight to commodities and upstream natural resource equities.

The Debt Trap and the Inflation Exit

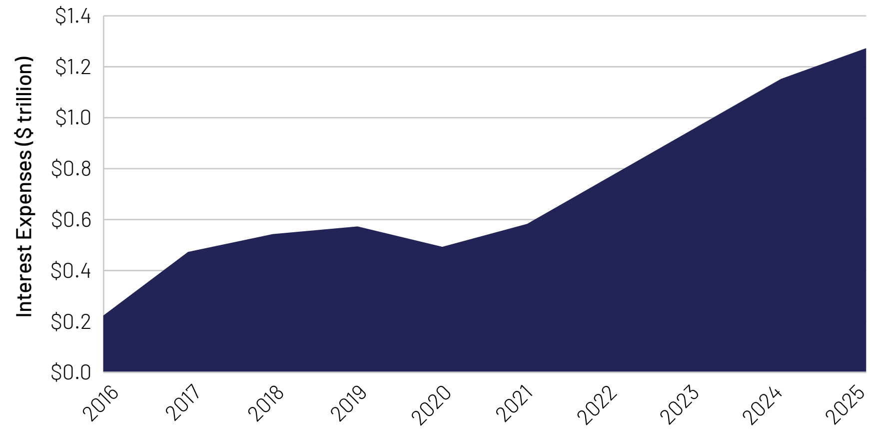
While the headline figure is alarming, the more important story is the trajectory. Interest outlays have roughly tripled since 2020 as a decade of near-zero-cost borrowing rolls over into today's higher-rate environment. Because the debt is large and its average maturity is short, each year of elevated rates refinances a bigger share of the debt at a higher coupon—a self-reinforcing loop in which interest costs drive deficits, and deficits drive more issuance.

A sovereign that borrows in its own currency has four ways out of a burden like this: grow out of it, cut spending, default, or inflate it away. Real growth cannot plausibly outrun deficits of this magnitude. Austerity is politically prohibitive when the largest outlay—health entitlements, Social Security, defense, and now the interest itself—are effectively fixed. Default is not a viable option for the US, as it would likely trigger a worldwide financial crisis. That leaves the fourth option, and history suggests governments in this position almost always take it.

That fourth option is monetization. In practice it is a policy mix that keeps the government's real cost of borrowing negative: a central bank willing to absorb Treasury supply, policy rates deliberately held below the rate of inflation, and a tolerance for inflation running above target for an extended period. Post-war economists call this financial repression, as nominal yields are capped below inflation, bondholders are quietly taxed, and the debt-to-Gross Domestic Product (GDP) ratio is inflated down rather than paid down.

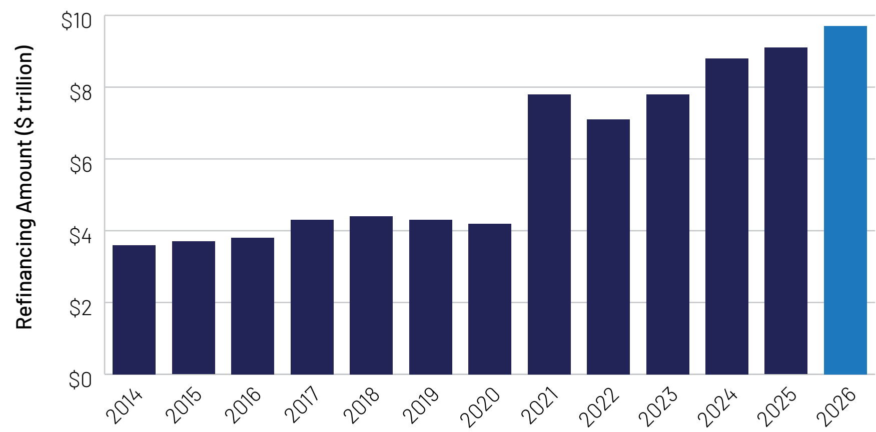
The United States has done this before. From 1942 to 1951, the Federal Reserve (Fed) pegged Treasury yields to finance the war debt, holding long bonds near 2.5% while inflation periodically ran into double digits. The debt burden, which peaked near 119% of GDP, was substantially eroded within a decade, not

Interest on the US Public Debt has Tripled Since 2020



Source: US Treasury, as of 12/31/2025. Latest information available.

A Rising Wall of Debt Must be Refinanced at Today's Higher Rates



Source: US Government Accountability Office (GAO) analysis of US Department of Treasury quarterly release data (GAO-26-107529, published March 2026). Data through 12/31/2025; 2026 is a projection/estimate.

through repayment, but through the steady transfer of real value from savers to the sovereign. The US wasn't the only country to employ this tactic: Britain leaned on the same mix of low pegged rates and inflation to work down its even larger post-war debt, and much of the developed world quietly liquidated its wartime borrowings in the same way through the 1950s and 1960s. In more extreme cases, like Weimar Germany in the 1920s and numerous emerging economies since, governments have resorted to outright monetization once the debt became unmanageable. Today's US debt-to-GDP sits back at that mid-century level, which is why the historical parallel is more than rhetorical: the conditions that once forced the sovereign to inflate its way out are present again.

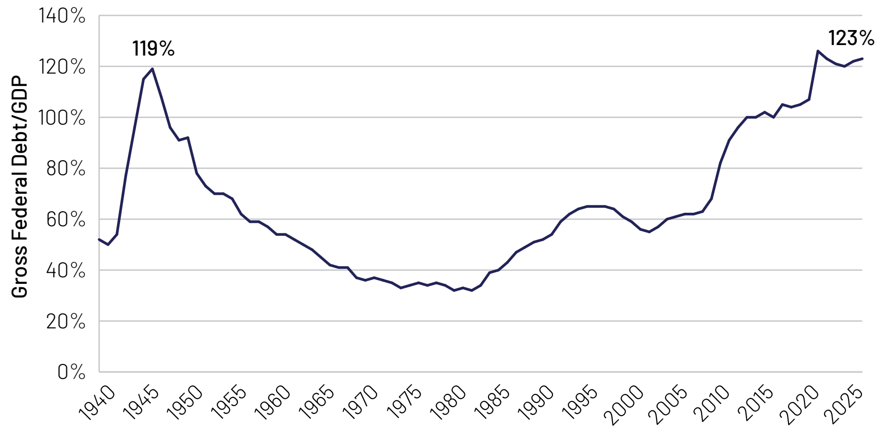
What History Tells Investors

For investors, the relevant question is what such a regime does to portfolios. The answer from history is consistent: financial repression and currency debasement punish nominal claims while rewarding claims on real, scarce products. The 1970s are the clearest modern case. After the US severed the dollar's link to gold in 1971, a decade of elevated inflation followed: gold rose from $35 to roughly $850 an ounce, oil rose more than tenfold, and broad commodities delivered strong positive real returns. Over the same decade, US equities and long Treasuries lost purchasing power in real terms.

The same pattern held in the 1940s repression episode, when equities and bonds struggled to preserve purchasing power while real assets advanced. Commodities are among the few asset classes with a reliably positive inflation beta, and, unlike bonds, they carry no duration to be eroded. In a world of negative real rates, the principal drag on holding a non-yielding real asset disappears, and capital rotates out of repressed nominal instruments into hard assets.

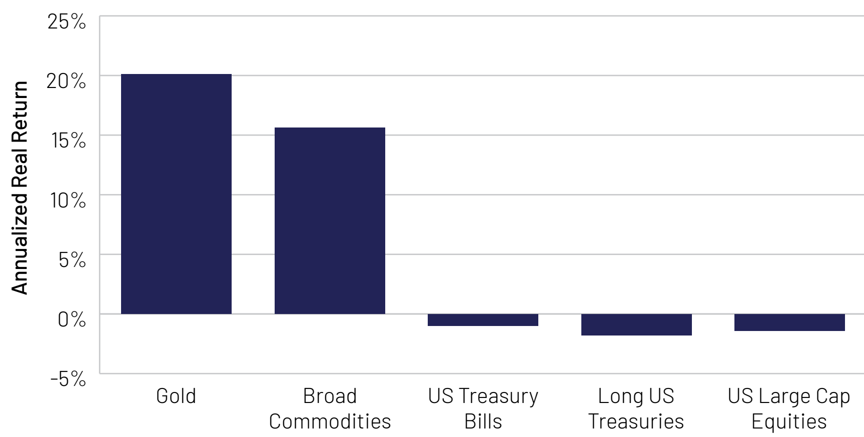
Just as important is what commodities do to a portfolio. Their returns have historically shown low, and at times negative, correlation to both equities and bonds, precisely because they respond to a different driver: the price level itself. In the 60/40 world that has dominated allocation for a generation, both legs are nominal claims that suffer together when inflation runs hot, as seen in 2022. A real-asset sleeve is one of the few exposures that can rise when that traditional portfolio falls, which is why the case here is as much about diversification and hedging as it is about outright return.

Debt/GDP is Back to the Level that Triggered Financial Repression



Source: US Office of Management & Budget, as of 12/31/2025. Latest information available.

In the 1970s, Only Real Assets Delivered Positive Real Returns



Source: Bloomberg BCOM Extended History, Morningstar/Ibbotson SBBI, LBMA, US Bureau of Labor Statistics, as of 12/31/1979. Returns shown are annualized inflation-adjusted geometric returns, 1970–1979.

The Investment Case for Commodities

The fiscal picture pushes commodity prices higher in three main ways. First, negative real rates lower the opportunity cost of holding real assets, historically the single most reliable driver of gold and the broad complex. Second, currency debasement lifts the nominal price of everything priced in dollars, as it simply takes more dollars to buy the same barrel or bushel. Third, the spending itself is physically commodity-intensive: today's deficits flow into defense, grid and infrastructure, reshoring, and energy—real demand for copper, energy, and industrial materials layered directly on top of the monetary tailwind.

That demand impulse is not cyclical noise; it is structural. Electrification and grid expansion, the reshoring of manufacturing supply chains, rearmament across the developed world, and the extraordinary power requirements of new data center and artificial intelligence (AI) capacity all point in the same direction—toward sustained, price-inelastic demand for copper, aluminum, uranium, and hydrocarbons. The energy transition in particular is a metals-intensive undertaking: it substitutes upfront material for future fuel, front-loading demand for exactly the commodities the complex produces.

Crucially, this demand lands on a supply base that has been starved of capital. More than a decade of underinvestment in mining and upstream energy has left inventories thin, spare capacity low, and the pipeline of new projects sparse. New supply takes five to ten years and rising real costs to bring online. When a structural demand impulse meets a supply base that cannot respond quickly, prices do the adjusting. That is the asymmetry we find most compelling: a monetary tailwind and a structural demand story converging on a physically tight market.

For allocators, upstream natural resource equities offer a particularly efficient expression of the theme. They provide operating leverage to rising prices—as commodity prices climb above a producer's largely fixed cost base, margins and free cash flow expand faster than the underlying—while embedding reserve optionality, since a producer's in-ground resource re-rates as prices rise. Unlike a futures position, they can generate cash flow and dividends rather than incurring roll costs in contango, and they are held in a liquid, ownable equity format that fits naturally within an existing equity allocation. In an inflationary regime, that combination lets an investor capture the commodity move without carrying the operational drag of the futures curve.

This is the core rationale for a strategic allocation to upstream natural resource equities. Held in a single equity vehicle, a portfolio diversified across energy, metals, and agriculture combines the inflation protection and diversification of real assets with the compounding potential of well-capitalized producers. In a portfolio built for the last forty years of disinflation, it is precisely the exposure most investors are missing for the decade ahead.

The fiscal math is not ambiguous, even if its timing is. An interest bill approaching the top of the federal budget leaves debasement as the path of least political resistance, one that also aligns with the Administration's clearly articulated goal of lower interest rates. Debasement is precisely the environment for which real assets are built. Layered on top of that monetary case is a structural demand story and a supply base that cannot keep pace—a rare convergence of drivers. In a world where the sovereign must inflate away what it cannot repay, commodities and the equities that produce them are not a tactical trade but a strategic allocation—and, we would argue, an increasingly necessary one.

ALPS | CoreCommodity Natural Resources ETF Performance as of 6/30/2026

	1 M	3 M	YTD	1 Y	SI
NAV (Net Asset Value)	-10.00%	-6.80%	12.77%	46.47%	24.92%
Market Price	-9.57%	-7.23%	13.58%	47.40%	25.30%
Bloomberg Commodity Index - TR	-8.54%	-8.09%	14.36%	25.46%	15.63%

Performance data quoted represents past performance. Past performance is no guarantee of future results so that shares, when redeemed, may be worth more or less than their original cost. The investment return and principal value will fluctuate. Current performance may be higher or lower than the performance quoted. For current month-end performance call 1-866-759-5679 or visit www.alpsfunds.com. Performance includes reinvested distributions and capital gains.

Market Price is based on the midpoint of the bid/ask spread at 4 p.m. ET and does not represent the returns an investor would receive if shares were traded at other times.

Fund inception date: 7/10/2024

*Total Operating Expenses: **0.39%***

30-Day SEC Yield as of 6/30/2026: 2.05%

ALPS | CoreCommodity Management CompleteCommodities Strategy Fund Performance as of 6/30/2026

	YTD	1 Y	3 Y	5 Y	10 Y	SI
Class I (NAV)	12.52%	30.55%	13.38%	9.91%	7.47%	3.66%
Inv Class (NAV)	12.35%	30.09%	13.15%	9.66%	7.20%	3.39%
Class A (NAV)	12.41%	30.25%	13.23%	9.73%	7.25%	3.42%
Class A (MOP)	8.80%	25.97%	11.13%	8.50%	6.65%	3.05%
Class C (NAV)	11.99%	29.32%	12.37%	8.92%	6.50%	2.74%
Class C (CDSC)	10.99%	28.32%	12.37%	8.92%	6.50%	2.74%
BCOM TR	14.36%	25.46%	11.69%	9.37%	5.83%	1.49%
FTSE/CC CRB TR	20.53%	23.61%	15.71%	14.76%	8.84%	3.61%

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Returns for periods greater than one year are annualized.

Maximum Offering Price (MOP) performance for Class A shares includes the Fund's maximum sales charge of 3.25%.

Contingent Deferred Sales Charge (CDSC) performance for Class C shares includes a 1% CDSC on shares redeemed within 12-months of purchase. Performance shown at Net Asset Value (NAV) does not include these sales charges and would have been lower had it been taken into account.

Performance for Class A shares prior to 6/12/2018 reflects the historical performance of the Fund's Investor Class shares, calculated using the fees and expenses of Class A shares.

Fund inception date: 6/29/2010

Important Disclosures & Definitions

An investor should consider the investment objectives, risks, charges and expenses carefully before investing. To obtain a prospectus containing this and other information, call 1-866-759-5679 or visit www.alpsfunds.com. Read the prospectus carefully before investing.

Shares of ETFs are bought and sold at market price (not NAV) and are not individually redeemable.

Performance data quoted represents past performance. Past performance is no guarantee of future results; current performance may be higher or lower than performance quoted.

All investments are subject to risks, including the loss of money and the possible loss of the entire principal amount invested. Additional information regarding the risks of this investment is available in the prospectus.

Diversification does not eliminate the risk of experiencing investment losses.

ALPS | CoreCommodity Natural Resources ETF's investments in securities of natural resource companies involve risks. The market value of securities of natural resource companies may be affected by numerous factors, including changes in overall market movements; economic, geographical or financial events; events occurring in nature; inflationary pressures; and domestic and international politics. Because the Fund invests significantly in natural resource companies, there is the risk that the Fund will perform poorly during a downturn in the natural resource sector. Certain natural resources may be produced in a limited number of countries and may be controlled by a small number of producers. As a result, political, economic and supply related events in such countries could have a disproportionate impact on the prices of such natural resources and the value of securities of companies involved in such natural resource. Another principal risk of investing in the Fund is equity risk, which is the risk that the value of the securities held by the Fund will fall due to general market and economic conditions, perceptions regarding the industries in which the issuers of securities held by the Fund participate or factors relating to specific companies in which the Fund invests. The Fund's investments in non-US issuers may be even more volatile and may present more risks than investments in US issuers. Equity investments in natural resources-related companies may not move in the same direction and to the same extent as the underlying natural resources.

The commodities markets and the prices of various commodities may fluctuate widely based on a variety of factors. Because the Fund's performance is linked to the performance of highly volatile commodities, investors should consider purchasing shares of the Fund only as part of an overall diversified portfolio and should be willing to assume the risks of potentially significant fluctuations in the value of the Fund. The Fund invests in commodity futures related investments, which are derivative instruments that allow access to a diversified portfolio of commodities without committing substantial amounts of capital. Additional risks of commodity futures related investments include liquidity risk and counterparty credit risk. Liquidity risk is the risk stemming from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimize a loss. Counterparty risk is the risk that a party to a transaction will fail to fulfill its obligations. The term is often applied specifically to swap agreements in which no clearinghouse guarantees the performance of the contract. Another principal risk of investing in the Fund is equity risk, which is the risk that the value of the securities held by the Fund will fall due to general market and economic conditions, perceptions regarding the industries in which the issuers of securities held by the Fund participate or factors relating to specific companies in which the Fund invests. The Fund's investments in non-US issuers may be even more volatile and may present more risks than investments in US issuers. Equity investments in commodity-related companies may not move in the same direction and to the same extent as the underlying commodities.

ALPS | CoreCommodity Management CompleteCommodities Strategy Fund invests in commodity-related equity securities which are generally investments in affiliated exchange-traded funds (ETFs), primarily the ALPS | CoreCommodity Natural Resources ETF. The Adviser has agreed to waive and/or reimburse the Fund for any acquired fund fees and expenses payable by the Fund that are attributable to the portion of the Fund's assets invested in an affiliated ETF. Each ETF in which the Fund invests will be subject to its own principal risks. Those ETF risks may in turn become principal risks of an investment in the Fund. ETFs are investment companies that are bought and sold on a securities exchange. The Fund could lose money by investing in an ETF. Overall securities market risks may affect the value of individual instruments in which the Fund or an Underlying ETF invests. When the value of the Fund's investments goes down, your investment in the Fund decreases in value and you could lose money.

Bloomberg Commodity Index (BCOM): an unmanaged index used as a measurement of change in commodity market conditions based on the performance of a basket of different commodities.

FTSE / CoreCommodity CRB Index (FTSE / CC CRB): a basket of 19 commodities, including energy contracts, agriculture, precious metals, and industrial metals, the Index acts as a representative indicator of commodity markets.

Tailwind: a certain situation or condition that may lead to higher profits, revenue or growth.

One may not invest directly in an index.

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ALPS | CoreCommodity Management CompleteCommodities Strategy Fund: ALPS Advisors, Inc. and CoreCommodity Management, LLC are registered with the CFTC as the Commodity Pool Operator and, respectively, as the Commodity Trading Advisor. Both ALPS Advisors, Inc. and CoreCommodity Management, LLC are NFA members. CoreCommodity Management, LLC serves as investment adviser to the Fund's Cayman Islands subsidiary. "CompleteCommodities" is a service mark of CoreCommodity Management, LLC.

ALPS Portfolio Solutions Distributor, Inc. is the distributor for the Fund.

Not FDIC Insured • No Bank Guarantee • May Lose Value

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