

Q1 2024 Investor Letter

To the Investors of Melissinos Trading:

The year has gotten off to a very strong start thanks to trends in cocoa, global equities and crypto. Following the poor finish to 2023, the Q1 rebound has been lovely but this is a somewhat normal occurrence in the markets. This is why keeping a level head and maintaining discipline is so important, because the best opportunities can (and often) come when we're at our weakest.

I do not subscribe to a fundamentals-driven approach, so don't expect me to provide foresight on whether recent trends will continue or what new ones will materialize this year. I just don't know, but what I can tell you is that we're prepared. I am also not resting on our laurels or packing it in until next year. No. Opportunity often comes in bunches and without warning. We're staying the course with our tried and true approach.

Life of a trend-follower is one of constant adapting without judgement or preconceived notions. Making lots of small calculated bets. Riding winners. Getting rid of losers so we have enough dry powder to act on new opportunities. Always observing, always protecting.

No one could have foreseen the trend in Cocoa over the past year. Historically, Cocoa has been a terrible market for trend-following strategies like ours. But like the popular disclaimer suggests, "*Past performance is not necessarily indicative of future results*". Since our initial entry in February 2023, prices have rallied +400% (including 275% in Q1).

No one can afford to miss an opportunity like this. This is why it's so important to remember that past performance means nothing. Just because it's been a tough frustrating market doesn't mean it cannot produce a massive trend.

A wise man once said that anything can, and likely will, happen in the markets. We make our living on the unexpected happening more often than people think. Because we did not let our emotions or imagination limit our ability to observe clearly, we were able to take advantage of the large moves in Q1.

Performance

Our trading program, Eupatrid Global Trends (“EGT”), returned +24.9%¹ in Q1 2024. Over the past five years, EGT has produced an annualized return of +13.3% and +5.1% since inception¹.

	2024	2023	2022	5-Year Annualized Return	Total Return*
Melissinos Trading¹	24.9%	-11.7%	8.4%	13.3%	91.2%
Soc Gen CTA Index	10.0%	-3.2%	21.4%	8.1%	52.5%
HFRX Hedge Fund Index	2.5%	-3.2%	-4.4%	3.4%	18.7%
S&P 500 Index	10.1%	24.4%	-19.4%	13.2%	317.9%

*Past performance is not necessarily indicative of future results.
All returns shown are finalized (net of fees and expenses).*

The past five years have been, I’d say, solid but not stellar from an absolute return perspective. I believe this is mostly due to our conservative posture towards risk-taking. Well, that’s changing. I’ve had a change of heart. Over the past 12-18 months, I’ve been systematically increasing the aggressiveness of EGT.

We’ve always been on the aggressive side, especially when compared to the largest trend-following funds in the industry but I want to offer an investment that is cut from the old days of the hedge fund business. An absolute return approach that shoots for high returns.

Since the Financial Crisis, the industry has fallen in love with risk-adjusted metrics, Sharpe and tracking indexes. The lack of originality and conservatism has spread like cancer. Just look at the websites of investment managers. They all look the same. Same goes for their marketing materials, how they talk and how they design their investment approaches.

Three-month T-Bills yield north of 5.3% as of this letter. Inflation is running at 3.5% as of March-24 (compared to March-23). Prices at the store and at the pump are appreciating at a much higher rate than that though. Let’s not even mention the prices of education and insurance. Everything is getting crazy.

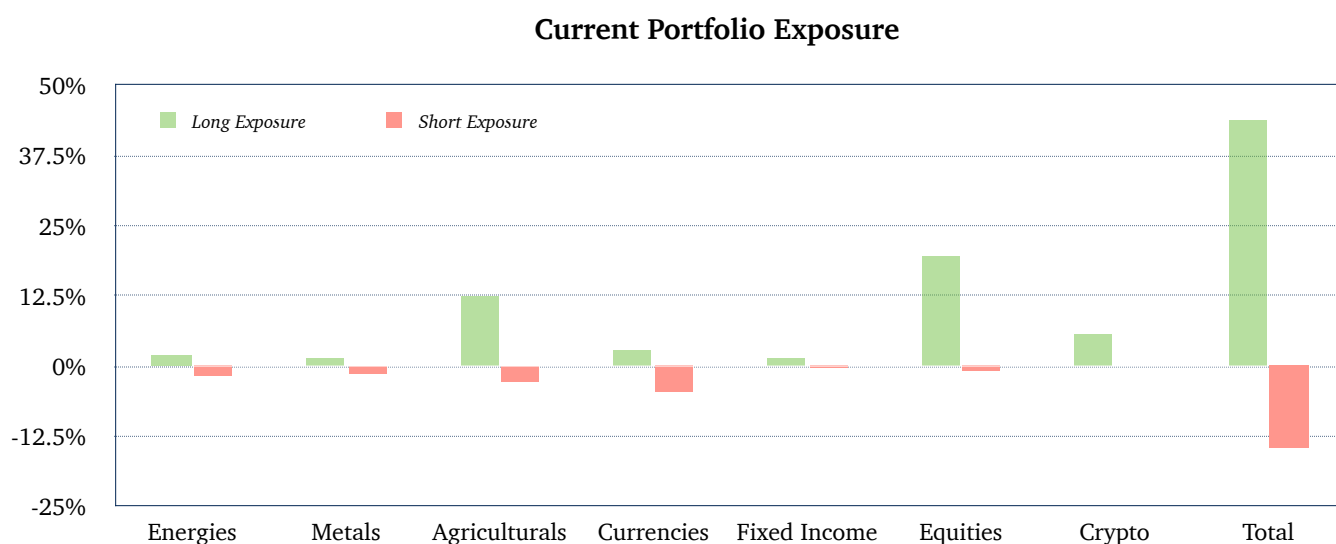
It’s time to become more aggressive. Prices of goods/services, regulations, taxes...all are rising fast. To maintain our standard of living, we need to make more money. 5-6% returns aren’t going to cut it. Expenses are hunting us down from all angles. We need to become comfortable with higher volatility in order to make higher returns.

¹ Performance numbers represent a composite, are net of management and performance fees and fund expenses, unaudited and reflect the reinvestment of dividends. Past performance is not indicative of future results. * Since Melissinos Trading inception of Jan-2011.

Current Positions

We're positioned for higher prices across all asset classes. The bias in the trends is up, so we're holding long positions in many (but not all) markets. Equities and Agriculturals (thanks mostly to Cocoa) represent our largest positions in terms of capital exposure.

Below, you can see the long and short exposure breakdown across all of the sectors we trade. As a reminder, the Equities sector includes both index futures and individual names. On the following page, I provide commentary on each sector more in-depth.



Key Long Positions

<u>Market / Co.</u>	<u>Net Exposure*</u>	<u>Open PnL*</u>
Cocoa	15.3%	19.2%
Bitcoin	2.0%	2.7%
Gold	1.8%	1.2%
Ethereum	1.3%	1.8%
USD/China Yuan	1.1%	1.3%
Others**	22.1%	13.5%
Total Longs	43.6%	39.7%

Key Short Positions

<u>Market / Co.</u>	<u>Net Exposure*</u>	<u>Open PnL*</u>
Lumber	1.6%	0.9%
Swiss Franc	1.6%	0.2%
Japanese Yen	1.1%	1.3%
U.S. 10-Y Note	1.0%	0.3%
Korean Won	0.9%	1.0%
Others**	8.7%	3.3%
Total Shorts	14.8%	6.4%

3/31/24

* Expressed as a percentage of total assets. The Net Exposure calculation is (Dollars at Risk to Stop Price / Total AUM at Quarter-End).

** Includes other futures and equities positions.

Sector Commentary

Commodities.

- Energies. Crude Oil and distillates have been consolidating for a couple of years, so our trend-following approach hasn't been able to generate much profit. But prices have begun to inch higher, so we've initiated long positions once again.
- Metals. Exposure remains light and balanced. Similar to energies, the group has been meandering directionless for a while now. We did add a few new longs in March however (in Copper, Gold and Silver).
- Agriculturals. Outside of our Cocoa position, exposure is evenly balanced between longs and shorts. This has been the case for the past couple of years. Leading up to the Russia-Ukraine war, most markets were trending up in lockstep but following the invasion, many reversed and have been going their own ways since. Naturally, we've adapted and are positioned long in those rising and short in those declining. Simple as that.

In addition to our very profitable Cocoa position, Rubber and Coffee have also contributed positively. While it's nice to hold one of the strongest trends of the past 30 years, it's comforting to know that our predictive ability contributed absolutely nothing to our profits. Only our adherence to our strategy that is designed to capture such moves.

Currencies. We increased shorts in markets against the U.S. Dollar. Despite all the hate the USD gets these days, the trend favors strength. Many markets are sitting at critical long-term support levels (AUD, CAD, CNH, EUR, JPY, ZAR). Breakdowns in these levels would increase the odds of the trends continuing.

Fixed Income. After reducing shorts in Q4-23, we are adding to them again. Markets are adjusting to the fact that maybe rate cuts (at least in the U.S.) aren't a sure thing after all, especially when the latest CPI report came in higher than expected. I have no opinion here, but it would not surprise me to see higher rates at the end of the year.

Equities. Our largest position, both overall and on the long side, in terms of exposure. To me, the only logical position to take is on the long side. Sure, there are a couple of markets that have been trending down for a while (China, Hong Kong, Singapore and S. Africa), but most are trending upwards. Most of our exposure is in the U.S., but we also hold longs in Europe, Brazil, U.K, Canada and Australia.

Crypto. Volatility has been extreme at times, but not enough for us to exit our long positions in both Bitcoin and Ethereum futures. Both markets remain two of the largest we hold in our portfolio, overall.

No Outlook, Just Observations

It's not my job to get you excited about what I think the markets will do. I leave that to the charlatans and most of the people within the financial media. It's my job to observe the markets, capitalize on the trends and manage risk. That's the most productive thing I can do for you and your money.

There's always a crisis brewing, right? Of course there is...because it excites emotions, gets people paying attention and more willing to take risk. Currently, I'm hearing about an impending energy crisis, banking crisis, monetary/fiscal crisis and a commercial real-estate crisis. Maybe. But if a crisis or two emerge, I'm supremely confident we'll be able to capitalize on the trends that materialize without needing to know when each crisis will start or what direction the markets will go.

In 2021, an inflation crisis emerged to our surprise. We made a lot of money from our long commodities positions. In 2022, an interest rate crisis emerged to our surprise. We made a lot of money from our short positions. Cocoa is currently in a parabolic phase of the trend, which some might call a crisis. Guess what? We didn't know this was going to happen — and we're making a lot of money.

I understand the allure to make predictions and tell stories. I empathize and don't want to make fun, but it's important to understand that it just isn't necessary to succeed in this business. What you need is a way to find opportunity and act on decisively with appropriate risk control.

That's what my job is. That's what I enjoy doing for you.

Thank you all.

Sincerely,



Michael G. Melissinos

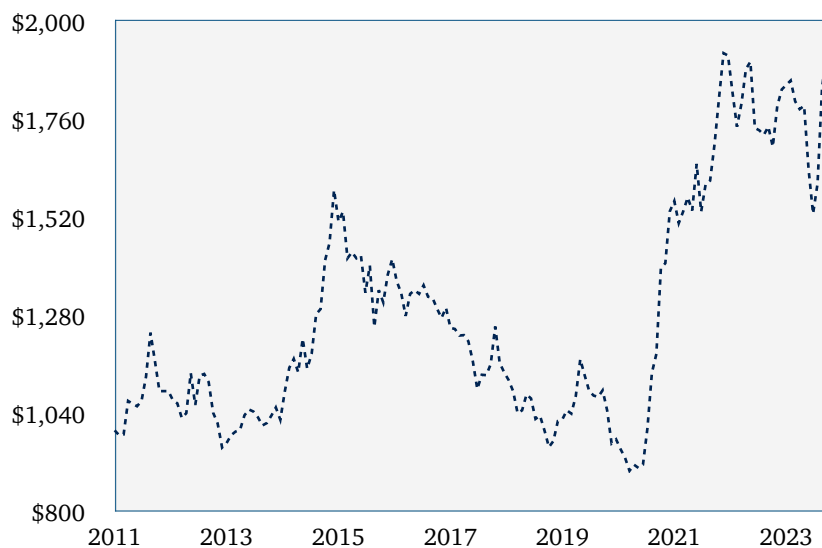
CEO

Appendix

Eupatrid Global Trends, our trading program, reflects the dollar-weighted average returns of all investor accounts ever traded by Melissinos Trading. All accounts trade an identical portfolio with the same trading system, though commissions and fees may vary. *See the first paragraph in the disclosures on page 8.*

Monthly Value of \$1,000 Since Inception

Jan 2011 — Mar 2024



Annualized Returns

Last 1-Year	13.7%
Last 3-Years	11.0%
Last 5-Years	13.5%
Since Inception	5.1%

Average Profitability

12-month	47.3%
36-month	65.3%
60-month	70.0%
120-month	100%

Correlation to S&P 500 0.03

Monthly & Annual Returns

Net of all fees and expenses

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2024	4.88	14.50	4.07										24.97
2023	-0.64	1.12	-2.84	5.87	2.14	0.75	-0.52	-2.67	-1.21	0.51	-8.64	-6.41	-11.76
2022	0.58	5.77	6.42	6.20	-0.32	-4.87	-4.51	3.38	4.59	1.01	-8.48	-0.38	8.41
2021	4.01	17.65	0.90	9.06	1.64	-3.50	1.92	2.15	-2.02	7.38	-7.01	4.28	40.29
2020	1.40	-4.47	-7.69	0.96	-2.44	-2.21	-3.36	1.52	-0.78	0.89	9.70	13.46	5.30
2019	-4.04	1.52	4.97	0.46	2.17	-0.71	4.20	8.14	-3.45	-3.35	-0.93	-0.21	8.32
2018	7.96	-7.15	-1.96	-1.65	-2.38	-4.93	0.61	3.76	-0.92	-4.68	0.87	-3.50	-13.92
2017	-1.79	1.93	-3.77	-0.18	-1.34	0.09	-1.17	-4.05	-5.80	3.17	-0.21	2.41	-10.57
2016	5.16	2.76	-3.81	-2.08	-4.22	4.24	0.67	-0.70	1.56	-2.05	-0.20	-1.96	-1.14
2015	8.88	-4.88	1.60	-7.43	1.07	-1.04	0.49	-6.39	4.97	-10.68	7.13	-2.22	-9.99
2014	-2.83	6.70	5.26	1.97	-2.82	7.16	-5.94	3.07	8.25	0.99	9.16	3.02	38.14
2013	1.21	1.91	0.91	0.44	3.63	1.28	-0.40	-1.39	-1.99	0.61	1.80	1.95	10.30
2012	-2.05	-0.67	-3.42	1.19	9.41	-6.88	6.80	0.30	-1.71	-6.73	-2.53	-5.81	-12.64
2011	-1.19	0.24	8.20	8.67	-9.06	1.17	5.51	9.56	-5.65	-6.21	NT	NT	9.61

All performance numbers represent a composite, are net of management and performance fees and fund expenses, unaudited and reflect the reinvestment of dividends. Past performance is not indicative of future results. NT denotes "No Trading" took place when Melissinos Trading transitioned from SMA's to a fund structure.

Disclosures

FUTURES TRADING INVOLVES A SUBSTANTIAL RISK OF LOSS PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

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