Monthly report – April 2024

FLORIN COURT CAPITAL FUND USD

Return and key figures[1)2)]

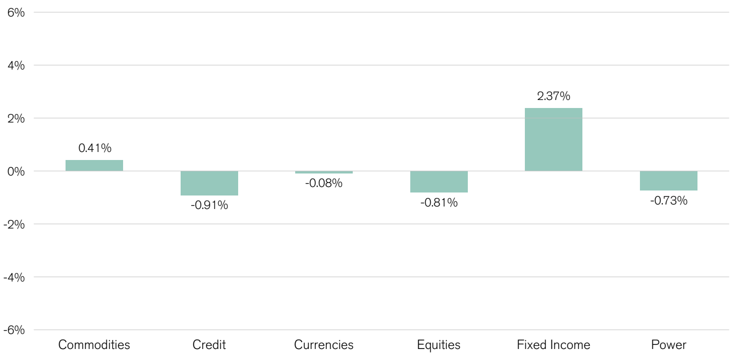
Return (after management and performance fees)	Florin Court (USD)	Société Générale CTA Index (local currency)	Société Générale Trend Index (local currency)	MSCI World NDTR index (local currency)[3)]
Last month, %[1)]	0.25	2.01	1.85	-3.24
Year to date, %[1)]	-0.23	11.88	14.31	6.52
Since inception Apr17 to date, %[1)]	98.88	45.59	67.35	105.66
Average annual return, %[1)]	10.19	5.45	7.54	10.72
Risk ratios and other key figures				
Standard deviation, %[4)]	9.82	9.00	11.89	15.34
Sortino ratio[4)]	1.44	0.61	0.73	0.85
Sharpe ratio[4)]	0.84	0.39	0.47	0.57
Correlation with Florin Court[4)]	–	0.62	0.63	-0.12

All returns and key figures are represented by trading performance of Florin Court Capital Fund, Class A-2 $USD Shares.

Assets

Master assets, millions of USD	1,799.2
Change in Master assets since previous month, %[5)]	-5.43
Manager Assets Under Management, millions of USD	1,970.2

Performance attribution by sector, %[6)]



Risk

Portfolio, %	
Highest VaR[7)]	1.18
Lowest VaR[7)]	0.94
Average VaR[7)]	1.09
VaR, 30 April 2024[8)]	1.14
Component VaR, %[9)]	
Commodities	0.26
Credit	-0.03
Currencies	0.23
Equities	0.02
Fixed Income	0.58
Power	0.07
Margin to Equity Ratio for the Master Fund, %	
Average Monthly Margin to Equity	39

Monthly returns (after management and performance fees), %[1)]

Year	Full or Part year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2017	**14.58**	–	–	–	0.26	0.18	-0.58	3.44	3.66	1.65	3.33	0.11	1.77
2018	**-2.77**	-0.27	-6.54	0.77	1.87	-0.79	-0.41	0.45	6.10	1.24	-3.68	-4.71	3.85
2019	**14.74**	-0.72	0.17	4.24	-0.41	1.58	5.56	0.74	2.25	-3.36	-1.07	0.97	4.23
2020	**2.60**	2.46	-2.27	1.79	-0.69	-0.25	-2.23	3.19	-1.97	-1.19	1.36	-3.05	5.81
2021	**28.79**	-1.20	-2.83	4.62	2.65	4.00	1.78	1.32	3.20	8.33	5.31	-0.61	-0.47
2022	**19.03**	0.67	3.62	4.90	2.80	-0.73	2.61	1.14	4.56	2.27	-0.66	-4.40	1.14
2023	**-0.85**	-0.13	0.00	-5.86	2.27	4.15	-0.63	0.40	-1.77	3.27	-3.00	-3.67	4.68
2024	**-0.23**	-1.82	0.68	0.68	0.25								

1) All returns and key figures shown are **represented by actual trading performance of Florin Court Capital Fund** from 1st of April 2017 when current Florin Court Capital Programme commenced. All returns and key figures shown are **subject to all fees and expenses of Florin Court Capital Fund Class A-2 $USD shares** and are inclusive of 1.0% p.a. management fee and 20% incentive fee net of HWM with annual December crystallization. These returns will differ from the actual returns of a BMS Share Class investor because BMS Share Class incentive fee is subject to a Hurdle Rate and has monthly rather than annual crystallization. Actual incentive fee expense may also differ due to the timings of actual investments. **Please refer to the official monthly Investor NAV Statements produced by Citco, the Fund's Administrator, for your actual BMS Share Class returns.**
2) The fund has no investments in hard-to-value assets for which no market pricing information is available, e.g. unlisted/private equity, or model priced instruments for which no industry standard software models are available, e.g. complex, structured, one-off contracts.
3) MSCI, www.msci.com, ©2024 MSCI Inc. All rights reserved.
4) Risk Ratios are calculated from the net monthly returns of the Florin Court Capital Programme which commenced on April 1st 2017. Fees include 1.0% p.a. management fee and 20% incentive fee net of HWM with annual crystallisation.
5) The Fund's capital activity Dealing Day is always the first calendar day of the month. Change in Master Fund's assets is calculated by comparing NAVs at the open of business on the first calendar days of the following month to the previous month and includes all capital activity.
6) Performance attribution is provided for the Florin Court Capital Programme which commenced on April 1st 2017. Fees include 1.0% p.a. management fee and 20% incentive fee net of HWM with annual crystallisation. FX Hedging, OTC charges and all non-trading fees and expenses are allocated pro-rata to all the sectors.
7) Highest, lowest, average of the daily parametric value at risk over the month, as percentage of AUM of the Florin Court Capital Master Fund.
8) Daily parametric value at risk at 95% level, as percentage of AUM of the Florin Court Capital Master Fund. The volatilities are computed using a half-life of 20 days.
9) Component VaR: contribution to the total VaR of the portfolio from all sectors, using individual market positions and correlations between sectors from the full markets correlation matrix. Note that sum of the sector component VaRs equals the total portfolio VaR on the last trading day of the month, as reported above. VaR figures are daily at 95% level.

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Firm Reference Number 670181

Partnership Registration in England & Wales:
OC397 358

Global Rates Surge

The Florin Court Capital Programme[1] returned +0.25% in April, net of fees and expenses. Year-to-date net returns stand at -0.23%.

Chart 1 compares Florin Court's performance with the benchmark SG Trend and SG CTA indices. Recently (in the rightmost part of Chart 1) you will note that developed market CTAs have gained some ground, closing a bit of the long-term performance gap in favour of FCC's dedicated alt markets programme. We trade different markets (e.g., Turkish interest rates and California carbon emissions) and therefore missed out on some big moves in classic markets (like the Yen, cocoa futures, and US Treasury Note futures). With different market lists, you naturally get different performance in both the short and long run, as you can see in Chart 1.

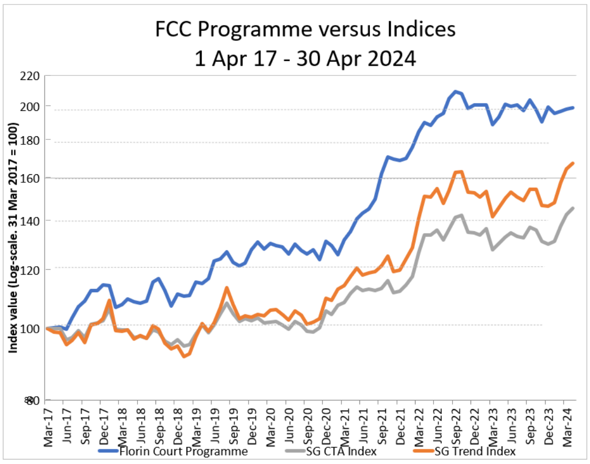


Chart 1: Florin Court Capital Programme Net Performance versus SG CTA Indices (log-scale) (Source: Florin Court & SG)

Another benchmarking of FCC, versus the HFRI Macro Systematic Diversified Index, shows that over the long haul we have delivered 638 bps of alpha per annum, a correlation of about 60%, and a Sortino Ratio that is 2.9x higher.

FCC's track record in risk-adjusted performance comes from the programme's design features:

- ~500 alternative markets
- Emphasis on power and commodities
- Reactive trend signals: positive convexity
- Nimble fund size
- Minimal exposure to generic "risk premia" (e.g. equity beta, FX carry, short vol)
- New markets added every year (41 net additions in 2023)

The Programme's long-term performance was recently noted by The Hedge Fund Journal, which awarded us 'Best Performing Fund over 2, 3, 4, 5, 6 and 7 years' in the Trend Follower-Alternative Markets category[2]. We are pleased to have achieved top-class risk-adjusted returns for our investors.

PERFORMANCE ATTRIBUTION BY SECTOR

Fixed Income	+2.37%
Commodities	+0.41%
Currencies	-0.08%
Power.	-0.73%
Equities	-0.81%
Credit	-0.91%

MACRO OVERVIEW FOR APRIL

April saw a sharp increase in global bond yields following spicy US inflation data and evidence for continued economic resilience in that economy. On April 5th, the US employment report showed a gain of 303k jobs, with measured unemployment at only 3.8%. Less than a week later, on April 10th, US core CPI printed at +3.8% year-over-year, +0.4% month-over-month... 0.1% over expectations. On the 15th, US

[1] Represented by the trading performance of Florin Court Capital Master Fund, subject to fees and expenses of Florin Court Capital Fund Class A-2 shares. Fees include 1% p.a. management fee and 20% incentive fee subject to HWM and paid annually.

[2] Award categories and award methodology can be found on The Hedge Fund Journal website: https://thehedgefundjournal.com/.

retail sales came in hot, doubling expectations at 1.1%. Fed Chair Powell, a day later, characterised the US economy as “quite strong”. The quarterly US National Income and Product Accounts showed somewhat lower than expected growth and sticky inflation in Q1: +1.6% real GDP, +2.5% real consumer spending, and +3.7% core PCE deflator. Finally, the Q1 Employment Cost Index showed a 1.2% increase Q/Q (vs consensus expectations of 1.0%). In light of the above, the US 10-year treasury note yield climbed 47 bps over the month and dragged global bond yields up with it. The Mexican 10 year yield went up 106 bps, Australia 54 bps, Singapore 34 bps, South Korea 25 bps, and South Africa 6 bps, according to data from Main Economics. See Chart 2. At this point, only about one Fed rate cut in 2024 is priced. Please see Charts 3 and 4.

Inflation trends across the globe, however, were decidedly mixed. Inflation, as Steve Hanke often reminds us, is mostly a local and monetary phenomenon. Swiss, Brazilian, Chilean and Thai inflation eased, while Indonesian, Philippine and Malaysian inflation printed at the highest levels in months. Swedish inflation fell, and Chinese inflation was very weak (CPI +0.1%, PPI -2.8% y-o-y), but South Korea and Mexico showed steady inflation. Central bank surprises included Indonesia (hike), Peru (cut), and Israel (unexpected hold). Despite such divergences, the US yield surge set the global tone in April, and the US dollar strengthened against most currencies, with the DXY up 1.66% and USDBRL, for example, up 3.38%.

Turning to economic activity, the picture is similar to last month in broad strokes. We are seeing slightly softer, but distinctly positive, growth in the US, near flat growth in Europe, and mixed, but positively inflecting, business activity in China. On the 16th, a batch of Chinese figures boosted optimism. Fixed-Asset Investment printed 4.5% (YoY) (vs cons. 4.0%) and GDP came in at 5.3% (YoY) (vs cons. 4.8%). On the other hand, industrial production, retail sales and inflation readings were weaker than expected. At month end, Chinese PMI figures were marginally better than expected. Cyclical commodities like copper (+13%), manganese (+27%) and zinc (+12%) were stronger, but most petrochemicals fell in April as the perceived risks of a larger war in the Middle East declined. Crude declined almost 5% as the Israel-Iran conflict failed to escalate.

Global equity markets declined sharply, but little panic was evident. The VIX rose, but closed April at 15.6%. The S&P 500 dropped 4.16% on the month, while the MSCI World dropped 3.98%. Asian indices did better on regional optimism related to China’s apparent stabilisation.

Calendar month changes in basis points – Ranking

10y yields:	Monthly change in basis points
Turkey	296.5
Mexico	105.9
Brazil	81.8
Russia	58.0
Australia	53.7
Colombia	48.7
United States	**46.9**
Israel	44.0
Czech Republi	40.9
UK	37.0
Canada	35.8
Singapore	34.4
Netherlands	31.5
New Zealand	29.8
Thailand	29.0
Germany	28.7
Poland	27.9
Norway	27.5
France	27.1
Chile	25.0
South Korea	24.6
Hong Kong	21.9
Portugal	21.4
Taiwan	20.5
Hungary	20.5
Spain	20.5
Italy	19.5
Greece	18.6
Japan	17.0
India	14.3
Sweden	12.9
Malaysia	12.8
Switzerland	6.8
South Africa	6.2
China	5.8

Chart 2: Global 10-year Government Bond Yield Changes (Source: Main Economics)

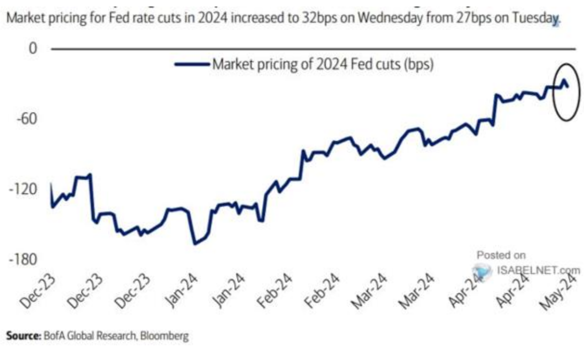


Chart 3: Down to Just One Fed Funds Cut in 2024 (Source: Isabelnet.com)

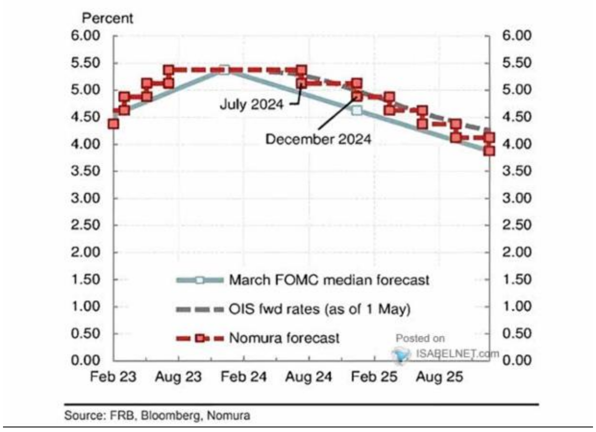


Chart 4: OIS Forward Rates and Fed Funds Forecasts (Source: Isabelnet.com)

Relative weakness in the Russell 2000, down almost 7% in April and one of the worst performing global indices, reflects softish conditions on Main Street USA. This pessimism is also apparent in the NFIB Small Business Confidence Index (Chart 5).

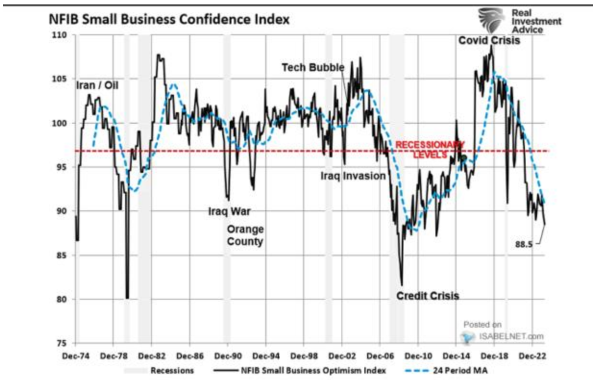


Chart 5: US Small Business Confidence (Source: Isabelnet.com)

Some analysts and investors worry that the Fed may need to tighten. Is inflation really headed the wrong way in the US? No one should be overconfident about anything in macroeconomics, but I don't think so. Significant inflationary pressures are best discerned by examining the inflation-adjusted broad money supply. Chart 6 shows US Divisia M4 in real terms. Of course, the broad money supply isn't everything. You can have meaningful increases in velocity, and sometimes supply shocks occur, as we saw in 2020. But neither would seem to apply at this time. My guess is that it may take a couple of years for consumer inflation to stabilise around the 2% target. Chart 38 in the sequel shows a sensible forecast based on present information.

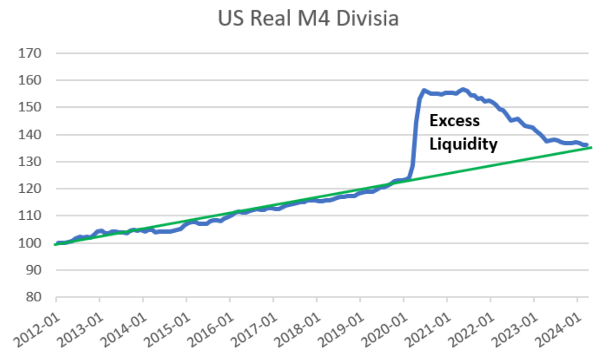


Chart 6: US Real M4 Money Supply (Source: FCC, CFS)

To be sure, there are few compelling reasons for the Fed to cut. As far as the US economy is concerned, the Fed can stand pat and wait for more data to confirm a gradual convergence of inflation toward their target.

There are, however, some non-domestic reasons why the Fed might wish to cut *if it can*. The US still sets the benchmark for the global cost of capital, and real rates are clearly too high for many other countries with different circumstances. Japan, for example, looks stuck in a disequilibrium with negative real rates and considerable costs to hiking. Japanese inflation is now running between 2 and 3%, and the entire Japanese yield curve (Chart 7) is well below that.

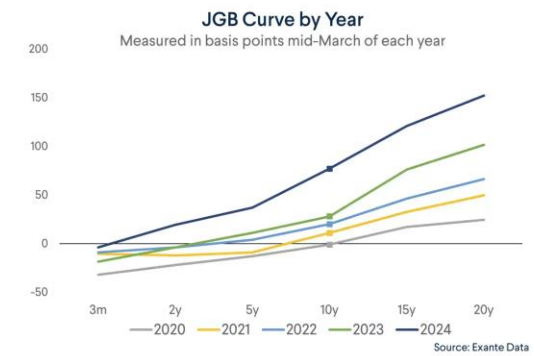


Chart 7: Japanese Yield Curves Through Time (Source: CFR.org)

Under other circumstances the Japanese would allow the yield curve to rise to attractive levels, but Japan can scarcely afford such a strategy. Japanese government debt is 263% of GDP, although about 43% is owned by the BoJ. Debt service is already about 25% of Japan's budget, and draft government estimates forecast a doubling of this expense in the next decade with only moderate increases in financing costs. So, the BoJ is keeping policy loose, and the pressure release valve becomes the Yen, which has been steadily weakening, as global capital flows toward higher real returns. This currency weakening, of course, only adds to inflationary pressures through several channels. Soros might call the positive feedback in this situation “reflexive”.

The dollar strength caused by high real rates, on the other hand, will tend to export US growth and inflation to others. If the Fed can keep inflation under control, it would be good – ceteris paribus – to bring real rates down a bit and reduce these international pressures.

FIXED INCOME

Fixed income was our best sector in April, and the programme made money in a variety of paying positions, such as Mexico (Chart 8), Norway (Chart 9), and Poland (Chart 10). On the other hand, we were unfortunately receiving in some markets such as Thailand (Chart 11) and Czech (Chart 12).

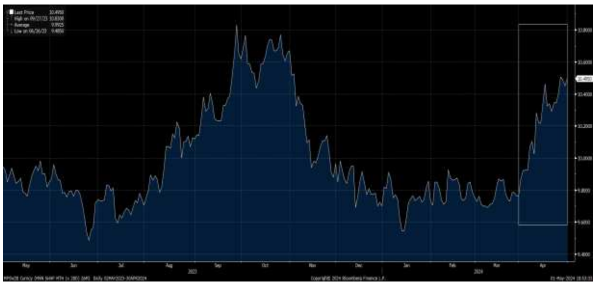


Chart 8: Mexican 2-year Interest Rate Swaps (Source: Bloomberg)

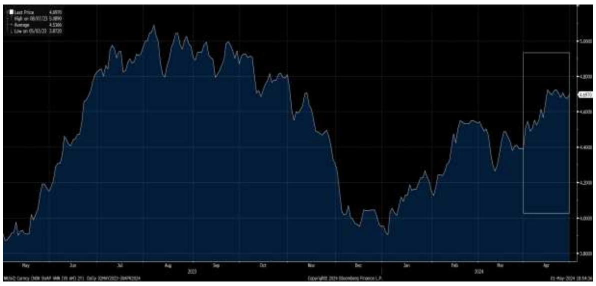


Chart 9: Norwegian 2-year Interest Rate Swaps (Source: Bloomberg)

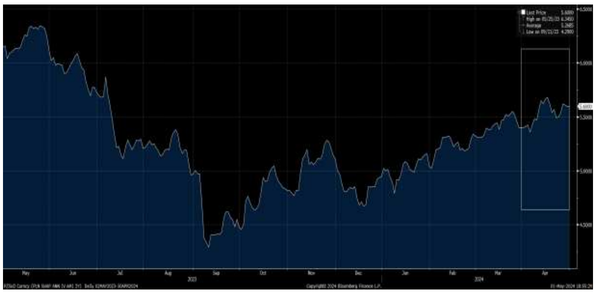


Chart 10: Poland 2-year Interest Rate Swaps (Source: Bloomberg)

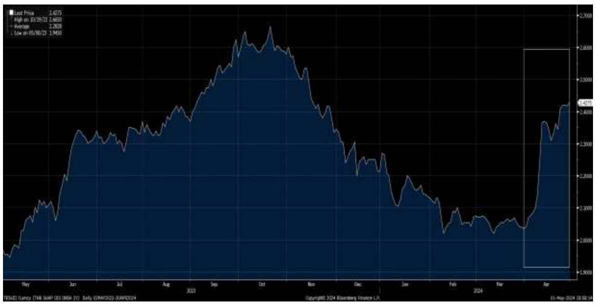


Chart 11: Thailand 2-year Interest Rate Swaps (Source: Bloomberg)

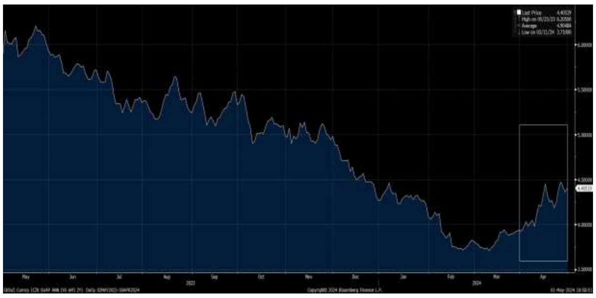


Chart 12: Czech 2-year Interest Rate Swaps (Source: Bloomberg)

CURRENCIES

In FX, we finished the month about flat. The US Dollar strengthened against most currencies (Chart 13) as US yields surged. Consequently, we made money in shorts in Indonesia (Chart 14), Korea (Chart 15), and Thailand (Chart 16), but lost on longs in Brazil (Chart 17), Mexico (Chart 18) and Poland (Chart 19).

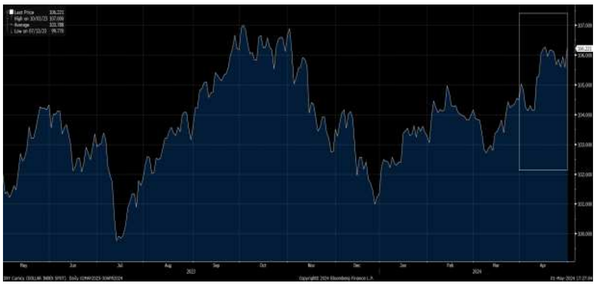


Chart 13: US Dollar Index (Source: Bloomberg)

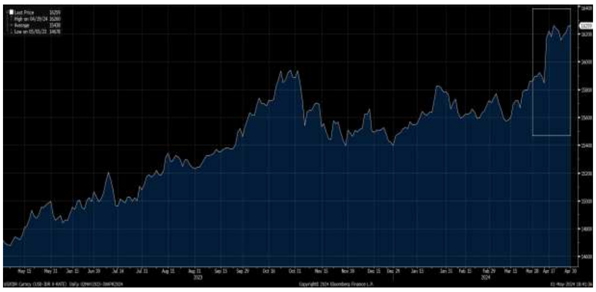


Chart 14: Indonesian Rupiah (Source: Bloomberg)

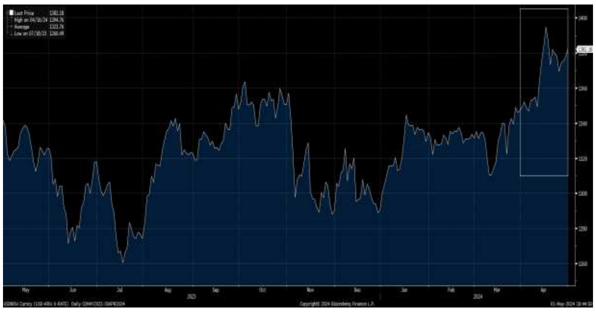


Chart 15: Korean Won (Source: Bloomberg)

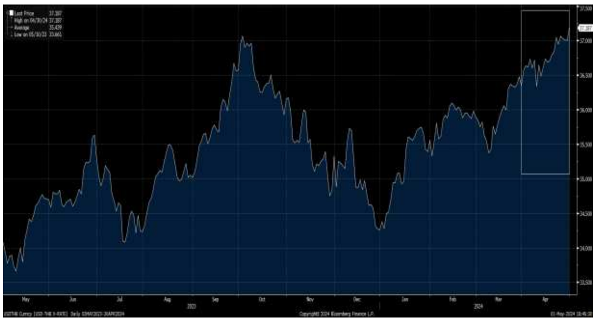


Chart 16: Thai Baht (Source: Bloomberg)

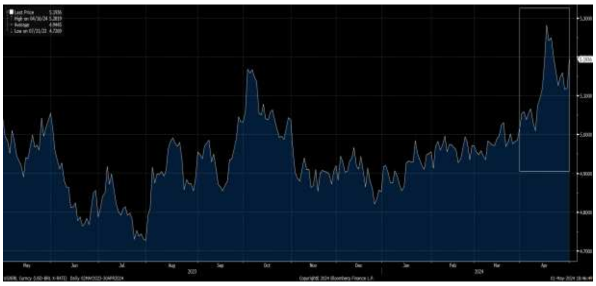


Chart 17: Brazilian Real (Source: Bloomberg)

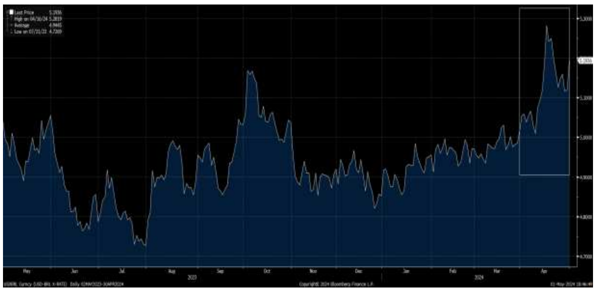


Chart 18: Mexican Peso (Source: Bloomberg)

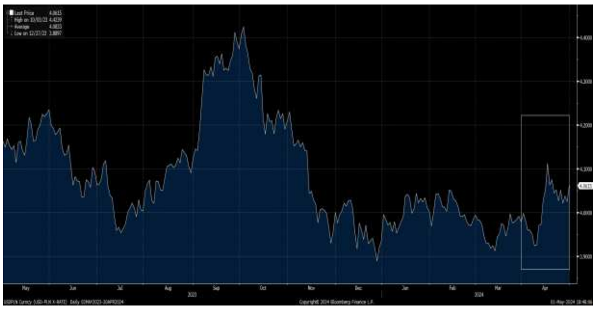


Chart 19: Polish Zloty (Source: Bloomberg)

COMMODITIES

Commodities were up modestly in April. Most gains came from the long positions in base metals, recovering on some optimism about Chinese stabilisation. See Charts 20 and 21. In some cases (e.g. nickel in Chart 22) our positions did not turn quickly enough. There were some offsetting losses in grains, where prices continued to reverse up during the month on supply concerns. See Chart 23 for Milling Wheat.

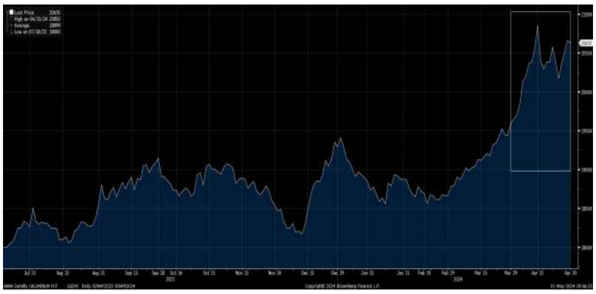


Chart 20: Shanghai Aluminium (Source: Bloomberg)

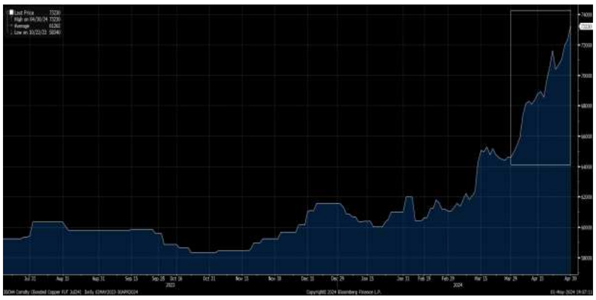


Chart 21: Shanghai Bonded Copper (Source: Bloomberg)

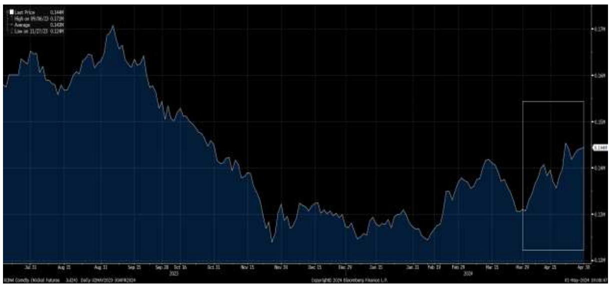


Chart 22: Dalian Nickel (Source: Bloomberg)

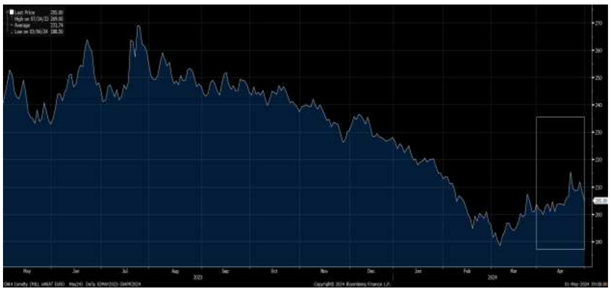


Chart 23: Milling wheat (Source: Bloomberg)

POWER

Power ended April down 0.73%. There were losses in all subsectors (gas, electricity and emissions), as the prior long-term downtrends continued to reverse. Fundamentals for European power remain bearish, with flush inventory levels (Chart 25) and weak industrial demand.

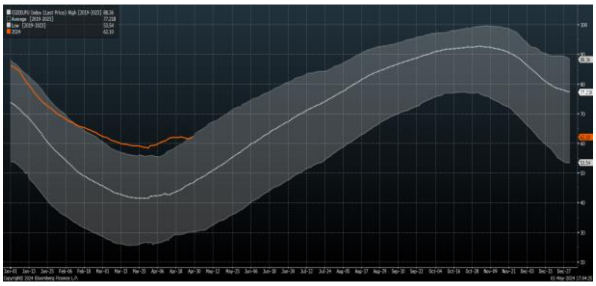


Chart 24: European Nat Gas Inventory Levels (Source: Bloomberg)

Our gains were limited to short positions in some energy ETFs, such as the Invesco Solar ETF (Chart 25), but we had losses in a variety of short positions. See Charts 26 through 28.

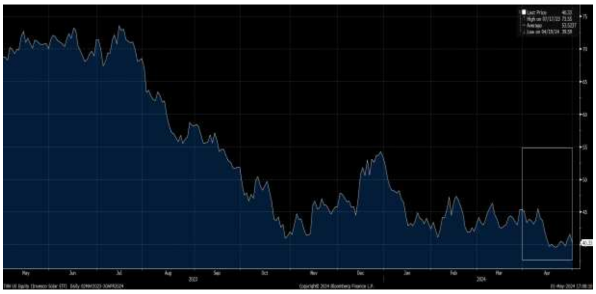


Chart 25: Invesco Solar ETF (Source: Bloomberg)

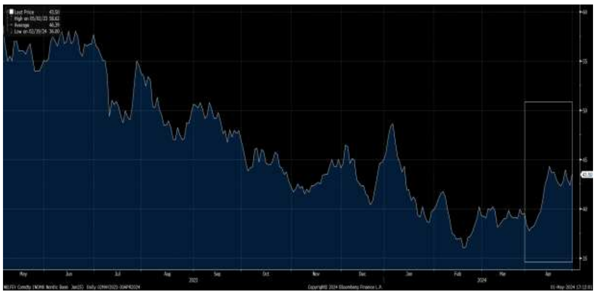


Chart 26: Nordic Yearly Electricity (Source: Bloomberg)

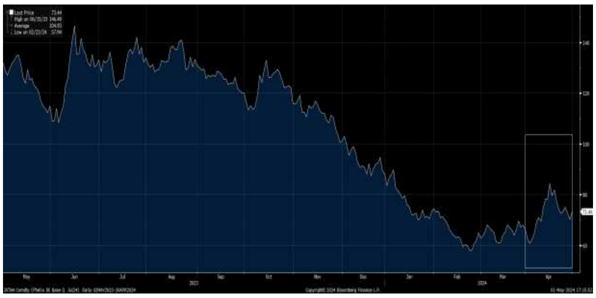


Chart 27: German Quarterly Electricity (Source: Bloomberg)

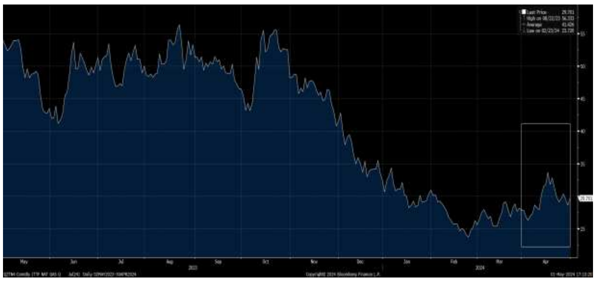


Chart 28: Dutch Quarterly Nat Gas (Source: Bloomberg)

CREDIT AND EQUITIES

Credit and equities were our worst sectors in April as the risk-on trend from prior months dramatically reversed in most markets (outside of Asia). Note the mid-month spread widening in both investment grade and high yield indices: please see Charts 29 and 30. In equities, we made money from long positions in Asia (e.g. Singapore in Chart 31) but lost from long positions elsewhere (e.g. Australia in Chart 32).

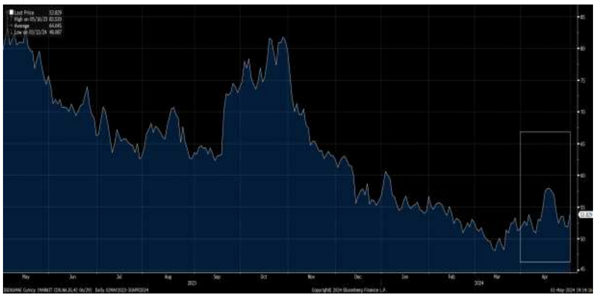


Chart 29: CDX Investment Grade CDS Spread (Source: Bloomberg)

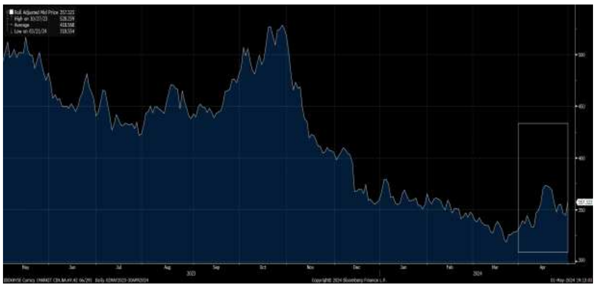


Chart 30: CDX High Yield CDS Spread (Source: Bloomberg)

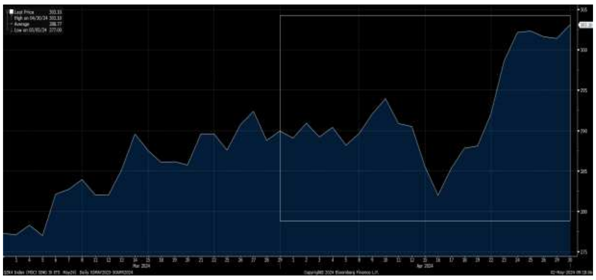


Chart 31: Singapore Index Futures (Source: Bloomberg)

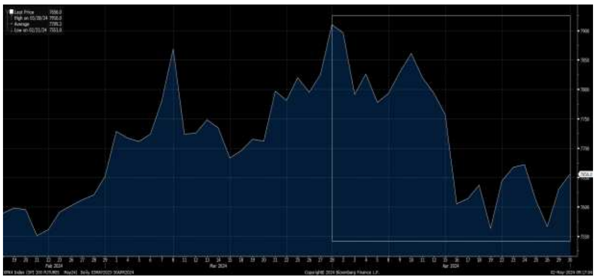


Chart 32: Australian Index Futures (Source: Bloomberg)

CONCLUDING COMMENTS

The global economic picture changed less in April than the dramatic repricing of bond yields would suggest.

It's business as usual, but there continues to be evidence that the US economy isn't quite as healthy as it seems. Consider temp hiring (Chart 33), a sensitive indicator of labour market conditions. Main Street isn't booming.

Chart 33: Weak US Temp Hiring (Source: Isabelnet.com)

Last year, we argued that pandemic-era excess savings were being rapidly depleted in the US and that consumer spending was vulnerable as the "punchbowl" was drained. A recent paper by the Federal Reserve Bank of San Francisco addressed this topic and underlined such concerns. Charts 34 and 35 show aggregate data. But when you stratify excess savings by age and affluence, you see that the greying and balding folks are loaded. No wonder golf carts and mismatched pastel outfits are in short supply. See Chart 36, for example. And then there's the wealth effect from months of equity market gains. Our parents' economy was dominated by middle class families who bought stuff on credit. Our economy is a little different.

Additionally, various indicia of financial conditions (Chart 37) suggest that conditions are not exactly growth restrictive. All this ties out with Chart 6 and points to an economy landing improbably softly. I do not disagree with Goldman's inflation outlook (Chart 38). *"Two years to two percent"* is my mantra these days.

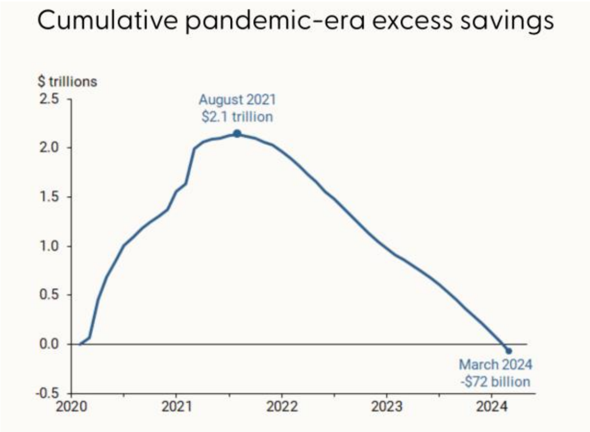


Chart 34: Cumulative Pandemic-era US Excess Household Savings (Source: FRBSF)

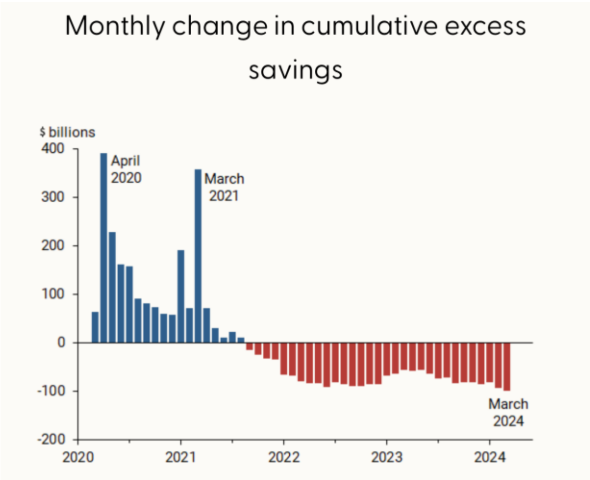
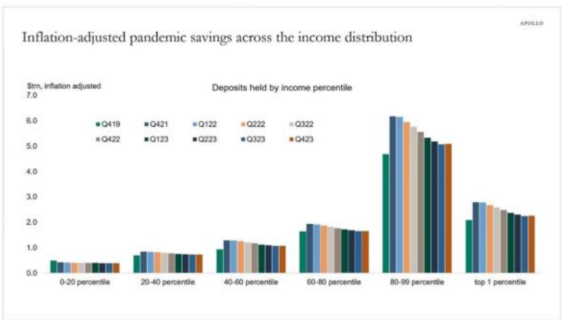


Chart 35: Monthly Change in US Excess Savings (Source: FRBSF)



Source: FRB, Haver Analytics, Apollo Chief Economist Expand

Chart 36: Money at the Top: Stratification of Excess Savings (Source: Marko Papic, Apollo)

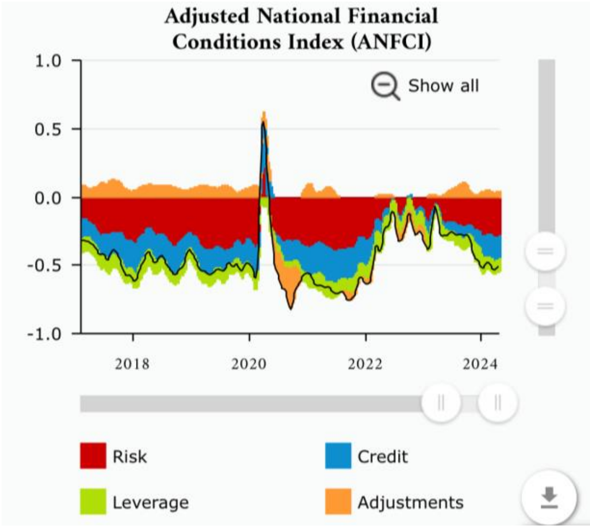


Chart 37: Chicago Fed National FCI (Source: FRBC)

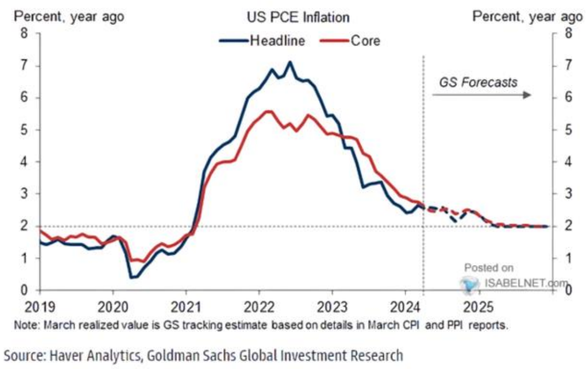


Chart 38: Inflation Outlook According to GS (Source: Isabelnet.com, GSIR)

There is, by the way, an interesting debate these days about the distribution of generational wealth in the US. How are our kids and grandkids faring? The main source is the Fed's Distributional Financial Accounts. Using 2019 data, Millennials looked screwed, to put it bluntly. See Chart 39. But updated data through 2023 tells a different story. (Chart 40) Teaches you for laughing at Dogecoin and the influencer lifestyle. This analysis neglects the fact that the wealth, in each generational cohort, appears to be far more concentrated than in prior decades.

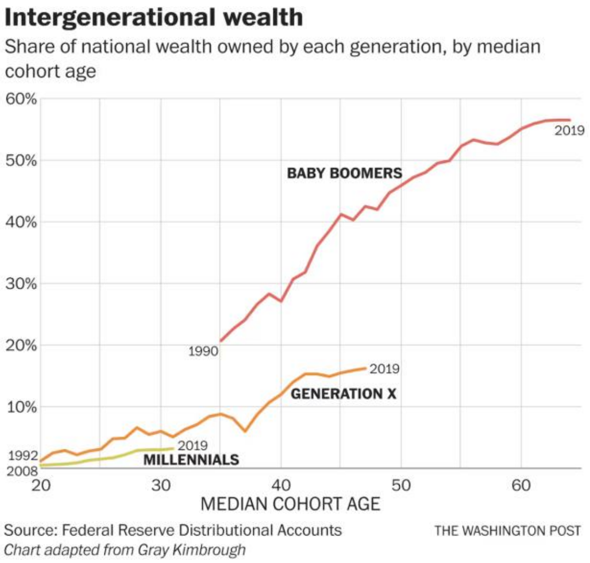


Chart 39: Inter-generational Wealth – 2019 Estimates (Source: Washington Post)

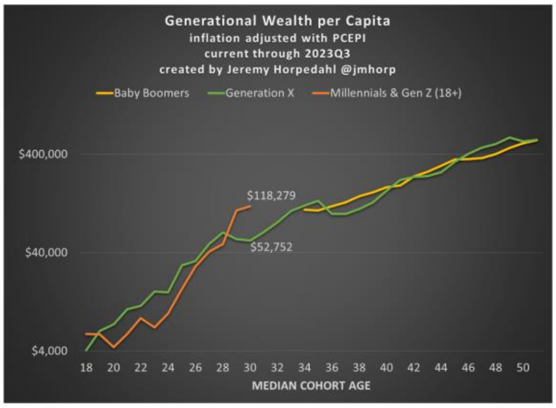


Chart 40: Inter-generational wealth – 2022 Estimates (Source: economistwritingeveryday.com)

The short-term outlook for China is difficult to discern as there are powerful crosscurrents: e.g. weakness in real estate versus the impact of stimulus. Regular readers will know that I'm a long-term bull on the Chinese economy. Yes, the Chinese economy is going through a property slump and needs to rebalance its economy, as we have previously discussed. *But* know that China is also doing a huge amount of very productive investment – including in human capital. Western economies, by contrast, are overconsuming, underinvesting, and wasting resources in a variety of ways (war, poorly handled energy planning, etc.). We tend to shrug with a cynical laugh when we contemplate California's high speed rail project or the decade it will take to fix that bridge in Baltimore or Heathrow's struggle to get a third runway, but these situations illustrate a deeper problem. In the real world, underinvesting is a much more serious problem than overinvesting, as anyone but an economist can tell you. It's why we prefer our kids to be bookworms rather than stoners.

China, moreover, correctly focuses on the growing Global South as a source of demand, as well as supply of materials and lower-cost labour. Chart 41 shows how Chinese exports to the Global South now exceed exports to the developed world. (I tried to find a complementary chart showing the growing exports of sanctimony from the West to the Global South, but…

Chart 41: Chinese Exports: Global South > Developed (Source: David Goldman)

The person you need to hear on China is David Goldman:

https://youtu.be/o3qNGRGRwwg?si=qQMvMA4jWJ3AN6EL

2024 will be a key year in politics and international affairs, as we have discussed in prior commentaries. Betting markets continue to believe that the 2024 US Presidential race will be Biden vs Trump, with the latter likely to prevail. My strong suspicion, for whatever it's worth, is that Biden will step aside at some point in favour of Gavin Newsom or perhaps Michelle Obama. As Chart 42 illustrates, Biden is unpopular despite a strong economy. It is remarkable how little credit he gets. "It's the economy, stupid," until it isn't. Moreover, Biden's handling of the Gaza War has left him politically wounded with some progressives and Muslim voters. In a way, Biden's approach has pleased neither the pro-Israeli camp nor the pro-Palestinian camp, and – on top of that - he managed to look weak in the process. The upcoming Democratic convention in Chicago is likely to face disruptive protests, perhaps echoing 1968. As in 1968, the incumbent may well step aside, although such a decision would have to take place before September, I understand.

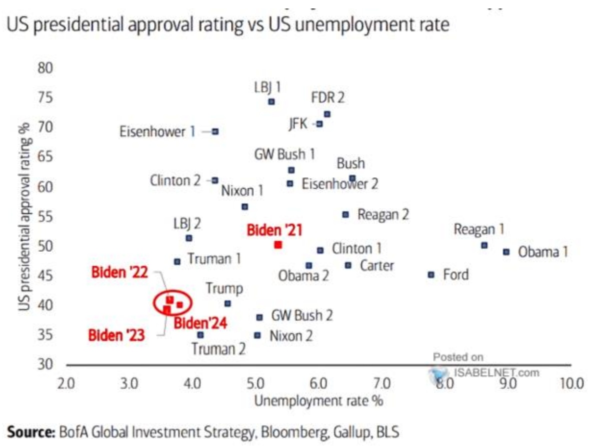


Chart 42: Biden Unpopular Despite Great Economy (Source: Isabelnet.com)

Ukraine is another interesting situation that is coming once more to a head. Let's not mince words: Russia has been winning the war. It should come as no surprise based on two key facts: (1) Russia's manpower and resources greatly exceed Ukraine's, and (2) Russia cares far more about Ukraine's geopolitical position than the US or West does. While there are a number of alternative takes on the Ukraine conflict, I favour the non-moralising Realist perspective, as exemplified by John Mearsheimer. He would say that powers *always* care a great deal about their geopolitical neighbourhoods. America is a case in point. US President James Monroe articulated his famous Doctrine in 1823, long before the US became a global power. Even then, the US laid down a marker: European powers had better stay away from our neighbours in the Western Hemisphere. We get to interfere there; you don't. It sounds absurd, of course, but this is how nations operate in the historically convincing Realist framework. America's neighbours may be sovereign countries and may in theory be entitled to form the alliances of their choice, but America rejects that in practice. The Monroe Doctrine was invoked on numerous occasions (e.g. Mexico in 1865, Nicaragua in 1911, Haiti in 1915, etc.) to justify various special military operations. I'm not necessarily criticising America; this is just how countries behave in the Realist narrative.

Realists, of course, think that Russia behaves in exactly the same way when it can. In 2008, then US Ambassador to Moscow, William Burns (now CIA Director) wrote a cable to DC explaining why consideration of NATO expansion into Georgia or Ukraine would be a bad idea. He essentially said Russia has its own Monroe Doctrine regarding those two neighbours. De jure or de facto NATO involvement crosses Russian security "redlines" and would provoke a military response. "Nyet means Nyet", he wrote. To understand Russian attitudes, Realists ask how the US would react to Mexico's flirting with joining a hostile military alliance. Here is a recent dialogue between Mearsheimer and a sceptical Polish interviewer.

https://www.youtube.com/watch?v=eP-LyGsiPcc

In any case, Ukraine is losing ground, and the West is considering deeper involvement to prevent Russia from grabbing more territory, like Odessa. French President Macron has even talked about deploying French troops, perhaps the Foreign Legion, to deter the Russians, who might hesitate to engage French forces for fear of triggering a bigger conflict. Such a deployment, or the deployment of longer range missiles in Ukraine, raises the stakes for everyone. It is obviously a dangerous and delicate game, especially given that Russia cares far more about Ukraine than NATO does. I fear Macron and other Western leaders may be too cavalier about the tail risks, but it is hard to discern what is serious policy versus performative cosplay.

Election outcomes, wars in Ukraine and the Middle East, and China's growing power will shape big macro themes in the coming year. Students of history appreciate that instability and change are the only constants. This is why trend following ought to be part of any balanced portfolio of strategies.

Best regards,

Doug Greenig, CEO

EXECUTIVE SUMMARY

Strategy	Diversified systematic macro
Approach	Systematic/algorithmic Instruments Currencies, stocks, fixed income, credit, commodities, power, volatility
Targets	Volatility: 10% p.a. before fees Return: High risk-adjusted returns Correlation: Low long term correlations with stocks, bonds and commodities
Investor and business partner	Brummer & Partners, a leading Nordic hedge fund group

Florin Court Capital is a diversified systematic asset manager. The investment methodology is evidence-based and process driven. The portfolio is constructed using proprietary mathematical models implemented on computer systems. A particular focus is extracting the benefits of diversification through market selection from over 400 financial securities across all major asset classes including currencies, stocks, fixed income, credit, commodities, power and volatility.

The model signals are also diverse, encompassing technical signals with a range of holding periods, yield and value signals, cross market signals and many others.

Trade execution is automated whenever appropriate and transaction costs are carefully measured. Rigorous real-time risk controls are built into the systematic process.

The Florin Court Capital fund is designed to have no long-term correlations with major asset classes and most hedge fund styles.

Florin Court Capital is committed to research and a disciplined programme for model improvement and development to exploit opportunities and to adapt to changing markets.

WHY INVEST IN FLORIN COURT?

- "Diversified by design" – over 400 markets, diverse signals
- Experienced investment team
- Partnership and support from Brummer & Partners
- Low correlation with stocks, bonds and commodities

PORTFOLIO MANAGERS

Douglas Greenig, CEO and CIO

Doug Greenig has over 29 years of experience in investment management. From 2012 to 2014, he was Chief Risk Officer of Man/AHL and also headed the Portfolio Management Group, beginning in 2013. Doug was jointly responsible (with the CIO) for the evaluation and approval of all investment strategies and trading systems.

Prior to AHL, Doug was a Managing Director working as a quantitative portfolio manager at the Fortress Investment Group beginning in 2006. From 2001 to 2006, Doug was Head of Agency Mortgage Trading at RBS Greenwich Capital. He also managed an eight person quant prop desk at the firm, beginning in 2000. From 1993 to 1999, Doug worked at Goldman Sachs in New York, as a fixed-income proprietary trader. Prior to Goldman, Doug was a Senior Consultant at BARRA. Doug earned a Ph.D. and an M.S. in Mathematics from the University of California at Berkeley in 1993. He graduated from Princeton University in 1986 with an A.B. in Economics, Summa Cum Laude. He was awarded the Wilson Prize for his thesis, which influenced Fischer Black's late work on general equilibrium theory. Doug taught Portfolio and Risk Management at the Courant Institute at NYU in 2010.

David Denison, Deputy CIO

David Denison has over 20 years of hedge fund experience, following his earlier academic career. Prior to joining FCC, David was the Head of FX at Man/AHL, which he had joined in 2008 as a senior quantitative researcher. As Head of FX, he was responsible for the modelling and investment management of AHL's multi-billion dollar FX portfolio. Prior to AHL, David worked at IV Capital (2006–2008) and Gloucester Research (2002–2006) focusing on quantitative research in equities. Prior to joining Gloucester Research, David lectured in Statistics for five years at Imperial College, London, focusing on modern computational statistical methods.

David holds a Ph.D. from Imperial College, London, and his 1997 dissertation won the Savage Award. He gained a first-class mathematics degree from Oxford University in 1994. He is the author of Bayesian Methods for Nonlinear Classification and Regression, Wiley, 2002.

PRODUCT STRUCTURE (BMS SHARE CLASS)

ISIN	KYG3643B1059
Structure	Cayman Master Feeder Structure
Management fee	1 %
Performance fee	20 % over hurdle rate (high watermark)
Liquidity	Monthly (5 business days' notice)
Minimum investment	USD 1,000,000 / SEK 10,000,000 / GBP 1,000,000
Minimum additional investment	USD 100,000 / SEK 1,000,000 / GBP 100,000
Lock-up/gate	None
Prime Broker	JP Morgan, Merrill Lynch International
Administrator	Citco (Cayman Islands)
Auditor	KPMG

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E-mail	info@florincourt.com
Website	florincourt.com brummer.se
Contact	Matt Stevenson

Regulatory disclosures

0 % of the Fund's assets are subject to special arrangements such as side pockets or gates, arising from their illiquid nature.
There have been no changes to the Risk management systems of the AIF, and no risk limits have been exceeded.
There have been no changes to the leverage arrangements of the AIF, nor to the right to reuse of collateral.

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