



April 30, 2025

## THE LONG PULL: Q1 2025 Portfolio Review (Part 2)

Last week, we reviewed the Equity Book portion of our Q1 returns, which you can read about [here](#). We explained the three names that drove the Equity Book returns: Idaho Strategic (IDR), Valeura Energy (VLE), and Rheinmetall (RHM).

As a quick refresher, here are the raw Q1 performance data:

- January: +2.42%
- February: -1.23%
- March: +12.68%
- **Q1 2025: +13.87%**

We returned 50.43% in 2024 and carried last year's momentum into this year, which is encouraging.

This week, we review the futures/forex trades that helped secure a near 14% Q1 return.

I consider our futures and forex trades the “secret sauce” to the Macro Ops portfolio.

Most investors pigeonhole themselves into a market cap, financial instrument, or style bucket. You've heard the pitches ... “*We only invest in micro caps,*” or “*We only buy natural resource stocks.*”

The beauty of Macro Ops is that we can go anywhere, across any asset class, as long as we see a positive expectancy setup. We simply play a different game.

Stanley Druckenmiller explained this “go anywhere” philosophy on a podcast (I'm paraphrasing):

*“I have a global mandate. So, if stocks aren't working, I can go to bonds, currencies, or commodities. I can always find something that I believe will work and allow me to generate returns. I don't have to stay in any one area.”*

This is why Druckenmiller never had a down year in the ~30 years he managed money. And it's the cornerstone of our investment process at Macro Ops. It's our edge.

Let's get after it.

## Trade 1: Long Coffee Futures (KCH5)

Coffee was, by far, our biggest futures winner in Q1. The position generated nearly 6% in profits over roughly two months. Check out the entry below.



This was a textbook technical setup:

1. Bull Quiet Market Regime
2. Volatility Breakout from a highly compressed zone
3. No overextension
4. Well-defined entry and exits

However, it *wasn't* a Trifecta Lens setup. Alex explained why in the trade alert (emphasis mine):

*“Sentiment and positioning are fairly elevated, while seasonality is a headwind until the turn of the month when it then flips into a strong tailwind. So not a trifecta setup but the technicals are decent so we'll put in buy stops but size on the smaller end at 50bps.”*

This affected position sizing. An *actual* Trifecta Lens setup would've allowed us to risk 100bps on this trade versus 50bps. It also changed how we managed the trade (from Alex again):

*“Since it's a purely technical trade, as I don't have any conviction on the fundamental story and positioning is stretched, I'm just trailing a hard 5dma stop here for half profits. The other half I'll play by ear and see how the chart develops. Though I'll be quick to take it off if the tape gets heavy. Plus, we have a hard stop at breakeven, no matter what.”*

But sometimes you get lucky. Coffee ran ~25% in <14 trading days after we bought (see below).

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I wish we had 100bps of actual risk on that trade. Of course, if we did, it would've reversed on Day 2 and closed for a -1R loss (I don't make the rules!). The important thing is that we followed our process. We reduced our actual risk because we didn't have a Trifecta Lens setup.

## Trade 2: Long British Pounds (6BH5)

Alex alerted the Collective of the British Pound trade on March 3rd, writing (emphasis mine):

*“The market is trading heavier than a bag of rocks, weighed down by another rough day for LQD/IEF and weak signals from key internals. Breadth measures remain above oversold levels, and sentiment still feels too complacent, reinforcing our expectation for more choppy action and short-term bearish surprises. While we’re steering clear of equities for now, opportunities are emerging in JPY, GBP, and gold.*

*Both JPY and GBP are benefiting from rising rate differentials, with our yield spread oscillators for these pairs sitting above the 80th percentile. Price action confirms this strength, as both currencies continue to stair-step higher.”*

Check out the pound chart below.



We took partial profits around \$1.30 and closed our position at \$1.2890. However, this trade again demonstrates the power of position sizing. We had well-defined entry and exit points that allowed us to achieve **~64% notional exposure**. So the “small” 2% move to \$1.30 generated an outsized impact on our P&L.



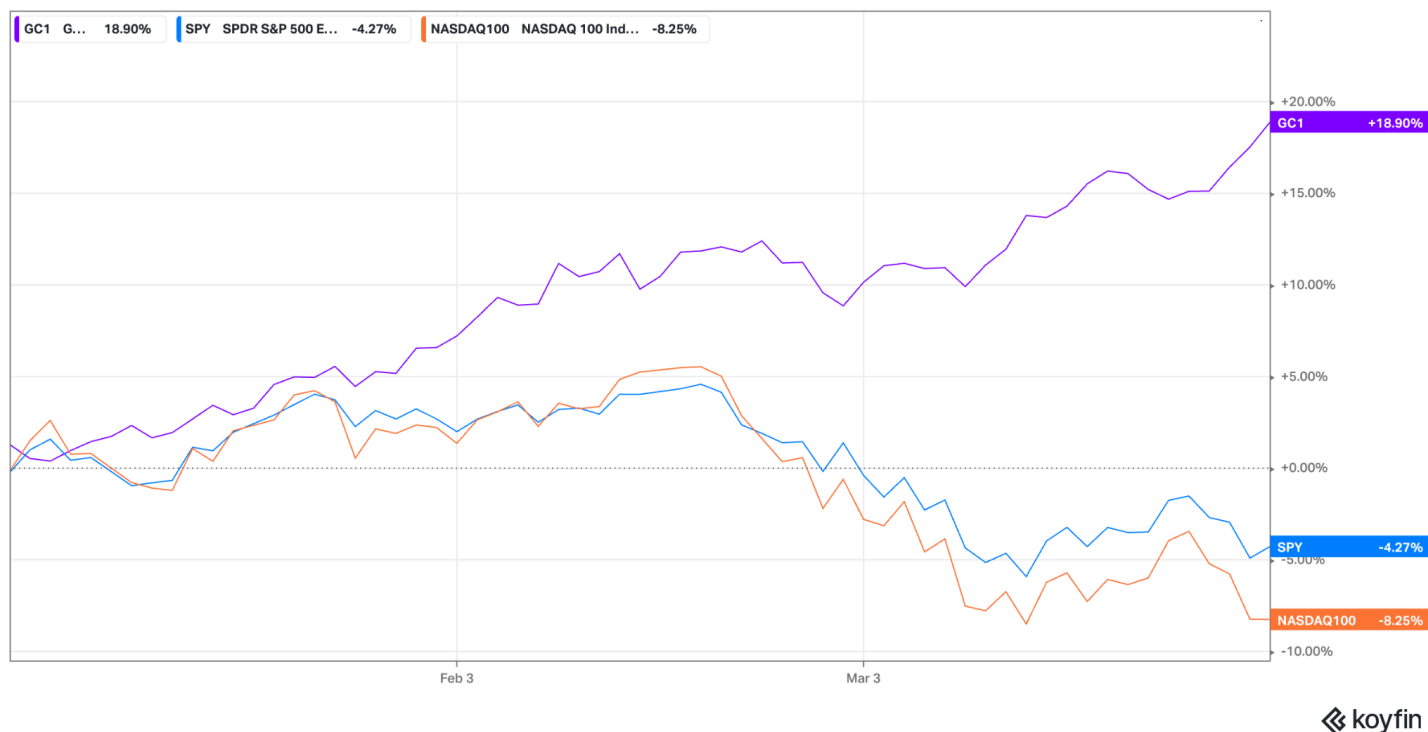
Remember the Druckenmiller philosophy of “go anywhere” to find a bull market? We found a bull market in the currency markets.

Our final trade takes us to the gold markets.

### Trade 3: Long Gold Futures (MGC2025)

Gold (and our adjacent gold miners) have been our most profitable trading theme of the year.

The yellow metal returned ~19% during the quarter, far outpacing the S&P 500 (-4.27%) and the Nasdaq 100 (-8.25%).



We trimmed our gold position throughout the quarter for two reasons:

1. We wanted to book some open profits
2. Gold entered a Bull Volatile Market Regime

We still hold a ~24% notional long position today but will gladly flip short if our systems say to get short.

That said, gold has been a lesson on being right for the right reasons, holding through a sustained rally, and taking profits when our system says to.

## Conclusion: Druckenmiller's Philosophy In Action

Q1 2025 represents everything I love about the Macro Ops Philosophy. We go anywhere, invest in any instrument, obsess over position sizing, and respect the tape.

It doesn't matter if we're trading British Pounds, coffee futures, or a small cap junior gold miner. The rules are the same. And that's the beauty of it.

I can't find a more robust trading process than the one we employ. Don't get me wrong, there's still a ton of low-hanging fruit and areas to improve. But that just makes it more exciting.

Whatever the market brings, I trust our Process.