

## Quarter report September 2019

### Markets

While the quarter started with continuing recouping grounds it had lost in May, more suppressed economic data quivered the equity markets in August. A lot of the gains made in the factor 'value' were now wiped out completely, delivering a negative return for the year. For a second time this the group was hurt the most after already been whip sought in May. Though, markets on an index level deliver most flourishing returns and seem not to price in any of the growth anxiety. This is all due to the heavy weight of defensive stocks. 10-year interest rates in the US fell to 1,45% after closing the second quarter still above the 2%. In Europe historic new lows were set and the 10-year Bund yield fell to -0,7% while ending June at -0,3%. Not much negative news was needed to push yield lower in an empty market during the summer lull. The strict solvency regime on balance sheets of pension funds and life insurers isn't helping either as this regime pushes these entities even more in long bonds as yields move lower. Secondly, the investment crowd is very much risk off, deleveraged, and hugely disproportionately invested in the US. Evidence can be found in the price of gold, commodities, bonds and even the bitcoin. Not only is the factor value underperforming versus momentum and quality once again, but only twice has the valuation gap between growth and value been this wide in the last 40 years (TMT bubble and GFC). Trade War rhetoric's, the ongoing Brexit Saga and impeachment do the trick. But that is not telling the whole story. Central Banks keep, rightly so, pumping more money into the system as growth/inflation is not taking off and still whole economies are indebted. This money, for now, is only partly set to work in the real economy, but the more filters through in the equity and bond markets. Historic low (negative) interest rates are the consequence. And while politicians are outraged (especially these from northern countries) as they see their saving possibilities vaporizing, they are the ones that keep a tight lid on the budgets, rather than helping to jumpstart economies. That brings us in the awkward situation where deteriorating economic growth is lifting equity markets via more investment in defensives. And vice versa will good news drive markets (on an index level at least) down.

### Portfolio

The portfolio didn't change all that much during the third quarter. Leverage was brought down by decreasing positions on long and the short side. Net exposure hovered around the 50% net long level but have been actively managed with an on and off future overlay on the short side, as markets fluctuated wildly. The long portfolio was kept below the 100% level.

Individual weights were reduced as volatility on a stock level is crawling up, especially in de more cyclical names. Over the quarter winners on the long side were SIF Holding +30%. A clear increase in the order portfolio have taken away worries about operational leverage after their production increase last year. Arcadis fought its way back up. Although lately tormented by the nitrogen issue, it did + 11% in July. But also Peugeot (+6%) and ASML (+11%) brought in good fortunes. Puts on EuroStoxx index helped the result substantially, while Philips added substantially in July. The short portfolio profited from Corbion (-7%) after not too great 2<sup>nd</sup> quarter results. The same goes for TKH (-16%). As expectations were over the moon. And Randstad (-7%) couldn't hold on to its headline growth numbers. But also, companies like Adecco, Klepierre, and ASR added to the short result. But no blue skies allover. We were hit in Bam (-41%) because of the Nitrogen issue. And were wrong footed in AbnAmro (-14%) after an alleged money laundering case. The 2<sup>nd</sup> quarters results of Royal Dutch couldn't please investors who had more than enough trouble reading the oil market on itself.

### Outlook

As PMI data deteriorate it is easy to push the case for an imminent recession. And with the yield curve at par the case for an inevitable recession is rock solid according to the talking heads. As nothing sells better then devastating news, recession headlines hit the front page. As if suddenly forecasting a recession is a child's play. There is more to it than that, and indicators are contradictory. For the sake of their argument, the tight labor market and solid consumer confidence is left out the equitation. And even ISM and PMI's data are contradictory as ISM is still way off recessionary levels. While it is easy to project the PMI trajectory, the deterioration on itself is not that surprising considering base effects. Monetary indicators show a quit different picture for Europe and China. And so far, they indicate a pickup late 2019. While the US show no pickup before 2020. It needs to be seen where we are heading, at least we will not be falling off a cliff. Seen the market positioning, any stabilization in data will full heartedly embraced for the sign that Goldilocks is still with us. What we can only hope for is a malfunction of Trumps Twitter account to bring us some peace.

### Performance Directional Share Class Long Only

Net Asset Value September	111.5
Long Only Return	1.8%
Europe Total Return	2.5%
YTD Return Long Only	23.5%
YTD Europe Total Return	19.7%
Best monthly return last 12 months	8.2%
Worst monthly return last 12 months	-10.6%
12 month return	-3.5%
3 year return	8.7%
5 year return	18.1%
10 year return	212.4%
Since Inception	83.7%
Since Inception Europe Total Return	26.7%

### Performance Share Class LongShort

Net Asset Value September	111.7
Net Asset Value June	108.3
Fund Return	3.2%
YTD Fund Return	10.7%
YTD Europe Total Return	19.7%
Best monthly return last 12 months	4.7%
Worst monthly return last 12 months	-9.4%
12 month return	-9.8%
10 year return	48.8%
Since Inception Europe Total Return	26.7%

### Risk ( 12m) long only

VAR/1month/ 95%conf.	5.7%
Number of Longs	29
Top 5 Longs as % Equity	27%
Top 10 Longs as % Equity	47%
Delta	103%
Beta forward	114%
Beta realised	108%

### Risk ( 12m) LongShort

Gross Exposure/Leverage	120%
Long	83%
Short	37%
Net Exposure	46%
Number of Longs	29
Number of Shorts	16
Top 5 Longs as % Equity	27%
Top 5 Shorts as % Equity	20%
Beta forward	79%
Beta realised	40%



## Performance TradeWind Long Only in %

Year	Position	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR	CUM
2007	TWC Long Only									1.5%	0.7%	-5.4%	-0.9%	-4.2%	-4.2%
	Euro Stoxx index									0.1%	3.0%	-3.3%	-0.5%	-0.8%	-0.8%
2008	TWC Long Only	-12.3%	-1.7%	-7.7%	8.2%	4.3%	-8.4%	-4.2%	2.5%	-18.1%	-18.7%	-7.5%	-1.1%	-51.8%	-52.9%
	Euro Stoxx index	-13.0%	-1.0%	-2.7%	6.3%	0.9%	-11.7%	-1.7%	1.3%	-11.5%	-15.9%	-6.2%	0.2%	-45.1%	-45.1%
2009	TWC Long Only	-1.1%	-4.9%	3.9%	12.9%	7.6%	-1.2%	3.3%	1.8%	1.0%	0.8%	3.2%	9.2%	41.4%	-33.4%
	Euro Stoxx index	-6.7%	-10.9%	3.9%	16.0%	18.2%	-13.1%	9.6%	5.8%	4.4%	-4.5%	1.7%	5.6%	27.7%	-29.9%
2010	TWC Long Only	-0.9%	1.5%	10.5%	2.2%	-9.3%	2.1%	14.6%	-9.0%	11.0%	1.1%	4.4%	17.2%	50.5%	0.2%
	Euro Stoxx index	7.3%	2.0%	-7.7%	-2.4%	-19.0%	-3.2%	7.6%	12.5%	5.3%	3.9%	-5.0%	5.6%	2.7%	-28.0%
2011	TWC Long Only	3.9%	2.4%	4.8%	2.5%	-1.3%	-3.8%	-5.6%	-9.7%	0.9%	6.8%	-3.4%	4.7%	0.8%	1.0%
	Euro Stoxx index	4.4%	2.0%	-2.5%	3.6%	-2.3%	-0.9%	-5.9%	-12.9%	-6.0%	8.5%	-2.4%	-0.3%	-15.3%	-39.0%
2012	TWC Long Only	3.9%	7.5%	3.4%	-3.9%	-9.0%	4.1%	-0.1%	1.3%	-0.8%	-0.1%	3.2%	4.5%	13.5%	14.6%
	Euro Stoxx index	5.6%	4.3%	-0.1%	-5.1%	-7.1%	6.3%	2.7%	4.0%	1.2%	1.8%	2.7%	2.4%	19.3%	-27.2%
2013	TWC Long Only	4.4%	-6.4%	0.4%	-0.3%	6.6%	-2.7%	6.7%	1.5%	5.7%	7.9%	2.4%	-0.2%	28.2%	47.0%
	Euro Stoxx index	3.2%	-0.8%	3.0%	0.0%	3.5%	-5.5%	6.4%	-0.9%	5.9%	5.3%	1.2%	0.8%	23.6%	-10.0%
2014	TWC Long Only	4.1%	-3.5%	2.7%	0.7%	4.7%	-1.7%	-3.1%	-1.8%	3.7%	-4.5%	3.5%	0.8%	5.1%	54.5%
	Euro Stoxx index	-2.1%	5.0%	0.3%	0.9%	2.6%	-0.9%	-3.4%	1.6%	0.9%	-2.7%	4.7%	-2.4%	4.1%	-6.3%
2015	TWC Long Only	6.6%	11.6%	1.9%	1.9%	-2.3%	-1.4%	4.0%	-8.9%	-5.6%	5.6%	2.1%	-1.9%	12.6%	73.8%
	Euro Stoxx index	7.2%	7.3%	3.0%	-1.4%	0.5%	-3.9%	4.7%	-8.3%	-6.6%	9.5%	3.0%	-5.6%	10.4%	3.4%
2016	TWC Long Only	-5.9%	-2.2%	3.7%	-0.5%	3.6%	-7.2%	3.6%	0.9%	1.5%	4.3%	-0.9%	7.6%	7.9%	74.2%
	Euro Stoxx index	-5.9%	-3.0%	2.8%	1.1%	2.2%	-6.2%	5.1%	1.3%	-1.0%	1.2%	-0.4%	6.7%	3.8%	0.6%
2017	TWC Long Only	0.1%	1.2%	2.5%	1.8%	-1.3%	-1.1%	1.9%	-1.4%	2.7%	0.0%	-4.6%	-1.1%	2.0%	91.1%
	Euro Stoxx index	-1.0%	2.6%	5.4%	2.3%	1.6%	-2.7%	0.4%	-0.4%	4.5%	2.3%	-2.0%	-1.0%	12.5%	21.2%
2018	TWC Long Only	2.0%	-0.4%	-3.8%	6.2%	0.0%	-3.9%	3.4%	-3.0%	-0.8%	-10.6%	-3.9%	-9.9%	-23.1%	47.0%
	Euro Stoxx index	3.2%	-3.8%	-2.1%	4.9%	-1.5%	-0.9%	3.5%	-2.6%	-0.3%	-6.6%	-1.1%	-5.8%	-12.7%	5.8%
2019	TWC Long Only	8.2%	5.3%	-0.6%	6.5%	-5.5%	7.6%	2.5%	-3.6%	3.1%				23.7%	82.1%
	Euro Stoxx index	6.2%	4.1%	1.4%	5.0%	-5.7%	5.2%	0.1%	-1.3%	3.7%				19.7%	26.7%

## Performance TradeWind Equity Fund in %

Year	JAN	FEB	MRT	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR	CUM
2007									-0.2%	-3.1%	5.0%	1.8%	1.8%	1.8%
2008	2.1%	-3.1%	-6.1%	4.3%	3.6%	-2.8%	-0.5%	0.6%	-13.9%	-11.2%	-4.9%	-2.1%	-30.5%	-29.4%
2009	-3.2%	-1.1%	2.4%	10.5%	4.9%	-1.2%	-0.9%	-2.3%	-0.5%	1.9%	1.4%	3.4%	15.0%	-19.0%
2010	0.7%	4.5%	3.1%	2.1%	-0.7%	0.6%	11.2%	-4.5%	7.1%	-1.1%	5.2%	7.1%	39.2%	13.5%
2011	3.1%	0.7%	3.3%	0.7%	0.9%	4.0%	0.3%	2.3%	3.3%	1.8%	-2.3%	2.5%	22.4%	38.9%
2012	1.6%	2.3%	0.4%	-1.4%	-5.1%	1.7%	0.7%	-1.1%	-4.3%	-2.8%	3.0%	2.5%	-3.5%	34.0%
2013	0.2%	-8.0%	-0.5%	-3.3%	5.0%	0.7%	4.3%	1.0%	2.5%	4.5%	2.7%	-0.3%	7.9%	44.5%
2014	4.8%	-3.7%	1.5%	0.3%	2.7%	-1.3%	-0.3%	-3.1%	3.3%	-5.1%	0.5%	-0.6%	-2.8%	41.3%
2015	1.6%	3.8%	-0.6%	2.0%	-2.8%	-0.1%	-0.1%	-2.8%	-1.7%	-0.8%	0.5%	-0.4%	-2.9%	37.1%
2016	-2.9%	-0.4%	2.2%	-1.4%	2.2%	-5.8%	-2.8%	-0.6%	0.7%	4.6%	-0.5%	5.2%	-1.2%	34.9%
2017	0.0%	-0.4%	0.7%	1.3%	-2.4%	-1.0%	1.7%	-1.0%	1.5%	0.2%	-4.6%	-1.4%	-6.3%	26.4%
2018	1.6%	2.0%	-1.4%	4.3%	-1.9%	-1.9%	0.8%	-1.8%	0.0%	-9.4%	-4.9%	-3.9%	-17.9%	0.9%
2019	4.4%	1.0%	-1.5%	2.9%	-2.3%	4.7%	2.5%	-1.6%	2.3%				10.7%	11.7%