

Quarter report December 2020

**Markets.**

It has been quite a remarkable quarter. The foresight of a Biden victory and a Blue Wave (victory in Senate & House) gave the ultimate push for value stocks to start outperforming growth stocks. Relative performance coming of value versus growth reached almost 30%, which is uncharted but not that surprising seen what happened in the months before. Volatility was all over the place. Presidential elections ran tight and changed course during the counting. Value relative performance faded when odds for a Blue Wave diminished and president Trump not willing to admit his defeat. In the meantime the second wave of virus spreading gathered pace, resulting in new lockdowns. New strings of mutated virus were found and flared up anxiety. Though on the other end, several pharmaceutical companies reached last stage of getting approval for a vaccine. As we speak vaccination around the world is set up and gathering speed. Another 'hot' topic was driven to a climax, namely Brexit. Time and time again deadlines were not met and again and again the dialog was extended. But with the year end nearing, a hard Brexit came in sight and it seemed that well known gaps, time and time again couldn't be overcome. More to, none of the parties wanted to give in. It took until the very last day to finally close a deal. And if it wasn't for Corona probably there wouldn't be a deal at all. But the UK economy was falling off a cliff and with the nadir not in sight, the UK was left no other option and to give in. And with hindsight it was questionable if dragging this whole Brexit process delivered the UK any good at all. Markets will cheer that finally some high volatile events are taken off the agenda.

**Portfolio.**

Finally, value broke the persistent underperformance versus growth... and with a bang! The valuation gap had reached historical levels. Which in itself is not enough to counter the trend, but gives ample ammunition for huge mean reversion when economic forecast alter. Known impetus like lower infection rates, Blue Wave US elections and a clearance for the Pfizer vaccine did the trick. The outlook that all this could turn into a much more inflationary world lifted bond rates and commodities. Risk was very much on, also seen by rocketing performance of the Bitcoin. At first, growth stocks fell, especially tech stocks dragged markets down. But with a Blue Wave US election in sight, value started outperform growth and ended the month with a stellar 25% outperformance. In December the outperformance lost a bit of its glance. Democrats didn't win the Senate and Brexit dragged on. But in the meantime infection rates went up again and the prospect of a vaccination program starting before year end couldn't ignite further outperformance but instead markets as a whole were lifted. For the year IT stocks / ESG stocks took the stage but more lately all reflation names positioned themselves in the spotlights. For most of them it couldn't save the year, but bottom to top performance is impressive, and with that, growth stocks second half performance looks pale. Doubling of prices were no exception. November portfolio performance is one of the best in history and closed the gap for long only and boosted performance for long short to reach almost 15 % for the year. The portfolio has not been changed much, and will not as the cards look good the reflationary trade.

**Outlook**

2021 looks to be the year all you could have wished for. A blue wave in US politics will mean first of all more stimulus come which will out favor higher taxes for high earners. Especially infrastructure, healthcare and green fuel will have tail winds. That doesn't count for the big IT companies as Facebook, Alphabet, and Amazon. They will find more scrutiny on their path as their dominance on our daily lives becomes questionable. The call for splitting up these companies become louder and louder. Also the Brexit saga has finally come to an end. This has been pressing growth for almost four years now. As businesses had no clew which way it was going and investments stalled. It is one of these big items which have been taken of the agenda which will reduce elevated risk premia versus US. It has been highlighted before; the amount of money pumped into economies is something we have not experienced since WO II. And as the pandemic is a one off shock and not structural, it will be resolved sooner or later ( keep our fingers crossed), turning this stimulus into inflation fuel once the economy ignites.

In time the lockdowns and vaccination will result in a rapid deceleration of the pandemic. And we know how markets behaved last time round. But now with all unprecedented stimulus programs around and the huge outperformance of growth/defensives versus value/cyclical, bets are on value. The run off in Georgia resulted in a Democratic majority in Senate, which will pronounce a more risk on attitude to start with and more rotation to come, when the feeling that the pandemic is finally in grip gets traction. Markets can move further up, but first signs are not to be expected before March and in the mean time it could even go the other way around as the virus spreading is still accelerating. How this balances out, is the mean investment topic, but for sure it will result in elevated volatility. In the longer run the odds are that it will be accompanied with higher yields/ inflation, which will hurt highly valued stocks; i.e growth / tech. Meaning that on an index level sky rocketing returns are not to be expected, but sector rotation can drive double digit returns as well.

For now it looks that on macro and micro front we have some difficult months ahead. We have to muddle through these numbers. Renewed lockdowns late last year will have its impact. It will be not very surprising to see short term projection come down.

**Performance Directional Share Class Long Only**

Net Asset Value December	118.0
Long Only Return	17.6%
Europe Total Return	12.6%
YTD Return Long Only	0.4%
YTD Europe Total Return	0.3%
Best monthly return last 12 months	21.0%
Worst monthly return last 12 months	-16.4%
12 month return	0.4%
3 year return	1.5%
5 year return	11.5%
10 year return	93.5%
Since Inception	93.9%
Since Inception Europe Total Return	33.8%

**Performance Share Class LongShort**

Net Asset Value December	133.8
Net Asset Value June	118.5
Fund Return	12.9%
YTD Fund Return	14.6%
YTD Europe Total Return	0.3%
Best monthly return last 12 months	13.9%
Worst monthly return last 12 months	-3.5%
12 month return	14.6%
10 year return	17.8%
Since Inception Europe Total Return	33.8%

**Risk ( 12m) long only**

Number of Longs	35
Top 5 Longs as % Equity	43%
Top 10 Longs as % Equity	62%
Delta	98%
Beta forward	93%
Beta realised	19%
Volatility realised	11%
factor momentum	-2%
factor value	5%
factor quality	-6%
factor growth	-8%

**Risk ( 12m) LongShort**

Gross Exposure/Leverage	143%
Long	98%
Short	39%
Net Exposure	59%
Number of Longs	34
Number of Shorts	15
Top 5 Longs as % Equity	23%
Top 5 Shorts as % Equity	33%
Beta forward	69%
VAR/3month/ 95%conf.	6.0%



### 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%	1.6%	1.7%	3.2%	31.5%	93.2%
	Euro Stoxx index	6.2%	4.1%	1.4%	5.0%	-5.7%	5.2%	0.1%	-1.3%	3.7%	1.3%	2.8%	1.2%	26.1%	33.4%
2020	TWC Long Only	-4.5%	-5.4%	-16.4%	4.3%	2.5%	3.6%	-3.3%	5.6%	0.0%	-4.4%	21.0%	1.7%	0.4%	93.9%
	Euro Stoxx index	-1.7%	-7.9%	-16.9%	6.5%	5.2%	4.9%	-0.9%	3.5%	-1.8%	-5.7%	17.0%	2.1%	0.3%	33.8%

### 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%	1.6%	0.2%	2.9%	15.6%	16.7%
2020	-3.5%	-0.4%	-2.2%	2.1%	0.8%	0.1%	-0.5%	4.3%	1.3%	-2.1%	13.9%	1.2%	14.6%	33.8%