

Quarterly report December 2021

Markets

Although the themes in the fourth quarter are not so different from today, the market reaction is quite the opposite. May a blank sheet in 2022 makes the difference and provides the opportunity to have other opinions. With hindsight, Q4 was characterized by holding on to old opinions, resist change, rather than adjust towards the new reality. Inflation is, forward looking, the name of the game, not FOMO or TINA for that matter. Though is common for investors to defend their positions just before the end of the year. And there you have it, a shocker of sector rotation in these first two weeks. Not in the least due to Central Bankers initially anxiously defending their 'Transitory', stance, then to come about, and now roar down on each other on who is the most aggressive inflation fighter. Let's hope that that just turns out fine.

Portfolio

As said, the portfolio composition was and still very much biased towards the reflationary trade. And performance is in absolute and relative manner very much depended on inflation to rise. But as it seemed, not only for inflation numbers to climb, but also for markets to acknowledge that inflation is for real. So as inflation numbers were on the move, the ratio of value over growth/defensive, tented to be downward and actually set a new low in November, to be back with vengeance in December. US retail investors ignored all signs as investing (speculating) in red hot IT names show(ed) dazzling returns (in hindsight); the party must go on, just put on the music, they must have thought. Momentum is a vicious thing and apparently hard to kill. While in Europe, negative interest rates on bank deposits drove first time investors into the equity market, buying mainstream winners and adding thereby to the party. L/S hedge funds threw in the towel and joint the stampede. It was actually only after acknowledgement by the FED, that this inflation was maybe not so 'transitory', that investors started to see that the punch bowl was running dry. And so value over growth reversed and rocked the boat with performances all over the place. Plus 1% in October, down 5, will jumping 8 percent in December.

Outlook

What do you do when the party is over? Go home and await the hangover. And home in this sense mean, mean reverting all things that have deviated from trend performances lately. The hangover comes from growth /IT stocks hovering way above their trend lines. It is clear that the "transitory" theme can't be maintained any longer. Not only are economic consequences too severe, if central banks do not act and getting behind the curve resulting in a old fashioned boom/bust spiral, but also, by not acting, mainly in the US, is political suicide. For sure being reelected as FED president by Biden, Powell must have knee jerked on inflation fighting. Persistent elevated inflation numbers and guessing on how central banks will fight inflation will dominate the first half of the year. Not only tapering the buy-in bond programs, but also selling outright bonds and higher short term interest rates is in the cards. For now the economic growth will hold up well, as higher interest rates are much more a capital markets headwind than it is for the economy. For now that is. Ample savings by privates and corporates in the US against a strong economy will tricker investments. Wage growth / job growth will lead to additional to consumption. That doesn't mean we won't see a fair bit op volatility. Valuations are at historical highs, while interest rates still are at historical lows. That doesn't bode well. And in particular not with real interest rates in negative territory. Especially growth stocks can be hurt in such an environment as they behave similar to long dated bonds/ perpetuals.(very interest rate sensitive). But also geopolitical tensions are lingering in the background. Cliché, but nevertheless true, ongoing dislocation (shortage) news and new waves of corona will add to that volatility. In mean time, ironically, we have switched in a blink of an eye from an 'inflation is dead' environment to 'hyper' inflation fear. This phenomenon is quite unknown for the younger generation investors. Monetary tail wind has been the name of the game the last 20 years. In the second half of the year, the risk of an inventory correction is present and with that a slowing economy for real. As of mid 2020 a sense of shortages became lively. Initially driven by production stops (Covid) and re-start issues. Dislocations added to that fear. Working/ shopping from home versus ordinary traffic was the main cause. But also the normal accompanied unemployment with a recession didn't occur in big numbers. So a spending spree developed. And ongoing sense of shortages, kick started hoarding spirits... in anything. The Industry is reacting accordingly by adding production capacity big time..while GDP is just around 2019 levels. So what if demand falls out? And it is transitory after all? Probably enough opportunities for proper long / short investing ! Have a great and sparkling year!

Performance Directional Share Class Long Only

Net Asset Value December	151.2
Long Only Return	3.6%
Europe Total Return	4.8%
YTD Return Long Only	28.6%
YTD Europe Total Return	21.8%
Best monthly return last 12 months	8.8%
Worst monthly return last 12 months	-6.8%
12 month return	28.6%
3 year return	69.0%
5 year return	32.5%
10 year return	145.9%
Since Inception	148.4%
Since Inception Europe Total Return	62.5%

Performance Share Class LongShort

Net Asset Value December	168.9
Net Asset Value September	157.4
Fund Return	3.4%
YTD Fund Return	27.4%
YTD Europe Total Return	21.8%
Best monthly return last 12 months	8.0%
Worst monthly return last 12 months	-4.8%
12 month return	27.4%
3 year return	18.7%
10 year return	21.6%
Since Inception Total Return	68.9%

Risk (12m) Long Only

Number of Longs	37
Top 5 Longs as % Equity	42%
Top 10 Longs as % Equity	61%
Delta	87%
Beta forward	161%
Beta realised	110%
Volatility realised	15%
factor momentum	47%
factor value	18%
factor quality	-28%
factor growth	-14%

Risk (12m) LongShort

Gross Exposure/Leverage	18%
Long	126%
Short	72%
Net Exposure	54%
Number of Longs	37
Number of Shorts	15
Top 5 Shorts as % Equity	16%
Top 10 Shorts as % Equity	26%
Beta forward	104%
VAR/monthly/ 95%conf.	5.1%



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%
2021	TWC Long Only	2.5%	4.7%	7.0%	0.3%	3.5%	-1.6%	0.2%	4.1%	1.2%	2.2%	-6.8%	8.8%	28.6%	148.4%
	Euro Stoxx index	-1.4%	3.6%	6.6%	2.2%	2.5%	1.0%	1.5%	2.6%	-3.4%	4.2%	-3.2%	3.9%	21.8%	62.5%

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%
2021	6.5%	5.1%	2.3%	-2.0%	5.3%	-2.3%	0.1%	5.3%	1.2%	0.8%	-4.8%	8.0%	27.4%	68.9%