

Quarterly report March 2022

Markets

As we were just about finished with Covid and ready for an economic boom, Russia invaded Ukraine. You never know what hits you, can you? As January developed reasonably as outlined in our December report, and highlighted sectors outperformed, prominent number one economic worry was inflation and the subsequent actions by Central Banks. But a war is a whole different story. Initially markets treated the "special military operation" by Russia along the lines as what happened with the occupation of the Crim: not too much to worry about in economic sense. But soon it became clear this was much more, with something that could potentially result in WOIII. And while the Russian invasion did not only harm the economic growth outlook, it also pushed inflation expectation further up. An extra motivation to sell risky assets, but now big time. And that was what markets did. Historic high amounts of equities were flushed down the drain. All in all resulting in market corrections exceeding 25%. And although save heavens were quickly sought in bonds, it was remarkable that yields quickly resurrected back to January highs. And while (European) markets focused on developments in Ukraine, it was questionable if that was the only concern. Where would yields have been without this war? And although bulls use again TINA (there is no alternative) for buying equities as real yields are still negative, the real question for how long these stay negative in case Ukraine tensions ease. Or on the flip side if things in Ukraine turn for the worse, what is the economic outlook? Especially taking into account that, in the meantime, members of FED committee seem to be convinced that driving up interest rates is a foregone conclusion and economic growth/employment is solid as a rock. How a couple of months can make a huge difference.... Fickle you say?

Portfolio

All well on the TradeWind portfolio side, as we were still banking on the reflationary trade. And although the invasion did hurt in February, the loss was outnumbered by the returns in January and March. Yet volatility in returns is high. While commodities are blossoming in this inflationary environment, an extra premium was giving to the sector due to shortages resulting from the situation in Ukraine. So any good news on that front is bad news for commodities. But given the current price levels, much more return is still in the cards as cashflows of these companies go through the roof. Financials is a different story. Although profiting from rising interest rates, a sobering economic outlook combined with fallout from Ukraine in their loan book makes it a much riskier undertaking. For classic defensive stocks it look still too early. A lot of them carry a too high valuation and are hampered in passing on input costs. And only when inflation and economic growth fall, it could make an interesting case. Leaves IT / Growth companies as remainder, the darlings of all. Besides overly owned, as long as interest rates are on the rise, these will act as very long duration bonds. Therefore we are much more inclined to look for thematic stocks faring well from for instance de-globalization, the green deal, commodity shortages and victims of an inflationary world

Outlook

Is the party over? Is stagflation a sure thing? Many people will let you believe so. And yes investment environment lingers on a thin line between overheating and stagflation. We don't believe that stagflation is upon us. Yes slower growth/recession can be Many feedstocks, causing the inflation to rise, have had to deal with output problems. They will pass by. On the other side due to Covid an extraordinary situation evolved resulting in a spending boom. Just when Central Banks had opened up all monetary gates and flushed the market credit. Just as what happened in 1974. A much quoted episode for inflation. But inflation/ war/ unemployment will kill demand and Central Banks already scaled back on monetary stimulus. Base effects will kick in later this year. It all could be transitory after all. And as savings in US and Europe are enormous; things don't have to turn out sour. But wage growth is conditional for spending power to be maintained and keep the economy going, which keeps us in an expandatory/overheating scenario. For markets we are most likely in a time correction rather than markets going directionally up or down again with high volatility. This will be the first real slog in years. A market that goes sideways swinging between spells of gains and losses. Rising interest rates and geopolitical angst get shares less valuable. Markets first will have to digest a transition away from disinflationary, low risk premium environment, before gaining ground. Then again, policy errors by Central Banks are just around the corner. Their agenda is on the run from being unemployment fighters to blind sighted inflation killers. Being already 'behind the curve' the are probably too late in the game. And now messing things up trying to solve a supply issue, by throttle demand. Central Banks can't control energy prices. They never have. But by trying so they risk leading us into a recession. The more, Covid and subsequent hoarding in anything led to growing inventories and production expansions. That doesn't bode well when demand is choked. Hopefully, geopolitics give central bankers enough of an excuse to trading water or at least temporize their stipulated path.

Performance Directional Share Class Long Only

Net Asset Value March	159.0
Long Only Return	3.6%
Europe Total Return	2.0%
YTD Return Long Only	2.0%
YTD Europe Total Return	-8.0%
Best monthly return last 12 months	8.8%
Worst monthly return last 12 months	-6.8%
12 month return	16.0%
3 year return	57.1%
5 year return	34.0%
10 year return	124.1%
Since Inception	161.2%
Since Inception Europe Total Return	49.4%

Performance Share Class LongShort

Net Asset Value March	179.8
Net Asset Value September	167.9
Fund Return	7.2%
YTD Fund Return	7.2%
YTD Europe Total Return	-8.0%
Best monthly return last 12 months	7.3%
Worst monthly return last 12 months	-4.9%
12 month return	18.4%
3 year return	20.3%
10 year return	24.0%
Since Inception Total Return	79.8%

Risk (12m) Long Only

Number of Longs	38
Top 5 Longs as % Equity	43%
Top 10 Longs as % Equity	68%
Delta	124%
Beta forward	147%
Beta realised	41%
Volatility realised 3Y	13%
factor momentum	40%
factor value	18%
factor quality	-14%
factor growth	-30%

Risk (12m) LongShort

Gross Exposure/Leverage	18%
Long	123%
Short	56%
Net Exposure	67%
Number of Longs	38
Number of Shorts	17
Top 5 Shorts as % Equity	35%
Top 10 Shorts as % Equity	45%
Beta forward	96%
VAR/monthly/ 95%conf.	5.0%



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%
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%	156.2%
	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%
2022	TWC Long Only	4.7%	-5.0%	2.2%										2.0%	159.0%
	Euro Stoxx index	-2.8%	-5.2%	-0.2%										-8.0%	49.4%

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%
2022	6.6%	-2.4%	3.0%										7.2%	79.8%