

Quarterly report September 2022

Markets

Third quarter 2022 was very much a recurrence of the second. It started on the right foot. After a fresh low in June, markets became aware that once trend in inflation reversed, central banks would follow shortly. Also known as the "Pivot" theme. Not only equity markets reversed, but also yield dropped as a stone. For instance the German 10 year yield topped at 1,77% and reversed to 0.8% in a month. This volatility in bond land is unheard of. In the same high yield dropped roughly 200 bps. An indication of diminishing stress. And as the oil price receded from 120 \$ to around 85 \$ it underlined thoughts that the worst at the inflation front was behind us. All the ingredients for a reversal of the trend and less volatile market fell into place. No wonder equity markets jumped a 10 to 15%. Also the associated rotation towards growth/ quality sectors from value, completed the picture. The party didn't last long. Initially, the increased Ukraine/ Russia tensions put the markets under pressure again. Gas prices rose to a level 5 fold from the average before the war. Rationing the gas throughput to Europa by Russia, questioned the availability for winter and possible shortage of feedstock for the European industry. But also putting severe pressure on disposable incomes. Not good at all for general investment confidence. The fact that China lowered interest rates and announced new infrastructure investments to support the economy couldn't change the mindset. And to complete Moore's law, the fresh UK government surprised markets by letting fiscal discipline slip completely and tried to stimulate the economy by a huge financial injections. This at a moment when the Bank Of England tried via interest rates hikes to cool the economy and thus inflation pressures. Risk spreads widened to crisis levels. It was too much for markets to bear and they crumbled towards the end of the quarter.

Portfolio

As stated above Q3 mirrored Q2. Finally it looked as if inflation retreated and investors were more willing to focus forward. That proved to be an illusion. Not only showed inflation its ugly face again, but on top of that energy supply to Europe was getting more worrisome. Every inflation report not showing any improvement, talking heads cried out for more CB hikes which affected markets dearly. But on the other side, consumer spending and payrolls didn't fall of the chart. The recession mantra was premature but that didn't help cyclical or our value stocks. And it didn't prevent investors, especially US investors, for now selling stocks more than 35 consecutive weeks. In June we had diminished shorts in growth and picked few longs in tech. In July therefore, with dropping yields, the portfolio harvested a good month. But not for long as August brought the opposite. But on balance over the quarter the portfolio was performing positively enough to cover for, and hold on to our not yet blossoming inflation roll over theme. Until 23th of September, when new Prime Minister Liz Truss released her UK budget plans,... stoking inflation. The UK market plummeted and with that other markets. Unfortunately a lot of our value longs are UK related. Amongst others Shell, which dropped more than 10% in two days. Shorts couldn't cover for their losses and the month ended up dreadful. In these waters it is difficult to navigate as again the first two days of October shows (markets up 7%) that risk is two ways when vested ideas are challenged.

Outlook

Developments as of lately doesn't really change the picture in such a way that the outlook materially changes. Though the risk of Central Banks overshooting increases as data don't give in yet. Second to that is that the willingness of investors to increase their risk, diminishes when performances are substantially negative and the window to make up for it, closes. For now we still think that inflation will roll over sooner or later and keep our stance. The major part of inflation is driven by cyclical factors, while disposable income deteriorates and supply issues vaporize. The further out the more base effects kick in. On balance lead indicators (monetary growth, PMI numbers, wholesale inventory, asset / commodity prices) say it will ease. But indicators like CPI (consumer price index) and labor markets statistics (payroll data and unemployment figures) don't budge (yet). Historically these have proved to be lagging, but up till now, markets aren't rest assured. Or is that the economy is just much more resilient than thought before? If so, fears about serious profit warnings are way out of line. And so is the stagflation worry then. We believe that inflation and nominal growth at this stage go hand in hand. High nominal growth & inflation? Hanging on to long commodity and value should do fine. But when inflation rolls over it is to be expected that growth/ tech will be in the lead, pushing broad markets higher. Currently we are in no man's land. It is obvious that, especially US investors fear the worst, have dug in and are not in for any other reasoning. Against this background, where investors, since the last decades have the highest cash positions, are overloaded with defensive stocks, hedge fund have the lowest leverage or net position since 2008, credit spreads are as wide as 2008/ 2011/2020, and a matured bear market, it is compelling to position ourselves a bit more to the bright side. Though, to repeat, no question that slow growth/ a shallow recession is upon us. No prophecy in that. But the real question is, how disastrous is that? And how much of that is already priced in. Some stocks trade at the lows of Covid 2020 or spreads are as wide as in GFI or the Euro crisis. How reasonable is that? In 2020 the end of the world was prophesied. That it all looks overdone is apparently no reason to buy, but this could change dramatically once a spark of light appears at the end of the tunnel. For sure investors are not ready for that. For now investors hanging in their spiraling malicious depressed mode as prophets and talking heads keep repeating the same old tune.

Performance Directional Share Class Long Only

Net Asset Value September	128.4
Long Only Return	-4.7%
Europe Total Return	-4.4%
YTD Return Long Only	-17.6%
YTD Europe Total Return	-21.4%
Best monthly return last 12 months	8.9%
Worst monthly return last 12 months	-18.4%
12 month return	-14.2%
3 year return	17.1%
5 year return	5.8%
10 year return	98.2%
Since Inception	111.0%
Since Inception Europe Total Return	27.7%

Performance Share Class LongShort

Net Asset Value June	163.7
Net Asset Value September	158.3
Fund Return	-3.3%
YTD Fund Return	-5.6%
YTD Europe Total Return	-21.4%
Best monthly return last 12 months	8.0%
Worst monthly return last 12 months	-11.8%
12 month return	0.8%
3 year return	13.8%
10 year return	25.9%
Since Inception Total Return	64.6%

Risk (12m) Long Only

Number of Longs	36
Top 5 Longs as % Equity	46%
Top 10 Longs as % Equity	67%
Delta	125%
Beta forward	106%
Beta realised	0%
Volatility realised 3Y	14%
factor momentum	4%
factor value	19%
factor quality	-4%
factor growth	0%

Risk (12m) LongShort

Gross Exposure/Leverage	193%
Long	125%
Short	-53%
Net Exposure	73%
Number of Longs	36
Number of Shorts	19
Top 5 Shorts as % Equity	16%
Top 10 Shorts as % Equity	26%
Beta forward	71%
VAR/monthly/ 95%conf.	4.9%



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%	-0.6%	4.7%	-18.4%	8.9%	-4.8%	-8.4%				-17.6%	111.0%
	Euro Stoxx index	-2.8%	-5.2%	-0.2%	-1.7%	0.4%	-9.4%	7.3%	-5.0%	-6.2%				-21.4%	27.7%

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%	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%	2.9%	0.7%	2.5%	-11.8%	3.7%	-1.3%	-5.5%				-5.6%	58.3%