

Quarterly report March 2023

Markets

In 2022 markets knee jerked. The war in Ukraine was lasting much longer and brought many more repercussions than imagined. That amongst others resulted in persistent high inflation. But also, economic growth didn't budge as private and corporate savings cushioned consumption. But there is also the cyclical nature of inflation and overtime pressures are expected to ease. But as always, timing is crucial. We expected that markets would recover from the beginning as 2022 ended with an anticlimax. Just the opposite of what consensus expected. They expected a (earnings) recession and lower markets in first half, to resurrect thereafter and positioned themselves likewise. So different was the start. January brought in good fortunes and the expected budge in corporate earnings weren't realized. The more, it had all signs that the European economy had seen its low point. Slowly the mood changed from stagflation/ hard landing via soft-landing into no landing at all. Though bonds started to price in such a scenario as well. In February 10-year yields in Germany rose by 70 basis points and 2-year yields rose by 85. That is a lot of volatility and difficult for equities to comprehend. The bombshell came from 2 US mid-sized banks running into difficulties. Losses on their assets (bonds) surpassed their equity. The following bank runs on similar banks magnified the difficulties. Although idiosyncratic, it didn't withhold markets participants to dump bank and other financial stocks. And now with Genie out of the bottle, the shooting from the hip was unleashed. The accompanying thought that tighter credit condition would result in a recession did the rest and ended the upward leg in markets.

Portfolio

Being rightly positioned, the portfolio blossomed. Either a soft landing or high growth/ high inflation would do the portfolio good. A hard landing would be difficult to absorb with a long bias on value and specifically cyclical companies. But such a scenario was not in cards for Europe and investors were already positioned for such an outcome. At end of January, we diminished our net long exposure and at the end of February we kept a fairly neutral positioning by locking in some profits. Though still running a high beta value tilt. The right angle, as yields were on the rise and investors were eyeing an Asian (China) economic recovery. The portfolio was on and off hedged by futures and put options. The spreading of the banking turmoil changed the whole scenery 180 degrees. Of course, the banking sector was hit immediately and so were we. But the subsequent risk off / defensive rotation caused secondary effects. Amongst others that interest rates dropped like a stone, and defensive/ growth/ IT sectors flew off. Precise the areas where we are short. So, a big part of the short book didn't help to hedge and the fall in value/ cyclical/ banks was more than the future/option overlay could withstand. Some of the gains of January/ February were washed away.

Outlook

Comparisons with 2008 were and are easily made. But fundamentally this is something totally different and comparison are far stretched. Yet social media gets the hurt into motion very quickly. And as the banking business is run on trust, it can easily be undermined. Sound balance sheet or not, as can be observed lately. Different situation or not, the outcome is as bad. Central Banks, lessons learnt, do understand that they must act immediately to cutoff contagion and ringfence any bank run. Time will heal this wound, but markets could remain choppy and itchy for some time. It is to be seen what the fallout damage will be (credit crunch). But also, on that front foresights are easy made on stress-based pricing foretelling bad omens. Yet that has also to be seen as the sky clears relatively quickly. The other side of the coin shows more upside. Central banks will be much keener to stop increasing / or lower rates than 2 months ago. Clearly inflation came with a bang (Covid) and now could be stopped by a bang (credit crunch), giving room for revaluations. With the investors community still clearly underinvested and defensively positioned the downside to these markets looks shallow.

Performance Directional Share Class Long Only	
Net Asset Value March	167.9
Long Only Return	13.1%
Europe Total Return	11.8%
YTD Return Long Only	13.1%
YTD Europe Total Return	11.8%
Best monthly return last 12 months	13.9%
Worst monthly return last 12 months	-18.8%
12 month return	5.6%
3 year return	89.1%
5 year return	47.8%
10 year return	145.1%
Since Inception	175.8%
Since Inception Europe Total Return	60.9%
Performance Share Class LongShort	
Net Asset Value March	180.0
Net Asset Value December	170.7
Fund Return	5.4%
YTD Fund Return	5.4%
YTD Europe Total Return	11.8%
Best monthly return last 12 months	9.5%
Worst monthly return last 12 months	-11.8%
12 month return	0.2%
3 year return	64.3%
5 year return	46.5%
Since Inception Total Return	80.0%
Risk (12m) Long Only	
Number of Longs	32
Top 5 Longs as % Equity	52%
Top 10 Longs as % Equity	80%
Delta	113%
Beta forward	142%
Beta realised	48%
Volatility realised 3Y	15%
factor momentum	12%
factor value	1%
factor quality	14%
factor growth	28%
Risk (12m) LongShort	
Gross Exposure/Leverage	199%
Long	113%
Short	55%
Net Exposure	58%
Number of Longs	32
Number of Shorts	25
Top 5 Shorts as % Equity	19%
Top 10 Shorts as % Equity	33%
Beta forward	64%
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%	9.8%	13.9%	-7.9%	-4.9%	144.0%
	Euro Stoxx index	-2.8%	-5.2%	-0.2%	-1.7%	0.4%	-9.4%	7.3%	-5.0%	-6.2%	8.0%	8.1%	-3.5%	-11.4%	48.1%
2023	TWC Long Only	13.1%	1.1%	-1.4%										13.1%	175.9%
	Euro Stoxx index	9.3%	1.9%	0.4%										11.8%	60.9%

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	6.4%	-2.6%	2.7%	0.9%	2.2%	-11.8%	3.5%	-1.3%	-5.5%	8.6%	7.9%	-6.8%	2.0%	70.7%
2023	6.9%	0.3%	-1.7%										5.4%	80.0%