

Quarterly report December 2023

Markets

It has taken quite a longtime before the idea that Central Banks really were on hold. And that down the road interest rate cuts were in sight, no hikes. And so the markets started rallying big time mid-October. Shocking? Not really. Actually, markets won back the lost ground since the end of August. Lower inflation numbers, ok economic growth and a substantial reduction in real yields (risk premium) unleashed cash to move to equities and shorts to be closed down. The market stance was acknowledged by the FED on 13th of December, hinting on substantial rate cuts in 2024. And as the end of the (book) year was approaching, this was the last leg for markets. End so markets sprinted higher towards the end. Investors must have been totally off guard and wrongly positioned, if taken into consideration that tension in the Middle East flared up, and still markets could rally. And yes, lately all geopolitical tensions are taken lightly by markets, but this one could have potentially serious repercussions, also on the Ukrainian front. That investors were taken off guard can mainly be attributed by the fact the words (lip service) of Central Banks were taken at face value and were given much too much weight. Which in itself is surprising, seen its lousy track record as of lately. This combined with the ongoing mantra of the coming recession (since early 2022). The idea of elevated rates and earnings recessions scared investors out equities and kept them on the sidelines. And so the statistics were once again underlined; economists foretell 3 recessions out of one.

Portfolios

Going into the last quarter with market participants on off risk, underinvested and most probable off guard, we added to long positions which were beaten down since late August. This was financed by selling energy and banking stocks. We anticipated that lower inflation numbers would ignite a bond rally. Growth/ IT / Real Estate would be most beneficiary sectors of such a move. Grosso modo that view worked out. But for instance, luxury goods companies didn't live up to the expectations and corner stones in cyclical companies rallied as well. But especially IT companies did fantastic. Sizeable positions in Adyen, ASML and Cap Gemini brought us fortune, while even shorts in Ahold, BMW and Unilever resulted in gains. Late December we took some chips off the table, resulting in lower net and gross leverage. As for now, markets move sideways as one could expect after the late rally in 2023. And yet we expect the rally to regain shortly on the same arguments as before. Although there has been a rally, volumes were not that great. Meaning that there is still a sizeable amount of cash on the sidelines. A scintilla of 'Goldilocks' (moderate growth, lower inflation) will make the pendulum swing to overweight equities and could potentially push growth/IT stocks into bubble territory (2000?). It is not so much the level dictating a bubble, but the speed of the trajectory. What will happen round summer is muddy. Besides geopolitical trouble or not, we could either face much slower growth worldwide or solid growth but also with resurfacing inflation. Both scenarios putting a lit on equities, while Goldilocks would provide the sunny scenario depending on extent of anticipation. Again macro economics and CB's will play the main role. In that sense; nothing new.

Outlook

Markets are for the moment range bound. After the strong rally in equities and bonds in the last quarter, markets are taking a breather. It is to be expected that the rally will continue as lower inflation will drive yields further down and keep providing tailwind for equity market valuations. Q4 company figures will be a mixed bag and stock selection will be of the essence. Rather than buying whole markets, i.e index ETF's. But as inflation drops, so will sales growth for several companies. And as economic growth in the US cools, not much of tail wind is to be expected in accelerating earnings growth. On the other side of the pond, economies in Europe are likely to slightly pickup in economic activity. And as European equities are not that expensive and expectations quite low, it will very well be that Europe will become the market of choice. That said all things being equal. But unfavorable geopolitical outcomes still linger. Especially as the US go to elections, with potentially a game changing outcome on the political front. In the US lower yields will also support valuations, but lower employment could hurt consumption. Earnings and outlooks are more likely to have some downside. The persisting bias towards growth companies is understandable and any rally will likely still be driven by "the magnificent seven". But all the above seem to be consensus. And only an allocation shift from the high cash levels towards equities will reward the consensus stance. The real surprise would be high growth with levelling off inflation. That would really rock markets.

Performance Directional Share Class Long Only

Net Asset Value December	194.1
Long Only Return	16.1%
Europe Total Return	7.8%
YTD Return Long Only	26.1%
YTD Europe Total Return	18.6%
Best monthly return last 12 months	15.3%
Worst monthly return last 12 months	-7.7%
12 month return	26.1%
3 year return	64.4%
5 year return	117.0%
10 year return	117.0%
Since Inception	217.0%
Since Inception Europe Total Return	75.6%

Performance Share Class LongShort

Net Asset Value December	197.0
Net Asset Value September	176.6
Fund Return	11.2%
YTD Fund Return	15.4%
YTD Europe Total Return	18.6%
Best monthly return last 12 months	9.7%
Worst monthly return last 12 months	-5.2%
12 month return	15.4%
3 year return	48.6%
10 year return	36.4%
Since Inception Total Return	97.0%

Risk (12m) Long Only

Number of Longs	31
Top 5 Longs as % Equity	59%
Top 10 Longs as % Equity	87%
Delta	130%
Beta forward	160%
Beta realised	60%
Volatility realised 3Y	14%
factor momentum	-7%
factor value	-4%
factor quality	37%
factor growth	52%

Risk (12m) LongShort

Gross Exposure/Leverage	206%
Long	130%
Short	76%
Net Exposure	54%
Number of Longs	31
Number of Shorts	24
Top 5 Shorts as % Equity	20%
Top 10 Shorts as % Equity	54%
Beta forward	88%
VAR/monthly/ 95%conf.	4.6%



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%	1.6%	-1.8%	5.3%	5.2%	-7.7%	-3.8%	-4.7%	15.3%	6.2%	26.1%	118.9%
	Euro Stoxx index	9.3%	1.9%	0.4%	1.4%	-2.5%	3.8%	2.0%	-3.1%	-3.1%	-3.3%	8.0%	3.2%	18.6%	75.6%

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%	-3.0%	2.5%	0.2%	3.5%	3.3%	-5.2%	-1.3%	-1.0%	9.7%	2.7%	15.4%	97.0%