

Quarterly report June 2024

Markets

The second quarter of 2024 was marked by moderate economic growth, persistent high inflation, strict monetary policies, and geopolitical tensions, creating a challenging environment for investors. The ongoing conflict between Ukraine and Russia continued to impact global markets through energy prices, given the region's importance to global energy supplies. Additionally, trade tensions between the U.S. and China affected investor sentiment and market dynamics.

Despite these challenges, investments in technology, particularly in artificial intelligence and green technologies, remained strong, while traditional sectors faced pressures from market volatility and economic headwinds. On an index level, markets progressed steadily, but on a sector level, performances were mixed. Technology stocks performed well, driven by the ongoing AI buzz and strong earnings reports, with companies like ASML and SAP thriving. In contrast, car manufacturers like Renault and Volkswagen faced difficulties due to competitive pressures in electrification from China and weakening consumer demand, as seen with BMW. Retailers such as Marks & Spencer and H&M struggled with inflationary pressures and waning demand, leading to lower margins and sales.

Corporate earnings reports varied; some companies managed to offset higher costs through efficiency measures, while others faced reduced margins due to increased input prices. Overall, sales growth was weaker as high inflation began to ease. Despite the complex backdrop, markets, especially in Europe, performed well, driven by a fear of missing out (FOMO). After years of adverse developments (COVID-19, Ukraine, Gaza), the influx of fiscal stimulus has bolstered European markets, with no attractive alternatives in Asia or the U.S. Global economic growth showed moderate improvement, with developed economies like the U.S. and parts of Europe experiencing a mild recovery, encouraging cyclical investments. However, emerging markets struggled with persistent inflation and high interest rates, which hindered economic performance.

High inflation, driven by persistent high prices in the energy and food sectors, continued to affect consumer spending and confidence globally. Central banks, including the Federal Reserve and the European Central Bank, maintained higher-than-expected interest rates, leading to increased bond market volatility and strengthening the dollar. Precious metals like gold and silver saw increased demand as investors sought safe-haven assets amid market uncertainties, while Bitcoin lost interest versus the dollar, dropping 20 percent.

Portfolios

We ended Q1 with no net exposure, buying hedges and reducing long positions to safeguard strong Q1 returns amid adverse developments. Central banks were expected to lower interest rates, but didn't. The Israel-Gaza conflict worsened with Iran's involvement, and the U.S. imposed fresh export controls on IT companies. These factors typically signal a market correction, so lowering the risk profile seemed prudent. However, markets didn't blink, continued to rise and no mean reversion whatsoever. Contrary to expectations, hedges and underperforming long positions cost money instead of stabilizing returns.

April appeared promising until Q1 corporate earnings reports revealed adverse results, significantly affecting our positions, with some experiencing substantial monthly price deviations, such as -25% for Koninklijke BAM and +45% for Philips. Overall, positioning was not overly negative, as two out of three months being down months for European indices. However, the significant variations (AEX +6%, DAX 0%, CAC -6%) hurt most arbitrage positions, with European AI players being the only winners.

Outlook

Losses from Q2 have already been neutralized, but as we enter summer, market directions are shaky and uncertain as always. Although fundamentals are solid, the absence of volatility and broad leadership raises concerns about potential corrections. Historically, Q3 and especially in a presidential cycle isn't strong, but a robust H1 often leads to a fruitful H2. The ongoing debate is whether this is a repeat of the 2000 bubble or a long upward trend similar to 1995-98. We lean towards the latter, but it appears that European and U.S. economic growth first may slow, which could be mistaken for the onset of a recession.

Salary increases should support consumer demand, providing a cushion. Continued investment in green technologies and AI will support long-term growth. Lower inflation through slower growth could lead to central banks easing policies, which would be welcomed, especially by Asian markets. Overall, this should support further economic growth. However, equity markets are not only about the economy, and the agendas of new governments in France, the UK, and the Netherlands, as well as the U.S. political landscape, remain causes for volatility. Currently, equity markets are enjoying a "Goldilocks" scenario, but it's prudent to be prepared for potential disruptions.

Performance Directional Share Class Long Only

Net Asset Value June	223.6
Long Only Return	-1.4%
Europe Total Return	-2.7%
YTD Return Long Only	15.2%
YTD Europe Total Return	7.9%
Best monthly return last 12 months	15.3%
Worst monthly return last 12 months	-7.7%
12 month return	26.3%
3 year return	59.0%
5 year return	104.0%
10 year return	133.7%
Since Inception	267.7%
Since Inception Europe Total Return	84.1%

Performance Share Class LongShort

Net Asset Value June	208.3
Net Asset Value March	216.1
Fund Return	-3.6%
YTD Fund Return	5.7%
YTD Europe Total Return	7.9%
Best monthly return last 12 months	9.7%
Worst monthly return last 12 months	-5.2%
12 month return	14.0%
3 year return	36.1%
10 year return	39.2%
Since Inception Total Return	108.3%

Risk (12m) Long Only

Number of Longs	36
Top 5 Longs as % Equity	43%
Top 10 Longs as % Equity	67%
Delta	130%
Beta forward	140%
Beta realised	99%
Volatility realised 3Y	13%
factor momentum	10%
factor value	-11%
factor quality	29%
factor growth	43%

Risk (12m) LongShort

Gross Exposure/Leverage	187%
Long	130%
Short	48%
Net Exposure	83%
Number of Longs	36
Number of Shorts	18
Top 5 Shorts as % Equity	21%
Top 10 Shorts as % Equity	31%
Beta forward	95%
VAR/monthly/ 95%conf.	6.0%



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%	-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%	218.9%
	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%
2024	TWC Long Only	4.1%	6.6%	5.1%	-1.0%	2.5%	-3.2%							15.2%	267.4%
	Euro Stoxx index	1.9%	3.3%	4.5%	-1.9%	2.7%	-2.7%							7.9%	84.1%

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%
2023	5.7%	3.2%	0.6%	-0.3%	-1.5%	-1.8%							5.7%	108.3%