

Quarterly report June 2025

Markets

Few political events have shaken global markets quite like the recent developments in the United States. What investors jokingly referred to as “Liberation Day” quickly turned into a financial reckoning. Within just 48 hours, markets plunged by 15–20% following a baffling announcement from the US administration. The new approach to calculating trade surpluses—and more importantly, the seemingly arbitrary method of pricing tariffs—left the global investment community stunned.

How does one respond to irrational policymaking? When logic fails, so does confidence. The administration imposed tariffs of up to 50%—blanket measures that spared no region, not even the remote Heard and McDonald Islands, home to little more than penguins and seals. Unsurprisingly, retaliatory tariffs followed from key trading partners, most notably China. This quickly escalated into a tit-for-tat race, with tariff levels exceeding 150%, rendering bilateral trade effectively impossible.

The US administration’s claim that foreign exporters would bear the cost of these tariffs was quickly debunked by economic reality. The burden clearly fell on the American consumer, and equity markets reacted accordingly. The US stock market was among the fastest to drop, with recessionary fears suddenly moving from distant possibility to near-term reality. However, the most damaging blow was not economic, but reputational. Confidence in the United States as a trustworthy partner—and as the issuer of the world’s reserve currency—suffered a significant setback. The dollar nosedived at a moment when the US fiscal position is already deeply compromised, with budget deficits widening and public debt spiralling out of control. A central question looms: who will continue financing US debt, especially when so much of it is held by foreign investors?

America’s global credibility has further eroded by its inconsistent geopolitical stance. In Europe (Ukraine), the Middle East (Israel), and Asia (Taiwan), allies are starting to question Washington’s reliability. A weaker dollar may offer temporary relief to exporters, but it complicates the financing of an ever-growing debt burden. Furthermore, as foreign exports to the US decline, so too does the inflow of dollars that historically funded American consumption and investment.

It seems the administration underestimated a fundamental truth: the world has long financed the leveraged lifestyle of the American economy. Reversing that relationship by reshoring manufacturing and reducing reliance on imports will inevitably come at the cost of wealth and purchasing power. Bond markets, unlike voters, are not easily swayed by slogans. It didn’t take long before Treasuries were repriced to reflect the higher risk premium, jeopardizing the Treasury Department’s plans to refinance nearly \$9 trillion in debt.

In the end, reality imposed itself. While few may rival the power of a US president, global bond markets still write the rulebook. The administration was forced to backtrack. Tariff rollouts were postponed by three months, and a handful of minor, largely symbolic trade deals were signed in an effort to save face.

Oddly enough, this temporary détente was enough to lift US equity markets to new all-time highs by the end of the quarter. But this rally was not global. With the dollar losing roughly 15% of its value in the first half of the year, European markets and assets priced in other currencies failed to keep pace. Not surprisingly, both gold and Bitcoin thrived, acting as alternative safe havens—one physical, the other digital.

Portfolios

The first half of 2025 has been nothing short of tumultuous. Extreme volatility, coupled with abrupt thematic rotations, has significantly challenged traditional portfolio strategies. Positions that once appeared well-calibrated quickly became outdated as intraday market swings of 2% became routine, and individual names moved 5–6% on little more than rumours or speculative headlines.

Although March offered a foretaste—particularly with pre-announced tariffs on steel and automobiles—“Liberation Day” wiped out any remaining predictability in US trade policy. In response, we acted decisively: cutting long exposures and increasing short positions in recognition that rational policy wasn’t around the corner. As markets dropped by over 15%, our portfolios held up well, oscillating between -2% and flat. The key was positioning: maintaining enough flexibility to pivot if markets either stabilized or recovered.

April brought headwinds. Our selected names came under pressure and did not rebound meaningfully. However, May marked a strong reversal. The portfolio returned 9%, one of the best monthly results in recent years. June followed with another gain of 2%, albeit somewhat constrained by underperformance in our tech holdings, largely due to dollar-related headwinds compared to their US counterparts.

Overall, the strong performance in Q2 offset most of the losses from Q1, allowing us to start the second half of the year from square one.

Outlook

Looking ahead, the central theme will be the evolving role of the United States in global leadership—and the many ripple effects this shift will cause across markets, currencies, and geopolitics.

This is no accidental transformation; rather, it appears to be a deliberate strategic shift. The ideas enshrined in “Project 2025” seem to form the scaffolding of this reorientation. If so, we may be witnessing the beginning of a long-term reversal of the global economic trends of the past 35 years. “America First” and “Make America Great Again” clearly imply a more isolationist, self-reliant, and interest-driven posture.

From an economic standpoint, the key question is how this solo course will impact US hegemony. Should other regions—particularly Europe—maintain a commitment to globalization and free trade, the dominance of the US dollar as the global reserve currency may become increasingly untenable. While no clear alternative exists today, the euro presents a viable candidate—especially if a unified European bond market is realized in the near term.

If such a development materializes, European assets could benefit significantly, both on an absolute basis and relative to US counterparts. However, it’s unlikely that Europe will replicate the kind of wealth expansion the US experienced over the past three decades. The European economic philosophy is generally more social and liberal; capitalism does not reach the same extremes as it does in the US.

Still, the shift is visible. As the US dollar declines, American asset prices measured in other currencies—or in gold and Bitcoin—reveal significant value erosion. The US may appear strong in nominal dollar terms, but that is increasingly a narrow lens. More importantly, America’s credibility is beginning to crack. Given the extraordinary sums of foreign capital parked in US markets, the consequences of a prolonged loss of confidence could be severe.

To implement its new political agenda, the US must walk a tightrope. For all its ambitions, it remains financially dependent on the rest of the world. If it continues to alienate trading partners through erratic tariff policies or reduce military commitments that underpin global alliances, the penalty may come in the form of higher real interest rates. This, in turn, would force painful fiscal adjustments, depress consumption, and ultimately diminish America’s global influence.

The challenge for US policymakers is to avoid triggering capital flight or entrenching disinvestment sentiment. But it’s questionable whether current policy objectives support such prudence. Many decisions seem ideologically driven, with limited regard for economic implications. Efforts to reconfigure supply chains and boost domestic production may accelerate onshoring trends, but at what cost?

The dollar’s role as the foundation of US economic strength is not guaranteed. Undermining it through political short-termism is a steep price to pay—one that will not be shouldered by those crafting the policies, but by households, businesses, and future generations.

Performance Directional Share Class Long Only

Net Asset Value June	223.2
Long Only Return	14.2%
Europe Total Return	5.3%
YTD Return Long Only	6.4%
YTD Europe Total Return	13.4%
Best monthly return last 12 months	14.8%
Worst monthly return last 12 months	-10.5%
12 month return	-0.2%
3 year return	65.7%
5 year return	127.0%
10 year return	99.0%
Since Inception	266.7%
Since Inception Europe Total Return	111.4%

Performance Share Class LongShort

Net Asset Value March	171.1
Net Asset Value June	185.0
Fund Return	8.1%
YTD Fund Return	-5.2%
YTD Europe Total Return	13.4%
Best monthly return last 12 months	9.0%
Worst monthly return last 12 months	-8.9%
12 month return	-11.2%
3 year return	13.0%
5 year return	63.9%
10 year return	27.2%
Since Inception Total Return	85.0%

Risk (12m) Long Only

Number of Longs	31
Top 5 Longs as % Equity	56%
Top 10 Longs as % Equity	77%
Delta	136%
Beta forward	150%
Beta realised	158%
Volatility realised 3Y	11%
factor momentum	-27%
factor value	-27%
factor quality	14%
factor growth	32%

Risk (12m) LongShort

Gross Exposure/Leverage	209%
Long	136%
Short	56%
Net Exposure	79%
Number of Longs	31
Number of Shorts	17
Top 5 Shorts as % Equity	17%
Top 10 Shorts as % Equity	27%
Beta forward	103%
VAR/monthly/ 95% conf.	5.9%
VAR/monthly/ 98% conf.	9.0%



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%	181.3%
	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%	0.4%	-0.7%	0.3%	-6.6%	-0.9%	0.8%	8.1%	244.7%
	Euro Stoxx index	1.9%	3.3%	4.5%	-1.9%	2.7%	-2.7%	0.6%	1.5%	1.0%	-3.2%	0.0%	1.3%	9.2%	86.4%
2025	TWC Long Only	3.0%	0.7%	-10.5%	-3.1%	14.8%	2.3%							6.4%	266.7%
	Euro Stoxx index	7.3%	3.4%	-3.0%	0.3%	5.7%	-0.6%							13.4%	111.4%

Performance TradeWind Equity Fund in %

Year	Position	JAN	FEB	MRT	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR	CUM
2007	Long / Short									-0.2%	-3.1%	5.0%	1.8%	1.8%	1.8%
2008	Long / Short	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	Long / Short	-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	Long / Short	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	Long / Short	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	Long / Short	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	Long / Short	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	Long / Short	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	Long / Short	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	Long / Short	-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	Long / Short	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	Long / Short	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	Long / Short	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	Long / Short	-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	Long / Short	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	Long / Short	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	Long / Short	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%
2024	Long / Short	5.7%	3.2%	0.6%	-0.3%	-1.5%	-1.8%	0.5%	-0.9%	-0.4%	-3.5%	-1.7%	0.7%	0.2%	97.5%
2025	Long / Short	-2.7%	0.7%	-8.9%	-3.0%	9.0%	2.2%							-5.2%	85.0%