

Quarterly report March 2025

Markets

European markets exhibited significant volatility throughout the period. Initially, and in line with expectations, European indices outperformed their US counterparts, reaching higher levels, with German equities leading the advance. Nonetheless, European technology firms—still reeling from substantial devaluations in the second half of 2024—continued to lag behind their US peers. The narrative shifted swiftly when US interest rates began to fluctuate sharply, with yields rising nearly 100 basis points across maturities amid renewed inflation concerns. Concurrently, economic momentum decelerated, reigniting fears of stagflation and triggering risk-off sentiment. This decline was subsequently reversed as Federal Reserve officials adopted a more dovish tone on inflation, which restored investor confidence and propelled markets to fresh highs. European markets faced additional headwinds following the US administration's unexpected and troubling shift in foreign policy regarding the Ukrainian conflict. Grounded in an "America First" framework that recklessly prioritizes domestic over international commitments, the repositioning effectively shifted the burden of Ukrainian financial and military support onto Europe. Market uncertainty intensified in response, particularly after the announcement of a €1,000 billion European defense investment initiative—the largest fiscal undertaking since the Marshall Plan. Although this announcement provided a short-lived boost to European equities, sentiment deteriorated rapidly with the abrupt implementation of 25% import tariffs targeting key export-oriented sectors, including semiconductors and automotive. The tariff schedule unveiled on April 2nd posed substantial challenges, introducing levies ranging from 10% to 65%, effective immediately. These measures, not only ideologically driven rather than economically justified, but frankly reckless in their implementation, have predictably amplified fears of a global recession. The resulting market reaction was swift and severe, with widespread liquidations pushing equity indices into bear market territory. In our view, far more troubling than the decline itself is the administration's rigid, dogmatic approach to trade policy, and their blatant disregard for economic expertise that conflicts with their pre-established ideological positions. This deliberate rejection of economic reality in favor of political posturing is nothing short of economic malpractice. Should these developments represent the early stages of a broader ideologically motivated restructuring of global trade systems, as we believe they do, sustained market turbulence is not merely likely—it is inevitable.

Portfolios

The year 2025 has already produced a number of significant market events. In January, the portfolio declined by 2.5%, primarily due to the underperformance of US short positions relative to European exposures. The US market, buoyed by post-election momentum and resilient ISM figures, maintained upward pressure despite rising inflation expectations and increasing bond yields. The short exposure was gradually reduced in light of accumulating negative returns. February concluded near up 1%, after surrendering notable early gains during another pullback in the semiconductor and broader technology sectors across both the US and Europe. The month began with a sharp repricing following the US's diplomatic realignment on Ukraine, which had immediate implications for European security and fiscal policy. The subsequent announcement of the €1,000 billion defense investment initiative briefly supported risk assets, but optimism quickly faded with the announcement of sweeping 25% tariffs on European automotive and steel exports. Monthly performance fluctuated between neutral and -2% before ending with an 8% drawdown in the final three trading days, as market participants grew increasingly concerned about the trajectory of future policy implementations. Despite the challenging environment, April has thus far yielded a zero to positive return, positioning the portfolio relatively well amid broader market instability. Equity markets tanked 15%, accompanied by meaningful disruptions in fixed income and currency markets. While traditional security-level analysis has proven less relevant in the current environment, overall positioning has generally held up. The increasingly ideologically driven nature of recent policy announcements has exacerbated uncertainty, leading to investment postponements, heightened recession risk, and diminishing expectations of rate cuts that could alleviate sovereign refinancing burdens. We are convinced that market forces—particularly within sovereign debt markets—will eventually compel policy reassessment, even among administrations determined to defy traditional economic constraints. When ideology collides with economic reality, reality inevitably prevails, though often at considerable cost to ordinary investors and businesses.

Outlook

The extreme volatility and rapid thematic rotations currently characterizing markets have created challenges for portfolio management. Positions deemed optimal under one set of conditions can become obsolete within days. Traditional positioning frameworks have become less effective as intraday market swings of 2% are increasingly normalized, and single-name moves of 5–6% occur on limited news or speculative headlines. A period of market stabilization is urgently required before durable positions can be re-established. In the interim, substantial damage has already occurred across asset classes, with several leading European exporters seeing valuations decline by 25-30% in a matter of weeks. A rapid return to more balanced and rules-based trade arrangements could help stem capital outflows and prevent entrenched disinvestment behaviour or long-term erosion of consumer sentiment. However, it remains doubtful whether such a return aligns with current policy objectives, which appear to be more ideologically than economically motivated—a dangerous prioritization in our estimation. Efforts to localize supply chains and reshape global competitiveness may accelerate onshoring trends and apply downward pressure on the US dollar. Within this framework, previously rhetorical notions of territorial expansion appear to have become logical extensions of the prevailing ideology. Yet a fundamental contradiction emerges: these goals are virtually impossible to reconcile with the requirements of reserve currency status, especially given the United States' continued dependence on foreign capital to finance fiscal obligations. Recent market reactions to trade and industrial policy decisions underscore the profound costs of pursuing nationalistic economic agendas without consideration for global financial interdependence. The pursuit of economic nationalism, absent a coherent framework for international coordination, constitutes not just a high-risk strategy but a fundamentally flawed approach with potentially catastrophic systemic consequences. We cannot overstate the danger of pursuing policies that ignore basic economic principles of global interconnectedness. Strategic monetary cooperation—reminiscent of historical arrangements—may become necessary, potentially involving debt restructuring or other unconventional interventions. While certain policy objectives, such as dollar devaluation, may indeed be realized, they risk undermining the very foundation of US economic leadership—a price that appears unjustifiably steep and that will ultimately be paid by ordinary citizens and businesses, not by the architects of these policies.

Performance Directional Share Class Long Only

Net Asset Value March	195.4
Long Only Return	-6.9%
Europe Total Return	7.7%
YTD Return Long Only	-6.9%
YTD Europe Total Return	7.7%
Best monthly return last 12 months	3.0%
Worst monthly return last 12 months	-10.5%
12 month return	-13.9%
3 year return	22.9%
5 year return	120.1%
10 year return	71.6%
Since Inception	221.1%
Since Inception Europe Total Return	100.7%

Performance Share Class LongShort

Net Asset Value March	175.2
Net Asset Value December	197.0
Fund Return	-10.9%
YTD Fund Return	-10.9%
YTD Europe Total Return	7.7%
Best monthly return last 12 months	0.7%
Worst monthly return last 12 months	-8.8%
12 month return	-18.6%
3 year return	-2.1%
10 year return	19.2%
Since Inception Total Return	75.4%

Risk (12m) Long Only

Number of Longs	33
Top 5 Longs as % Equity	45%
Top 10 Longs as % Equity	74%
Delta	125%
Beta forward	152%
Beta realised	116%
Volatility realised 3Y	11%
factor momentum	-23%
factor value	-31%
factor quality	4%
factor growth	24%

Risk (12m) LongShort

Gross Exposure/Leverage	209%
Long	125%
Short	85%
Net Exposure	41%
Number of Longs	33
Number of Shorts	25
Top 5 Shorts as % Equity	18%
Top 10 Shorts as % Equity	32%
Beta forward	101%
VAR/monthly/ 95%conf.	6.1%



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%										-6.9%	-6.9%
	Euro Stoxx index	7.3%	3.4%	-3.0%										7.7%	7.7%

Performance TradeWind Equity Fund in %

Year		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%										-10.9%	75.6%