TRADEWIND CAPITAL

Quarterly report December 2025

Markets – Exceptional Volatility Amid Policy-Driven Swings
The final quarter of 2025 unfolded against the backdrop of one of the most volatile years in Tradewind's history since its inception in 2007. While markets have weathered crises and sharp recoveries before, the speed with which declines and rallies succeeded one another throughout the year remained exceptional. By year-end, headline index levels suggested reasonable overall performance, yet this apparent stability continued to mask the extraordinary volatility that defined trading conditions for much of the year.
The magnitude of market swings earlier in 2025 remained a defining reference point. In April, global equity markets declined by approximately 20% within just two trading days, before recovering with equal force. Across major indices, the distance between yearly lows and highs ranged from 30% to 45%, reinforcing that volatility has become a structural characteristic of modern markets rather than a temporary aberration. Entering Q4, however, market behaviour gradually shifted from abrupt dislocations toward more differentiated and selective price action.
Beneath headline indices, dispersion across regions and segments remained pronounced during the quarter. US equity markets continued to generate strong nominal returns in local currency terms, though gains were partially offset for international investors by ongoing dollar weakness. Performance remained highly concentrated in a narrow group of US technology leaders—the Magnificent Seven—while broader markets, particularly small and mid-cap segments, lagged materially. This concentration continued to distort index-level performance and masked underlying fragility.
The divergence between US technology leaders and European counterparts persisted into Q4, reflecting differences in earnings momentum, capital flows, and policy support. While US markets benefited from sustained fiscal and monetary tailwinds, European equities followed a more uneven path despite comparatively attractive valuations. By year-end, this valuation gap approached historical extremes, reflecting not only differences in growth trajectories but also structural shifts in global capital allocation preferences.
Volatility outside equities moderated somewhat during the quarter. . Crypto assets performed strongly during the first half, supported by renewed momentum, but sentiment reversed sharply once concerns about technology valuations emerged Genuine portfolio diversification proved limited, with notable exceptions in commodities. Industrial metals such as copper benefited from structural demand related to electrification and infrastructure investment, while precious metals stood out clearly. Gold reaffirmed its role as a store of value, appreciating more than 65% over the year, with silver also delivering robust performance.
Policy uncertainty, particularly emanating from the United States, remained a dominant influence throughout Q4. Abrupt shifts in trade policy and fiscal priorities earlier in the year had introduced regime changes that markets struggled to absorb smoothly, reinforcing the perception of a more fragmented global economic environment. While volatility moderated somewhat toward year-end, these structural uncertainties remained unresolved.
Despite these challenges, Q4 marked a period of renewed upward momentum in US equities, particularly among AI-exposed names. European technology and AI-related stocks, while lagging earlier in the year, began to establish more constructive trends during the quarter, recovering from severe first-half underperformance and the stagnation experienced throughout 2024. Although price action remained uneven, the underlying tone improved meaningfully toward year-end.

Portfolio – Navigating Whipsaw Markets Through Active Management
From a portfolio perspective, the fourth quarter represented a stabilisation phase following an exceptionally challenging first half of 2025 and a volatile transition period during the summer months. While full-year performance for long/short strategies focused on European equities trailed that of US and Asian markets, conditions in Q4 became more conducive to disciplined, selective positioning. Long-only strategies continued to benefit from index-level recoveries, yet this comparison requires nuance.
Long/short strategies are designed to prioritise risk control, capital preservation, and flexibility during periods of elevated uncertainty rather than to maximise exposure to rising markets. Throughout 2025, and particularly during Q4, portfolio positioning reflected a deliberate response to shifting risk conditions, aiming to balance downside protection with selective participation in improving trends.
The April market dislocation remained a defining reference point for risk management decisions. Markets had just begun digesting fiscal stimulus announcements in Germany and European defence-spending plans when trade tensions triggered a sharp sell-off. Positioning shifted decisively from constructive to defensive. The subsequent recovery unfolded far more rapidly than anticipated, limiting the effectiveness of hedges. By the time volatility subsided, markets had largely returned to prior levels. Entering Q4, however, volatility dynamics became less binary, allowing for more differentiated positioning.
European equity indices appeared to deliver respectable full-year returns, yet these gains were predominantly generated early in the year. From mid-year through much of Q4, markets traded largely sideways, offering limited support for broad directional strategies. As a result, performance during the quarter depended increasingly on stock selection and thematic exposure rather than market beta—a dynamic better aligned with the fund's investment approach.
Despite earlier headwinds, the fund delivered approximately 12% over the final seven months of the year, substantially offsetting prior losses. Momentum during Q4 was driven by rigid positioning and a focus on structural themes with improving fundamentals. Our highest conviction area remained European semiconductors, where we maintained exposure to equipment manufacturers and specialised designers leveraged to AI-driven capital expenditure and automotive electrification. While near-term order patterns remained uneven, activity in advanced packaging, high-bandwidth memory infrastructure, and power management solutions strengthened into year-end—areas where European suppliers retain technological leadership.
Capital rotation toward US AI leaders continued to constrain European upside during Q4 despite attractive valuations. This created a challenging environment in which improving fundamentals did not always translate into immediate price appreciation. Nonetheless, valuation asymmetries widened further, enhancing medium-term risk-reward potential.
At the sector level, results during the quarter remained mixed. Limited exposure to banks and insurance—sectors that performed strongly as rate expectations stabilised and capital return programmes accelerated—continued to weigh on relative performance. Conversely, Dutch construction investments remained strong, supported by infrastructure initiatives and housing supply constraints. Oil-services exposure was less favourable amid concerns about demand and pricing sustainability.
Chinese gaming and internet-related holdings remained under pressure as profit-taking and capital rotation outweighed solid operating performance. While fundamentals improved sequentially, sentiment remained fragile. Short positioning in defensive sectors such as consumer staples remained directionally correct but delivered modest returns due to low volatility. More effective were shorts in select IT services companies facing structural challenges from the AI transition, where earnings momentum deteriorated further into Q4.
Retail shorts in consumer durables and discretionary segments continued to perform unevenly. While fashion and food retail faced sustained margin pressure, automotive retail proved more resilient. Option strategies contributed modestly during the quarter, with call-writing providing incremental income in range-bound conditions. So far early performance in the new year has been outstanding, suggesting that conditions have become more supportive for the fund's core themes and positioning than during much of 2025.

Outlook – Measured Optimism as Markets Transition into 2026
As markets transition into 2026, the investment landscape appears more evolutionary than revolutionary. Many of the dominant themes that shaped 2025 remain intact, though their intensity has moderated. The final quarter of the year marked a shift away from abrupt regime changes toward more differentiated market behaviour, a trend that has carried into the early weeks of the new year.
Discussions surrounding US fiscal sustainability, large-cap technology valuations, and the concentration of equity market leadership continue to influence investor sentiment. While extreme outcomes—whether geopolitical breakthroughs or renewed market dislocations—remain plausible, they sit outside our central scenario. Instead, we expect ongoing repricing and gradual mean reversion within established trends rather than abrupt directional shifts.
The artificial intelligence theme remains a central driver of capital expenditure and equity performance. However, its expression is likely to broaden beyond a narrow group of US market leaders. As investment cycles mature, opportunities should increasingly emerge among second-tier beneficiaries, international suppliers, and specialised ecosystem participants. The AI infrastructure buildout, defence modernisation, energy transition, and supply chain reconfiguration represent multi-year investment cycles that transcend near-term volatility.
Since 2024, US technology stocks have benefited from substantial fiscal support alongside accommodative monetary conditions, though this has coincided with a period of sustained dollar weakness. The resulting valuation gap between US and non-US markets has widened to levels that are historically uncommon. As stimulus effects gradually normalise and economic momentum in Europe and China becomes more balanced, some degree of market convergence appears increasingly plausible, even if timing remains uncertain.
Valuation extremes remain concentrated in a relatively narrow segment of the US market. European equities, by contrast, continue to exhibit more moderate valuations and less speculative positioning. While this does not guarantee near-term outperformance, it suggests that future market moves may be characterised by lower amplitude and improved asymmetry, particularly for fundamentally supported assets. Accommodative global monetary conditions should continue supporting equities broadly. The scale of capital expenditure across artificial intelligence, defence, energy transition, and supply-chain reconfiguration points toward above-trend nominal growth persisting longer than many forecasts currently assume. In such an environment, equities remain an effective inflation hedge, particularly when supported by real investment activity and pricing power, rather than purely financial engineering.
Geopolitical risks remain the primary driver of elevated volatility and reinforce the importance of flexibility and disciplined risk management. However, we enter the new year constructively positioned, grounded in improving fundamentals across core holdings and encouraged by strong early-year momentum. While volatility is unlikely to disappear, conditions appear gradually more supportive for our thematic positions than before which constrained results during much of 2025.

Performance Directional Share Class Long Only	
Net Asset Value Dec	241.1
Long Only Return	4.6%
Europe Total Return	5.2%
YTD Return Long Only	14.3%
YTD Europe Total Return	24.2%
Best monthly return last 12 months	14.8%
Worst monthly return last 12 months	-10.7%
12 month return	14.9%
3 year return	62.4%
5 year return	104.3%
10 year return	127.9%
Since Inception	296.3%
Since Inception Europe Total Return	138.3%
Performance Share Class LongShort	
Net Asset Value December	191.4
Net Asset Value September	184.6
Fund Return	3.7%
YTD Fund Return	-1.4%
YTD Europe Total Return	24.2%
Best monthly return last 12 months	12.1%
Worst monthly return last 12 months	-11.2%
12 month return	-1.4%
3 year return	12.7%
5 year return	45.1%
10 year return	40.3%
Since Inception Total Return	94.4%
Risk (12m) Long Only	
Number of Longs	29
Top 5 Longs as % Equity	69%
Top 10 Longs as % Equity	95%
Delta	139%
Beta forward	167%
Beta realised	147%
Volatility realised 3Y	12%
factor momentum	-5%
factor value	-42%
factor qualitity	-4%
factor qrowth	19%
Risk (12m) LongShort	
Gross Exposure/Leverage	202%
Long	134%
Short	63%
Net Exposure	71%
Number of Longs	29
Number of Shorts	23
Top 5 Shorts as % Equity	34%
Top 10 Shorts as % Equity	47%
Beta forward	128%
VAR/monthly/ 95%conf.	6.2%
VAR/monthly/ 98%conf.	11.0%

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%	0.6%	-10.7%	-3.8%	14.8%	2.3%	-4.6%	-3.4%	12.0%	5.2%	-4.9%	4.5%	14.3%	296.2%
	Euro Stoxx index	7.3%	3.4%	-3.0%	0.3%	5.7%	-0.6%	1.0%	0.3%	2.8%	2.3%	0.4%	2.5%	24.3%	131.6%

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%	95.1%
2025	Long / Short	-1.9%	0.7%	-11.2%	-3.5%	7.6%	1.4%	-4.1%	-4.8%	12.1%	5.1%	-4.5%	3.6%	-1.4%	92.4%

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