

Quarterly report September 2025

Markets - Adjusting to diverging regional dynamics

For much of the year, forecasts warned of heavy clouds over the U.S. economy, yet after a soft first quarter, growth rebounded sharply. Following a soft first quarter, the economy rebounded sharply: Q2 GDP growth was revised upward to 3.3–3.8%, driven by robust consumer spending and sustained corporate investment. Inflation has moderated overall, though services and housing components remain stubbornly high. Crucially, wage growth has finally normalized, while the labour market shows early signs of loosening. These dynamics have intensified pressure on the Federal Reserve to cut rates, making policy easing probable, though timing remains contested. Against this backdrop, sectoral themes dominated. Capital flowed relentlessly into AI infrastructure and data centres. The Magnificent Seven mega-cap technology names captured most investor attention, but benefits cascaded further: specialized semiconductor suppliers, nuclear power, and data storage solutions experienced strong gains as corporate capex was revised upward across the value chain. This momentum extended to Asia, where stimulus from China and the outsized tech weighting in Hong Kong and Korea attracted global capital. A weaker dollar and looser U.S. funding conditions amplified these flows. Europe's trajectory diverged sharply. Early optimism from fiscal programs and infrastructure initiatives collided with political turbulence and investor caution. Markets stabilized after initial volatility, yet upward momentum dissipated. Capital rotated decisively back to the U.S., drawn by stronger growth data and the continued dominance of the Magnificent Seven performance. European equities underperformed, constrained by modest growth, fading ECB rate cut prospects, and uncertainty around trade policy. Corporate guidance remained cautious, reflecting tariff exposure and margin concerns. Bond markets proved defining. U.S. long-dated yields (10- and 30-year Treasuries) rose sharply, reflecting deepening fiscal sustainability concerns and structural deficits. This partially steepened the yield curve, leaving it less inverted than earlier in the year, and raised refinancing costs materially, particularly for longer maturities. A significant headwind for capital-intensive sectors outside technology. European sovereign yields declined modestly, supported by improved inflation and expectations of continued ECB accommodation. This divergence underscored the split global landscape. Valuation disparities reached historic extremes. The gap between U.S. top-tier technology and AI stocks and the broader market is striking, with the Magnificent Seven commanding elevated multiples while secondary U.S. names and international peers trade at far more moderate levels. European equities in particular trade at compressed valuations, partially reflecting structural headwinds but also creating selective opportunity. This creates dual-edged risk: weakness in the Magnificent Seven would likely trigger broader sentiment deterioration globally, yet outside this cohort valuations remain reasonable and much of the equity universe is priced conservatively.

Portfolios - Positioning reflected conviction in structural demand despite volatility

The uptrend at the end of Q2 proved short-lived for our core long positions. Semiconductor stocks suffered particularly from downgrades and hesitant guidance, leaving valuations range-bound. Capital that had moved into Europe during Q1 gradually reversed, drawn back to the U.S. by stronger macro data, fiscal incentives, and AI momentum. We chose to hold through the volatility, disagreeing with analyst consensus projecting "no growth" for European semiconductors in 2025–26. We regarded this view as myopic, failing to account for medium-term structural demand. The valuation gap between European industry leaders and U.S. peers reached unprecedented levels, offering compelling risk-reward. We added to core positions during the trough, confident that structural demand for semiconductors would reassert itself. This conviction was rewarded handsomely by September's reversal. Semiconductor names that declined 10–13% in June and July rebounded over 40% in September—a reminder that conviction ahead of inflection points matters more than perfect timing. Importantly, the rally extended well beyond mega caps: specialized suppliers of chips, AI hardware, and data infrastructure also flourished as revised capex plans cascaded through supply chains, validating our conviction. Other portfolio sectors contributed meaningfully. Builders benefited from housing demand and infrastructure spending, while commodity-related holdings delivered double-digit returns. Energy and service providers remain modestly negative year to date. Hedging strategies detracted early in the year, with index overlays failing to offset losses in longs. However, this drag became acceptable once core holdings inflected upward. June and July delivered negative monthly results, but September's strong double-digit performance pivoted the third quarter outcome into positive territory. Taking October into account as well, the Fund is now back in positive territory for the year, with momentum remaining constructive.

Outlook - A synchronized upturn

Looking ahead, markets are navigating an unusual convergence of forces: currency debasement, valuation concentration, and the structural imperative of AI investment. "The debate continues whether markets are in the early stages of a secular transformation—or merely an extended speculative phase, comparable to the internet revolution of the late 1990s. Billions continue to flow into AI infrastructure, as companies invest deeply across their own value chains, and risks of overcapacity and contagion are genuine. Yet it remains far too early to forecast ultimate market size, sustainable margins, or which players will endure. History suggests many will fail, as occurred during the dot-com era, yet every major technological leap has produced dominant winners capturing disproportionate value. Our strategy remains to focus on industry leaders providing essential infrastructure. Even if current valuations prove excessive, historical precedent suggests that such cycles often extend longer than expected. More significantly, we may be witnessing something far rarer: a synchronized secular and cyclical bull market—a phenomenon that occurs infrequently in market history. Secular drivers—AI, digital infrastructure, energy transition, and defence spending—are accelerating alongside cyclical tailwinds. The U.S. economy delivered strong Q2 growth of 3.3–3.8%, import pressures are easing, labour markets are stabilizing, and consumer demand remains resilient. In Europe, disinflation creates room for central banks to ease, offering meaningful support for equities and cyclical sectors. Such synchronization is rare and historically consequential. When secular and cyclical forces aligned in the post-war 1950s, the mid-1980s recovery, and the late 1990s tech boom, equity returns proved exceptional. This alignment is significant: large-scale investment in AI, infrastructure, defence, and energy transition—combined with cyclical recovery—positions global and European equities for potentially above-average medium-term returns. Risks warrant vigilance. Core inflation, particularly in services and housing, remains elevated and represents a wildcard that could delay rate cuts. Geopolitical tensions, trade policy uncertainty, and regulatory shifts in the U.S. and EU may distort capital flows unpredictably. The Magnificent Seven concentration represents an acute vulnerability: weakness here would ripple globally. Political volatility and policy reversals add further uncertainty. Yet outside this narrow cohort, valuations remain reasonable. The broader thesis holds: convergence of large-scale structural investment in essential sectors (AI, infrastructure, defence, energy) with cyclical recovery points to higher growth and higher inflation. Given deglobalization, fiscal expansion, and geopolitical fragmentation, inflation is unlikely to sustainably decline below 2.5–3%. Fiscal deficits remain structurally unresolved, with the U.S. unwilling to confront them and other heavily indebted economies—France, Japan, the U.K.—facing similar constraints. This backdrop naturally drives demand for real assets and alternative stores of value. Gold, Bitcoin, and currency weakness already reflect growing risk premiums attached to fiat currency erosion. Equities offering tangible cash flows stand out as credible hedges against purchasing power deterioration. Ongoing money creation through conventional monetary policy and leveraged crypto markets only accelerates this dynamic. Few governments appear willing to confront the long-term inflationary effects of persistent fiscal expansion. Markets stand at a critical juncture: a secular boom layered onto a cyclical upswing—a combination historically capable of generating outsized returns, though never without risk. Evidence suggests the AI-driven cycle, supported by macro recovery and fiscal expansion, retains considerable runway. The coming quarters will test conviction, but we remain confident in our positioning toward essential infrastructure and technology enablers

Performance Directional Share Class Long Only	
Net Asset Value Sep	278.5
Long Only Return	3.5%
Europe Total Return	4.1%
YTD Return Long Only	8.9%
YTD Europe Total Return	18.1%
Best monthly return last 12 months	14.8%
Worst monthly return last 12 months	-10.7%
12 month return	1.9%
3 year return	77.8%
5 year return	127.6%
10 year return	128.4%
Since Inception	266.7%
Since Inception Europe Total Return	275.6%
Performance Share Class LongShort	
Net Asset Value September	184.6
Net Asset Value June	180.3
Fund Return	2.4%
YTD Fund Return	-5.4%
YTD Europe Total Return	18.1%
Best monthly return last 12 months	12.1%
Worst monthly return last 12 months	-11.2%
12 month return	-10.7%
3 year return	16.6%
5 year return	55.7%
10 year return	33.0%
Since Inception Total Return	84.6%
Risk (12m) Long Only	
Number of Longs	36
Top 5 Longs as % Equity	75%
Top 10 Longs as % Equity	103%
Delta	152%
Beta forward	171%
Beta realised	158%
Volatility realised 3Y	12%
factor momentum	-14%
factor value	-28%
factor quality	2%
factor growth	19%
Risk (12m) LongShort	
Gross Exposure/Leverage	215%
Long	152%
Short	62%
Net Exposure	89%
Number of Longs	36
Number of Shorts	23
Top 5 Shorts as % Equity	16%
Top 10 Shorts as % Equity	26%
Beta forward	134%
VAR/monthly/ 95%conf.	6.1%
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%				8.9%	275.3%
	Euro Stoxx index	7.3%	3.4%	-3.0%	0.3%	5.7%	-0.6%	1.0%	0.3%	2.8%				18.1%	120.1%

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	-1.9%	0.7%	-11.2%	-3.5%	7.6%	1.4%	-4.1%	-4.8%	12.1%				-5.4%	84.6%