ST. PETRI CAPITAL

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YEAR 2025

COMMENTS

St. Petri Capital is a partner-owned, long-short thematic equity fund. The investment process focuses on structural changes and their implications for companies' cash flows. The fund uses operational investment themes to identify disrupters (long) and disrupted companies (short). The investment process is unchanged since mid-1990s.

During 2025, the fund gained 10.47%.[1] Long positions contributed positively with 19.34 percentage points[2], whereas short positions contributed negatively with -2.91 percentage points[2]. Additionally, cash and equivalents had a negative contribution of -3.37 percentage point[3].

2025 was a year marked by strong headline returns, but also by significant volatility, rapid regime shifts, and elevated noise across regions, sectors, and asset classes. Beneath the surface, oscillated between bull and bear phases, style rotations, and periods of heightened uncertainty linked to geopolitics, monetary policy, and technological developments. The macro backdrop stabilized over the course of the year, supported by lower interest rates, easing inflation, resilient global growth, and ongoing tight labor markets — all of which bolstered risk appetite. While the US market posted strong absolute returns and numerous new all-time highs, many of the best-performing equity markets were found outside the US, particularly in Asia and select parts of Europe. In most regions, excluding US, value outperformed growth, and overlooked segments drew renewed investor attention. Returns were largely concentrated in AI-related themes and a narrow group of mega-caps that accounted for a disproportionately large share of market performance. However, leadership within this group was dynamic, with strength in some names often offsetting weakness in others. The AI theme was not merely a GPU, software or platform story as had been the case in previous years, but a broad investment wave spanning the entire value chain — from chips and compute to infrastructure and energy.

Markets in 2025 were increasingly flow-driven. Strong retail "buy-the-dip" behavior, record share buybacks, and a recovery in M&A activity supported equity prices despite macro and geopolitical uncertainty. Elevated retail participation, ETF inflows, and options activity fueled short-term rotations, short squeezes, and higher single-stock dispersion. At the same time, ongoing de-equitization through buybacks, strategic M&A, and private equity reduced the supply of listed equities, contributing to higher valuations and a more asymmetric return profile heading into 2026.

Throughout the year, our primary long themes were *Green Energy Wave*, *Security Revolution*, and *Digital Platform Dominance*. Geopolitical turbulence triggered a shift in global security policy, driving substantial defense spending commitments in Europe — a strong tailwind for the Security Revolution theme. Meanwhile, the energy infrastructure required to support the expanding AI ecosystem provided renewed momentum for parts of the Green Energy Wave theme. On the short side, our exposure was centered around the *Risk Mitigation* theme — a broad, tactical basket used to manage overall market exposure. This theme is primarily composed of larger indices, where short positions are deployed to hedge against negative market volatility or broader macro trends, rather than to target specific disrupted business models.

The fund maintained an average net-long exposure of 53.32%[4] during the year. While a reduction from 2024, this remains above the historical average of 25% since inception. The best-performing theme was Security Revolution, contributing 11.06 percentage points on an average net-long exposure of 13.55%. The Artificial Intelligence theme was the second-best performer, with a net-long exposure of 7.77% contributing 3.12 percentage points. Sector-wise, Industrials and Financials were the main contributors, adding 13.82 percentage points (net-long exposure: 24.48%) and 5.16 percentage points (net-long exposure: 7.77%), respectively. On the downside, Digital Platform Dominance was the worst-performing theme, detracting 6.00 percentage points with a net-long exposure of 11.27%. The second worst-performing theme was Risk Mitigation, which detracted 2.69 percentage points on a net-short exposure of 27.31%. Sector-wise, the largest detractors were Consumer Staples (-3.33 percentage points, net-long exposure: 4.58%) and Healthcare (-2.29 percentage points, net-long exposure: 5.05%).

[1] After all costs.

[2] Before all costs.

[3] The large negative contribution from Cash and Equivalents is attributable to our significant dollar exposure from shorting US indices.

[4] Average short and long positions of -29.51% and 82.83%, respectively. Net-long excluding gold position of 7.82%

YEAR 2025

COMMENTS

Markets enter 2026 with a robust macro backdrop and elevated risk appetite — but also with stretched valuations, crowded positioning, and rising political noise. The return outlook appears more asymmetric than in previous years, increasing the importance of selectivity, risk management, and flexibility. The trajectory of long-term interest rates will be a key determinant of the market regime in 2026, as a sustained rise in yields could impact risk sentiment, valuations, and capital allocation across asset classes. At the same time, we see signs of a broader global reallocation of capital, with return potential increasingly sought outside the dominant US segments. In this context, geopolitical tensions and security considerations may act as catalysts for structural change in Europe, including increased consolidation and the emergence of regional champions.

Whereas 2025 saw a further increase in multiples, we believe any broader equity gain in 2026 must be driven primarily, by earnings growth. Earnings outlook, in both US and Europe looks promising, but current valuations leave little room for error. As noted in last year's report, government debt levels remain a key concern, that the equity and, more importantly, bond markets, however, seem to shrug off. At some point, markets will need to address whether current government bond yields adequately reflect the risks posed by these debt burdens. The sharp rally in gold in 2025 may be an early sign of this "debasement" trade, although we recognize multiple potential drivers behind the move.

The fund had major short positions in US indices heading into Trumps liberation day tariffs. A stance that initially proved prudent as markets sold off sharply, while the fund held steady. We were however ultimately too slow in scaling back short positions as the tariff tensions deescalated, which hurt the funds performance. Consequently, cash and equivalents were a major drag on performance in 2025, compared to all previous years. This can be attributed to the significant dollar exposure – a direct product of our US short positions. Despite our efforts to hedge currency risk by covering 50% of the USD exposure, the 12% depreciation of the USD relative to the EUR (and DKK) negatively impacted performance.

As we enter 2026, we have slightly reduced the fund's net-long exposure relative to 2025, reflecting increased geopolitical uncertainty. However, net long exposure remains above the long-term average, reflecting our confidence in select, attractive investment opportunities despite the uncertain environment. The reduction stems from higher short exposure, while long exposure remains steady around 80%. As a result, gross exposure has increased by roughly 15 percentage points year-on-year. With a supportive macro backdrop in the US and Europe, and tailwinds from European spending pledges, the portfolio remains cyclically tilted — led by Industrials, Materials, and Tech, our three largest sector exposures.

Overall assessment of portfolio risk-reward is satisfactory. We believe the active risk we are undertaking on thematic and stock level fully reflect future opportunities. We believe that European equities are well positioned to take advantage of a broader distribution of capital, and we do expect an improving economic backdrop. As such, we have positioned the fund accordingly entering 2026.

STATISTICAL SUMMARY

RETURN[1]	ST. PETRI L/S[2]	INDEX[3]
Total Return	13.05	20.36
Maximum Return	5.05	3.58
Minimum Return	-7.06	-4.98
Mean Return (Annualized)	14.56	21.51
Relative Total Return	-7.29	
Mean Excess Return (Annualized)	-5.73	
Bear Mean Excess Return (Annualized)	28.39	
Bull Mean Excess Return (Annualized)	-27.25	
Maximum Drawdown	-11.51	-16.07
Maximum Drawdown Length	16.00	27.00
Maximum Increase	22.15	28.63
Maximum Recovery Period	44.00	
Maximum Relative Drawdown	-0.17	
Maximum Relative Drawdown Length	183.00	
Maximum Relative Recovery Period	73.00	
Recovery Period from Maximum Drawdown	28.00	42.00

RISK	ST. PETRI L/S[2]	INDEX[3]
Standard Deviation (Annualized)	16.13	13.79
Downside Risk (Annualized)	11.93	10.71
Kurtosis	11.70	8.81
Skewness	-0.85	-1.32
Semivariance (Annualized)	16.74	15.26
VaR 95% (ex-post)	-1.34	-1.04
VaR Gaussian	-1.59	-1.33
Tracking Error (Annualized)	11.20	
Bear Tracking Error (Annualized)	12.49	
Bull Tracking Error (Annualized)	9.75	

RISK/RETURN	ST. PETRI L/S[2]	INDEX[3]
Sharpe Ratio	0.78	1.42
Sortino Ratio Vs Riskfree	0.75	1.28
Jensen Alpha	4.12	
Information Ratio	-0.51	
Modigliani RAP	-0.09	
Sortino Ratio vs Index	-0.34	
Treynor Measure	0.15	
Bear Information Ratio	2.27	
Bear Jensen Alpha	-9,84	
Bear Sortino Ratio vs Index	1.37	
Bull Information Ratio	-2.79	
Bull Jensen Alpha	-157.83	
Bull Sortino Ratio vs Index	-2.52	
Alpha	-0.01	
Beta (ex-post)	0.85	
Correlation	0.73	
R-Squared	0.53	
Bear Alpha	-0.02	
Bear Beta	0.78	
Bear Correlation	0.62	
Bear R-Squared	0.39	
Bull Alpha	-0.18	
Bull Beta	1.10	
Bull Correlation	0.69	
Bull R-Squared	0.47	
Capture Ratio	0.69	
Bull Capture Ratio	0.71	
Bear Capture Ratio	0.67	

[1] All returns in DKK.

[2] Returns before all costs.

[3] For comparison reasons we use Bloomberg Europe 500.

THEMATIC EXPOSURE [4]

GEW (Green Energy Wave)	18.04
SR (Security Revolution)	13.55
DPD (Digital Platform Dominance)	11.27
RID (Real Income Destruction)	-27.31

PERFORMANCE DECOMPOSITION BY THEME [6,7]

SR (Security Revolution)	11.06
AI (Artificial Intelligence)	3.12
GEW (Green Energy Wave)	2.91
DPD (Digital Platform Dominance)	-6.00
RM (Risk Mitigation)	-2.69
PHC (Personal Healthcare)	-2.47

SECTOR EXPOSURE (NETTO) VS. PERFORMANCE ATTRIBUTION [1,2,3]

	AVG. NET WEIGHT	CONTRIBUTION
TOTAL	**100.00**	**13.05**
Industrials	24.48	13.82
Financials	7.77	5.16
Information Technology	21.42	2.96
Materials	11.67	1.76
Utilities	0.81	1.07
Consumer Discretionary	2.02	-1.48
Communication Services	2.82	-1.66
Health Care	5.05	-2.29
Not Classified[8]	19.37	-2.94
Consumer Staples	4.58	-3.33

PERFORMANCE DECOMPOSITION BY LONG/SHORT

	LONG	SHORT	TOTAL
2025 [1,2,5]	19.34	-2.91	13.05

[1] All returns in DKK.
[2] Returns before all costs.
[3] For comparison reasons we use Bloomberg Europe 500.
[4] Top three netto exposure (L/S) by theme. Average % weight, during 2025.
[5] Cash and equivalents had a negative contribution of 337 bp.
[6] Top and bottom contributors.
[7] Total no. of positions pr. 31st Dec 2025 were 36 (34 long & 2 short).
[8] This includes cash and cash equivalents, gold, positions (short) in indices etc.

BÆREDYGTIGHED OG SFDR (ARTIKEL 6)

Fonden er klassificeret som en Artikel 6-fond i henhold til EU's Sustainable Finance Disclosure Regulation (SFDR). Fonden promoverer ikke miljømæssige eller sociale karakteristika og har ikke bæredygtige investeringer som målsætning.

Bæredygtighedsrisici indgår som en integreret del af fondens generelle risikovurdering i forbindelse med investeringsbeslutninger, hvor relevante ESG-forhold vurderes kvalitativt i det omfang, de anses for at kunne have en materiel negativ indvirkning på investeringernes værdi.

Fonden foretager ikke systematisk ESG-måling, -scoring eller rapportering, og der anvendes ikke specifikke bæredygtighedsindikatorer eller målsætninger ud over det, der følger af gældende minimumskrav under Artikel 6.