ST. PETRI CAPITAL

Q1 REPORT
2026

Comments

Throughout Q1, the fund returned -2.23%[1]. Long positions had a negative contribution of -1.99 percentage points[2], while short positions contributed positively with +0.11 percentage points[2]. Further, cash and equivalents had a positive contribution of +0.08 percentage points[2,3].

Equity and bond markets were again driven by two key forces: geopolitical developments and artificial intelligence, with AI dominating the first half of the quarter as markets priced its disruptive impact on business models, particularly in software, and the broader economy. The more significant shock, however, came from geopolitics. Escalating conflict between the US, Israel, and Iran led to retaliatory actions across the region and, more importantly for global markets, a disruption of the Strait of Hormuz. This triggered a sharp increase in oil prices and a broad equity sell-off, with Asian and European markets particularly affected due to their higher energy dependence. As a result, the previously improving economic outlook in Europe has come under renewed pressure.

January began with a continued rotation out of US equities into cheaper European and Asian markets, extending the trend observed in 2025. European cyclicals outperformed on expectations of a gradual recovery, supported by German stimulus. February saw weaker equity markets as AI disruption concerns began to weigh on sentiment, particularly within software. The decisive risk-off move came in late February and early March, as the escalation of the Iran conflict led markets to price the implications of a prolonged war. In this regard, bond markets moved more quickly, with pricing indicating up to three ECB rate hikes in 2026 to contain second-order inflation effects from higher energy prices.

The main positive theme contributions came from *Green Energy Wave* (GEW), contributing +1.90 percentage points with a net long exposure of 27.17%, and Security Revolution (SR), contributing +0.60 percentage points with a net long exposure of 6.37%. Performance within the GEW theme was primarily driven by names related to energy and the semiconductor supply chain industry. Within the SR theme, performance contributions were largely driven by the Swedish company, Clavister, which saw its share price increase 44% during the quarter.

The primary negative theme contributions in Q1 came from the *Financial Disintermediation* (FD) and *Digital Platform Dominance* (DPD) themes, which detracted 1.49 and 1.44 percentage points, respectively. The negative impact from FD, where the fund had an average net long exposure of 3.67%, was driven by a pullback in Deutsche Bank, exacerbated by the war in the Middle East, as well as weakness in Boku, which sold off on concerns around potential implications from agentic commerce. Within DPD, which had a net long exposure of 8.78%, underperformance was primarily driven by positions in HelloFresh and Lectra. At the portfolio level, the fund slightly reduced its average net long exposure from 41.2% to 38.4% owing to a modest increase on the short side.

Market sentiment has been dominated by the war in the Middle East. While the situation remains unresolved, negotiations between the parties have begun at the time of writing, and equity markets have responded positively, reversing most of the losses seen at the onset of the conflict. If a swift resolution is reached and oil flows through the Strait of Hormuz resume, we believe the economic backdrop in Europe remains supportive and that markets could revert to the rotation observed at the start of the year. However, we remain cautious, as the full implications of the energy supply shock have yet to materialize.

Statistical summary

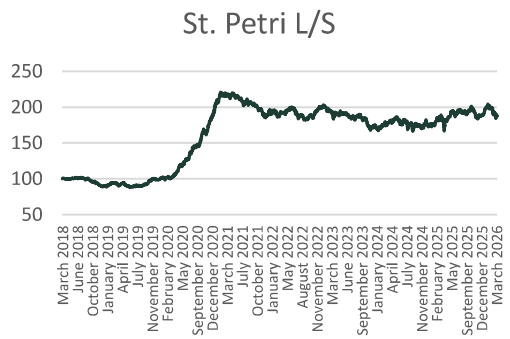
Return & Risk Statistics (%)

Return	ST. PETRI L/S[4]	INDEX[5]
Q1	-2.33	-0.94
YTD	-2.33	-0.94
LTM	4.54	11.67
Since inception	87.69	90.06
Avg. Yearly Ret. (since inc.)	8.14	8.30
Risk		
Annualized Standard Deviation (since inc.)	12.28	15.84
VaR 95% (Q1)	1.44	
Maximum drawdown (Q1)	9.60	8.94
Maximum drawdown (since inc.)	19.81	35.49
Risk/Return		
Sharpe ratio (since inc.)	0.60	
Correlation w. Index (Q1)	0.79	
Correlation w. Index (since inc.)	0.37	
Fund in numbers		
AUM (end of Q1)	188 DKKm	
# of positions (end of Q1)	44	
Short (#)	*5*	
Long (#)	*39*	
Average net long (Q1)	38.43%	
Largest sector exposure (long)	Information Tech (24.56%)	
Largest sector exposure (short)	N/A (N/A)	

[1] Net of all costs
[2] Gross of all costs
[3] Short and long positions of 36.73% and 75.16%, respectively
[4] Returns net of all costs
[5] MSCI Europe NDR
[6] Top three net exposures as per 31 March 2026
[7] Top and bottom contributors as per 31 March 2026

Thematic Exposure[6]

Long position	*weight (%)*
Green Energy Wave	27.17
Digital Platform Dominance	8.78
Artificial Intelligence	7.28
Short position	
Risk Mitigation	-35.05

Thematic Contribution[7]

Top contributor	*contribution (%)*
Green Energy Wave	1.90
Security Revolution	0.60
Digital Experience	0.51
Bottom contributor	
Financial Disintermediation	-1.49
Digital Platform Dominance	-1.44
Personal Healthcare	-1.12