ST. PETRI CAPITAL

# Q2 REPORT
# 2025

**Comments**

Throughout Q2, the fund returned 6.71%[1]. Long positions contributed positively with 11.61%-points[2], while short positions detracted 2.23%-points[2] from performance. Additionally, cash and equivalents made a significant negative contribution of 1.87%-points, due to a weaker USD during the quarter[2,3]. The sizable USD exposure stemmed from large short positions in US indices, specifically the S&P 500, Nasdaq and Russell 2000, which were held as a hedge against negative market volatility from Trump's policy announcements. While we anticipated a weaker USD and did hedge our FX exposure, this was only done partially. Volatility was the defining feature of Q2 2025, beginning with a sharp and broad-based selloff following Trump's "Liberation Day" tariff announcement. In a swift reversal, global markets rebounded after the administration scaled back the threats, announcing a 90-day postponement to allow for negotiations with trading partners and adversaries.

As mentioned, Q2 began with a major selloff in global equities, during which key US indices such as the S&P 500 and Nasdaq declined by more than 20% from their February highs. The bond market also reflected growing uncertainty, with the 10-year US Treasury yield rising above 5% at one point. This shift in sentiment prompted the US President to change course on April 9th. The subsequent and sharp rebound in markets led to a full recovery to pre-Liberation Day levels by late May. Investor optimism carried through June, pushing many major equity indices to all-time highs. This leaves US equities once again appearing relatively expensive, particularly against a subdued macroeconomic backdrop. Nevertheless, macroeconomic considerations have largely been overshadowed by geopolitical developments, which have been the dominant market driver in Q2.

The main positive theme contributions came from *Security Revolution* (SR) (+3.98%-points), where the fund had a net long exposure of 18.5%, and *Green Energy Wave* (GEW) (+2.72%-points), with a net long exposure of 18.95%. The strong performance within the SR theme was a continuation of the trend in Q1, lifting nearly every position within the theme higher. Our smaller and lesser-known defense-related positions, performed particularly well in Q2. In the Green Energy Wave theme, our European semiconductor-related holdings and electrical grid exposure performed well. In contrast, our subsea-exposed names were a significant drag on performance within the theme.

The primary negative theme contribution in Q2 came from the *Risk Mitigation* (RM) and *Personal Healthcare* (PHC) themes, which detracted -2.42%-points and -0.36%-points, respectively. The negative impact from the RM theme - where the fund had an average net short exposure of -37.22% - was driven by our sizable short positions in US indices. These positions were effective in limiting losses during the sharp selloff around Liberation Day but weighed on performance as markets rebounded. We reduced these positions significantly over the course of the quarter, ending Q2 with a gross short exposure of 22.2%.

We entered Q2 lowering the net long exposure to 32.45% in April with a cautious view on the implication of tariff-policies, mostly driven by an increase in short exposure to US equities. During the quarter we gradually increased our long exposure, finishing with an average net long exposure of 56.46% in June, driven by a combination of scaling back short positions and increasing our gross long positions. We still think the economic backdrop and implications of the large spending packages / the effective removal of the *Schuldenbremse,* will create a favorable environment for European equities, and as such we remain dominantly exposed to this market segment on the long side.

## Statistical summary

### Return & Risk Statistics (%)

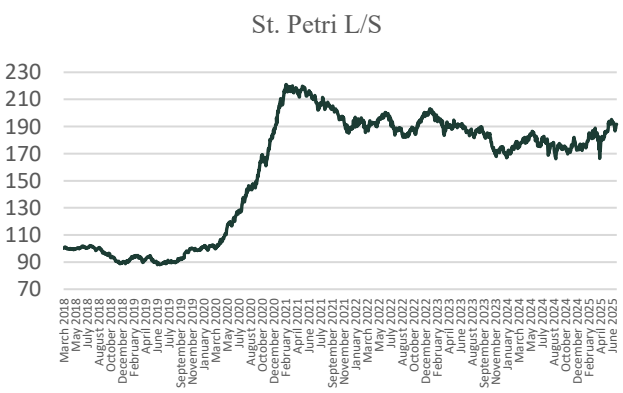
| **Return** | **ST. PETRI L/S[4]** | **INDEX[5]** |
|---|---|---|
| Q2 | 6.71 | 2.49 |
| YTD | 10.25 | 8.55 |
| LTM | 9.23 | 8.08 |
| Since inception | 95.58 | 74.45 |
| Avg. Yearly Ret. (since inc.) | 9.30 | 7.91 |
| **Risk** | | |
| Annualized Standard Deviation (since inc.) | 12.20 | 16.23 |
| VaR 95% (Q2) | 1.72 | |
| Maximum drawdown (Q2) | 8.83 | 12.70 |
| Maximum drawdown (since inc.) | 19.79 | 35.48 |
| **Risk/Return** | | |
| Sharpe ratio (since inc.) | 0.71 | |
| Correlation w. Index (Q2) | 0.75 | |
| Correlation w. Index (since inc.) | 0.34 | |
| **Fund in numbers** | | |
| AUM (end of Q2) | 265 DKKm | |
| Average # of positions | 47 | |
| *Short (#)* | *4* | |
| *Long (#)* | *43* | |
| Average net long (Q2) | 45.48% | |
| Largest sector exposure (long) | Industrials (27.56%) | |
| Largest sector exposure (short) | N/A (N/A) | |

### Thematic Exposure[6]

| *Long position* | *weight (%)* |
|---|---|
| Green Energy Wave | 18.95 |
| Security Revolution | 18.5 |
| Digital Platform Dominance | 10.53 |
| *Short position* | |
| Risk Mitigation | -37.22 |
| Real Income Destruction | -0.37 |

### Thematic Contribution[7]

| *Top contributor* | *return (%)* |
|---|---|
| Security Revolution | 3.98 |
| Green Energy Wave | 2.72 |
| Artificial Intelligence | 2.02 |
| *Bottom contributor* | |
| Risk Mitigation | -2.42 |
| Personal Healthcare | -0.36 |
| Internet of Things | -015 |




[1] Net of all costs
[2] Gross of all costs
[3] Short and long positions of 38.77% and 84.25%, respectively
[4] Returns net of all costs
[5] MSCI Europe NDR
[6] Top three net exposures as per 30 June 2025
[7] Top and bottom contributors as per 30 June 2025