
ST. PETRI CAPITAL

QUARTERLY REPORT
Q1 2022

Comments

During Q1, the fund delivered a return of 1.22%¹. Long positions had a negative contribution of -6.95% points, and short positions contributed 9.28% points². Although past performance patterns are no guarantee of how the fund will perform in the future, the fund tends to do well in risk off environments as positive contributions from our short positions have outweighed negative contributions from our long positions. This was the case during the selloff in Q1 2020 as well as this quarter and it demonstrates the capital preserving nature of the strategy. January and February were characterized by rising bond yields and volatile and falling stock markets, and performance in the fund was largely driven by short positions in expensive growth stocks and interest rate sensitive stocks together with our Risk Mitigation theme where we had quite large short positions in German and US indices. The new theme Security Revolution was the largest positive contributor in February and March and turned out to be the best performing theme in Q1 as well as our mining stocks that did well during the quarter. As the market rebounded in March, we were no longer short any indices, however some of our shorts that had come down considerably in the first two months rebounded with the market and had a negative contribution to performance. Furthermore, on the negative side the AI, Online Retail Transition and Personal Health Care themes were consistent negative contributors during Q1, as long positions in these themes fell significantly during the quarter.

The fund has had an average net-long exposure of 14.95% points³ which reflects our cautious view on the market. We are still rather cautious as we believe that persistent inflation will lead to rising cost of capital, overall tighter financial conditions and demand destruction. The underappreciated severity of a new round of Covid in China will cause further supply chain issues adding to inflationary pressures, and there will be headwinds to GDP growth going forward as the last two years of fiscal stimulus has come to an end. We will therefore continue to have a relatively low exposure to the market and mitigate risks in the portfolio by hedging through short positions in areas we expect to be most affected by the aforementioned risks, mainly highly priced bond proxy stocks that have benefitted from years of falling interest rates and consumer related companies.

Statistical summary

Return & Risk Statistics (%)		
Return	ST. PETRI L/S ⁴	INDEX ⁵
Q1	1.22	-6.06
YTD	1.22	-6.06
LTM	-11.61	4.69
Since inception	91.08	17.86
Avg. Yearly Ret. (since inc.)	17.30	4.13
Risk		
Annualized Standard Deviation	16.82	27.70
VaR 95%	-1.51	
Maximum drawdown (Q1)	6.06	19.66
Maximum drawdown (since inc.)	16.23	23.30
Risk/Return		
Sharpe ratio (Q1)	0.11	-0.20
Sharpe ratio (since inc.)	7.14	1.01
Correlation w. Index (Q1)	0.17	
Correlation w. Index (since inc.)	0.22	
Fund in numbers		
AUM	290 DKKm	
Average # of positions	61	
	Short (#)	29
	Long (#)	32
Net long (Q1)	14.95%	
Largest sector exposure (long)	Materials (25.89%)	
Largest sector exposure (short)	Real Estate (12.78)	

¹ Net of all costs.

² Gross of all costs.

³ Short and long positions of 60.75% and 75.70%, respectively.

⁴ Returns net of all costs

⁵ Index is Bloomberg European 500.

⁶ Top three net exposures as per 31 March 2022

⁷ Top and bottom contributors as per 31 March 2022

Thematic Exposure ⁶	
Long position	weight (%)
Inflation Wave	17.35
Sustainability Wave	13.39
Digital Experience	6.18
Short position	
Low Volatility Exuberance	-26.70
Green Energy Wave	-9.21
Distribution to Decline	-4.24

Thematic Contribution ⁷	
Top contributor	return (%)
Security Revolution	3.58
Low Volatility Exuberance	3.19
Risk Mitigation	2.36
Bottom contributor	
Artificial Intelligence	-3.84
Online Retail Transition	-2.74
Personal Health Care	-1.74

