
ST. PETRI CAPITAL

MONTHLY REPORT

MAY 2022

Comments

During May the fund delivered a return of 1.25%¹. There was a positive contribution of 5.22% points from short positions and a negative contribution of -3.85% points² from long positions. The Low Volatility Exuberance theme was the largest positive contributor to performance, driven mainly by short positions in Swedish stocks related to real estate and construction. Short positions in Uber and Coinbase as part of the Digital Platform Dominance theme also contributed positively as well as the Real Income Destruction theme where shorts in consumer related stocks were good performers. On the negative side some of our long positions in defense stocks gave back some of this year’s performance, and the Online Retail Transition stocks such as Hello Fresh and established a new long position in Infineon. The team has known Infineon for many years, they are one of the leading players in the semiconductor industry, and this year’s fall in the stock price presents a good buying opportunity for long term investors as St. Petri.

There were no major changes made to the portfolio during the month, only some adjustments here and there, but overall positioning remains cautious, and the fund is still slightly net short. We added to the short exposure in Swedish construction names and replaced some consumer related shorts in the staples sector with short positions within discretionary spending e.g., adding to shorts in stocks like Moncler and Kering. We also added to our position in Hello Fresh and established a new long position in Infineon. The team has known Infineon for many years, they are one of the leading players in the semiconductor industry, and this year’s fall in the stock price presents a good buying opportunity for long term investors as St. Petri.

Stocks rebounded a bit during the second half of May and interest rates came down somewhat, causing a rally in beaten down growth names and fueling talks about whether stocks have bottomed. St. Petri tends to believe that there is further downside, as the spillover effects from tightened financial conditions need to feed into the real economy and earnings. The rise in bond yields so far has been priced into stocks, however due to the challenges ahead we would expect earnings expectations to come down during the coming quarters, which is not reflected in current prices. The likelihood of a soft landing is small, even Jerome Powell now calls it a softish landing, and we are not convinced that central banks can get inflation back to targets without causing further trouble for financial markets.

Statistical Summary

Return & Risk Statistics (%)		
Return/Risk	ST. PETRI L/S ³	INDEX ⁴
Return (May)	1.25	-1.01
YTD	3.84	-8.04
Since inception	96.04	15.38
Annualized Return (since inc.)	17.28	3.45
Annualized Standard Deviation	12.76	18.29
VaR 95% (May)	0.95	
Correlation w. Index (since inc.)	0.25	

Fund in numbers

AUM	295 DKKm
Average # of positions	70
	Short (#) 38
	Long (#) 32
Net short (May) ⁶	1.52%
Largest sector exposure (long)	Materials (21.14%)
Largest sector exposure (short)	Real Estate (-16.59%)

¹ Net of all costs
² Gross of all costs
³ Returns net of all costs
⁴ Bloomberg European 500
⁵ Top three net exposures as per May 31, 2022
⁶ Short and long positions of 64.33% and 62.81%, respectively
⁷ Gross top and bottom contributors as per May 31, 2022

Thematic Exposure⁵

Long position	weight, %
Inflation Wave	11.98
Sustainability Wave	11.10
Security Revolution	7.57
Short position	
Low Volatility Exuberance	-28.31
Real Income Destruction	-15.66
Distribution to Decline	-3.54

Thematic contribution⁷

Top contributor	return, %
Low Volatility Exuberance	2.31
Digital Platform Dominance	0.98
Real Income Destruction	0.56
Bottom contributor	
Security Revolution	-1.06
Online Retail Transition	-0.62
Digital Experience	-0.36

