
ST. PETRI CAPITAL

MONTHLY REPORT

June 2022

Comments

During June the fund delivered a return of -0.06%¹. There was a positive contribution of 10.25% points from short positions and a negative contribution of -9.49% points² from long positions. Equities continued down in June and the market focus went from worrying about central banks tightening to increasingly worrying about a recession. The recession fears ignited a significant sell-off in commodities and cyclical industrial stocks. This had a negative effect on the themes the Green Energy Wave and the Sustainability Wave as these themes have exposure to mining stocks and industrial stocks that are enablers of the green transition. On the positive side the Low Volatility Exuberance theme continued to contribute positively to performance as our short positions in Swedish construction related stocks in particular continue to perform. Short positions in crypto platforms in the theme Digital Platform Dominance also contributed positively as many crypto currencies and stable coins crashed in May and June creating contagion effects in the whole industry and leading many platforms to freeze accounts and recapitalize. A combination of escalating recession fears and profit warnings from some large US retailers caused consumer related stocks to underperform providing a tailwind to the theme Real Income Destruction.

Some new stocks were added to the portfolio in June, and we bought Enel, Eurobank and a small initial position in Zalando. Enel is Europe’s largest utility with an aim to become a super major in the renewable sector. They have ambitious plans to invest EUR 70 billion by 2030 on renewable energy and by 2030 80% of their production will be generated from green energy up from around 54% today. We believe Enel is on a path to become a major player in the green transition, owning critical energy infrastructure assets which today can be bought at an attractive valuation. We have followed Zalando for quite some time, and although the worst might not be over for them, we believe that market expectations priced into the current stock price are far too pessimistic. In our view Zalando has been placed along many other e-commerce stocks in a covid winner category which has been extremely out of favor since last summer. Although the growth rates seen during covid were extraordinary, we expect Zalando to deliver double digit topline growth even post covid. Their earnings have come down somewhat as they are investing heavily in new fulfillment centers and entering new markets, but overall Zalando has sound financials and is a market leader within fashion e-commerce.

Statistical Summary

Return & Risk Statistics (%)

Return/Risk	ST. PETRI L/S ³	INDEX ⁴
Return (June)	-0.06	-7.85
YTD	3.78	-15.49
Since inception	95.92	8.04
Annualized Return (since inc.)	16.90	1.81
Annualized Standard Deviation	12.70	18.15
VaR 95% (June)	0.83	
Correlation w. Index (since inc.)	0.21	

Fund in numbers

AUM	304 DKKm
Average # of positions	65
	Short (#) 32
	Long (#) 33
Net short (June) ⁶	3.82%
Largest sector exposure (long)	Materials (20.88%)
Largest sector exposure (short)	Real Estate (-15.69%)

¹ Net of all costs
² Gross of all costs
³ Returns net of all costs
⁴ MSCI Europe
⁵ Top three net exposures as per June 30, 2022
⁶ Short and long positions of 64.10% and 60.28%, respectively
⁷ Gross top and bottom contributors as per June 30, 2022

Thematic Exposure⁵

Long position	weight, %
Sustainability Wave	13.42
Green Energy Wave	12.17
Internet of Things	5.97
Short position	
Low Volatility Exuberance	-27.70
Real Income Destruction	-19.89
Digital Platform Dominance	-3.94

Thematic contribution⁷

Top contributor	return, %
Low Volatility Exuberance	5.58
Digital Platform Dominance	1.34
Real Income Destruction	1.22
Bottom contributor	
Green Energy Wave	-2.06
Sustainability Wave	-2.06
Digital Experience	-1.22

