
ST. PETRI CAPITAL

QUARTERLY REPORT
Q3 2022

Comments

During Q3, the fund delivered a return of -6.41%¹. Long positions had a negative contribution of -7.6% points, short positions contributed 1.1% points and cash contributed 0.9%². The first part of the quarter was tough on performance due to a classic bear market rally that lasted into mid August. The rally was accompanied by falling bond yields leading to a significant rebound in the most underperforming stocks year to date. Our shorts within crypto, real estate and construction underperformed and many of our long positions couldn't keep up in the rally causing the negative return of the fund in July and August. It was almost a worst-case scenario for the fund, as our short exposure is very interest rate sensitive, hence when bond yields fall, we tend to lose money on our shorts. But on the other hand, due to our thematic and long-term investment philosophy many of our long positions are very growth oriented and should provide some hedge in this respect, however they didn't do well enough to outweigh the losses on the short side. Although St. Petri was expecting some kind of bear rally due to a very oversold market, it was larger and longer than we expected. However, we did not change our overall view on the market and kept our cautious exposure and inverse interest rate sensitivity in the fund. From mid August till the end of the quarter markets went back to a risk off environment, with equities and bonds falling sharply in September providing some relief for the fund's performance.

Since end of June the fund has increased the net exposure slightly from 0.72% to 5.45%. We have kept our short positions stable around 65% and increased our long positions 5% points from 65% to 70%. By the end of last quarter, we started buying a couple of new stocks to the portfolio and continued this during Q3. Due to our rather persistent cautious view on the market the overall changes have been minor, however there has been quite some turnover in terms of stocks and themes. Due to lofty valuations, we have sold almost all our defense stocks in the Security Revolution theme, a theme which had a 13% weighting back in April. We have replaced these with green transition enablers in the Sustainability Wave and Green Energy Wave themes as the valuations of some of our favorite stocks look increasingly attractive. We stick with our cautious approach to the market but are gradually seeing a lot of exiting companies with better valuations, and if our outlook improves over the coming quarters, we are prepared to implement a more opportunistic view in the fund. But we are not there yet.

Statistical summary

Return & Risk Statistics (%)		
Return	ST. PETRI L/S ⁴	INDEX ⁵
Q3	-6.41	-4.53
YTD	-2.87	-19.32
LTM	-10.11	-13.37
Since inception	83.36	3.15
Avg. Yearly Ret. (since inc.)	14.22	0.68
Risk		
Annualized Standard Deviation	11.91	16.53
VaR 95%	-1.06	
Maximum drawdown (Q3)	7.33	13.16
Maximum drawdown (since inc.)	17.65	35.45
Risk/Return		
Sharpe ratio (Q3)	-0.65	-0.36
Sharpe ratio (since inc.)	6.47	0.10
Correlation w. Index (Q3)	0.24	
Correlation w. Index (since inc.)	0.21	
Fund in numbers		
AUM	300 DKKm	
Average # of positions	72	
	Short (#)	34
	Long (#)	38
Net long (Q3)	5.45%	
Largest sector exposure (long)	Materials (20.56%)	
Largest sector exposure (short)	Real Estate (16.62)	

¹ Net of all costs.

² Gross of all costs.

³ Short and long positions of 64.64% and 70.09%, respectively.

⁴ Returns net of all costs

⁵ Index is MSCI Europe.

⁶ Top three net exposures during the quarter

⁷ Top and bottom contributors during the quarter

Thematic Exposure ⁶	
Long position	weight (%)
Sustainability Wave	15.54
Green Energy Wave	14.42
Internet of Things	6.49
Short position	
Low Volatility Exuberance	-30.78
Real Income Destruction	-17.04
Digital Platform Dominance	-4.42

Thematic Contribution ⁷	
Top contributor	return (%)
Low Volatility Exuberance	1.92
Real Income Destruction	1.09
Distribution to Decline	0.27
Bottom contributor	
Digital Platform Dominance	-2.36
Online Retail Transition	-2.00
Sustainability Wave	-1.06

