

Comments

During December, the fund delivered a return of 1.25%¹. There was a negative contribution of 2.37%-points from long positions and a positive contribution of 4.53%-points² from short positions.

In December, bond yields (10Y) contracted on growing recession fears. Although, inflation data in Europe and the US continues its downward trend, the inflation level remains far too high and too off target for central banks to pivot now. Both the FED and ECB hiked rates by 50 bps. Moreover, Bank of Japan rattled markets by widening its band around the 10Y yield cap from 25 bps to 50 bps..

The *Sustainability Wave* theme underperformed contributing with -0.43%-points. Performance was mainly driven by our long exposure to textile and ‘pulp and paper’ stocks. Specifically, Lenzing AG, performed poorly in December, due to issuing a second profit warning stating further deteriorating prices on viscose and continued cost pressure from higher energy prices. Despite these recent issues, we see Lenzing’s position as the clear leader in the transition towards a cleaner and more sustainable textile industry as favourable and the investment case is still intact.

Digital Platform Dominance was the best performing theme in December contributing 1.67%-points mainly driven by our short positions related to cryptocurrencies. Continuing the story of 2022, the crypto currency exuberance took a further beating in December, as the crypto industry grappled with the fallouts from the implosion of the exchange FTX. We still believe that the price of the major cryptocurrencies have further to fall and therefore continue our short exposure to stocks related to the industry.

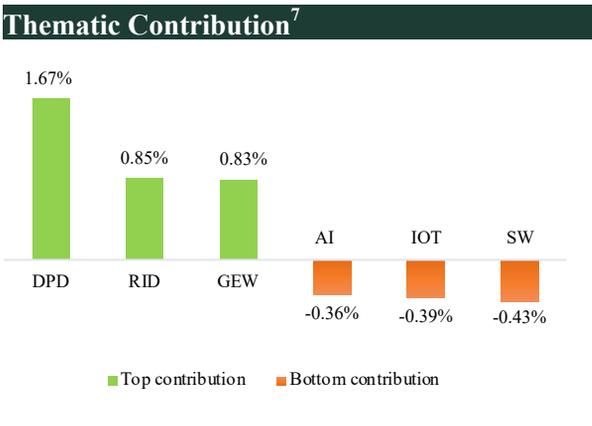
December marks the end of a turbulent year in markets around the globe. Strong inflation and subsequent interest rate hikes, war on European soil and glooming fears of recession has affected equities across different markets, leaving many major indexes with the biggest relative losses in a calendar year since the financial crisis in 2008.

Statistical Summary

Return & Risk Statistics		
Return/Risk	ST. PETRI L/S ⁴	INDEX ⁵
Return (December)	1.25	-3.51
YTD	4.74	-9.49
Since inception	98.80	28.97
Avg. Yearly Return (since inc.)	15.36	5.43
Standard Deviation (annualized)	7.62	15.68
VaR 95% (December)	0.65	
Correlation w. Index (since inc.)	0.20	

Thematic Exposure ⁶	
Long position	weight, %
Green Energy Wave	24.90
Sustainability Wave	19.72
Internet of Things	5.21
Short position	
Low Volatility Exuberance	-31.17
Real Income Destruction	-10.90
Digital Platform Dominance	-5.64

Fund in numbers	
AUM	325 DKKm
Average # of positions	60
	Short (#) 28
	Long (#) 32
Net long (December)	11.03
Largest sector exposure (long)	Materials (21.79)
Largest sector exposure (short)	Real Estate (-17.68)



¹ Net all costs
² Gross of all costs
³ Short and long positions of 62.64% and 73.67%, respectively
⁴ Returns net of all costs
⁵ MSCI Europe NDR
⁶ Top three net exposures as per 30 December 2022
⁷ Gross top and bottom contributors as per 30 December 2022

DPD: Digital Platform Dominance
 RID: Real Income Destruction
 GEW: Green Energy Wave
 AI: Artificial Intelligence
 IOT: Internet of Things
 SW: Sustainability Wave