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ST. PETRI CAPITAL

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QUARTERLY REPORT  
Q4 2022

**Comments**

During Q4, the fund delivered a return of 7.84%<sup>1</sup>. Long positions had a positive contribution of 9.80%-points, short positions contributed 0.07%-points and cash had a negative contribution of -1.71%-points<sup>2,3</sup>. The fund was roughly flat in October, despite a rally by markets on contracting bond yields, as our contribution from long positions was offset by a similar negative contribution from the short positions. Performance picked up in November and December resulting in the strongest quarter of 2022.

The main positive theme contributions came from Green Energy Wave (+5.60%-points) where the fund maintained a net long exposure of 19.90% and Digital Platform Dominance (+3.69%-points) where the fund had a net short exposure of -4.91%. Performance in the Green Energy Wave theme was positively affected by the adoption of the Inflation Reduction Act (IRA) that has sparked an international race concerning the adoption of clean technologies and Power-to-X. This has significantly shifted the capital allocation towards US projects. The policymakers of Europe need to match the IRA with a similar European initiative, otherwise the continent would be competitively disadvantaged.

Main negative contribution came from our short positions in the Low Volatility Exuberance theme (-4.38%-points) as many of our short positions benefited from the market rally in October and November.

Throughout the quarter, we have become a bit more constructive and increased net exposure in our portfolio to around 10%+. We have kept our short positions stable around 65% and increased our long positions 5%-points from 70% to 75%. Anticipating the shift of capital towards renewable investments, we increased our exposure in the Green Energy Wave and Sustainability Wave themes accordingly. We initiated 2-3 positions within the subsea services/operations space, as we believe this market to be strongly correlated with the offtake in offshore wind.

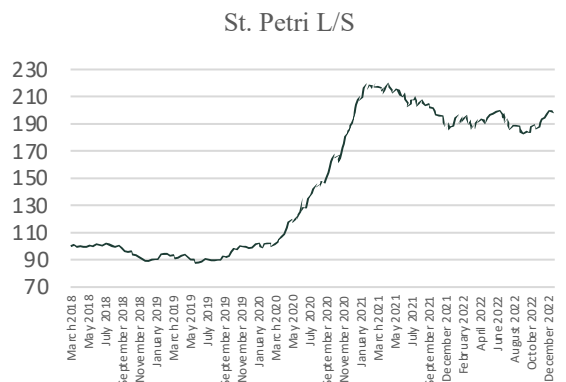
The fourth quarter was marked by market rallies primarily driven by expectations of peaking inflation, as well as macro-economic data (especially from US-job market) indicating a less hawkish US central bank and an increasing probability of a soft landing.

**Statistical summary**

Return & Risk Statistics (%)		
Return	ST. PETRI L/S <sup>4</sup>	INDEX <sup>5</sup>
Q4	7.84	9.55
YTD	4.74	-9.49
LTM	4.74	-9.49
Since inception	98.80	28.97
Avg. Yearly Ret. (since inc.)	15.36	5.43
Risk		
Annualized Standard Deviation	9.67	15.54
VaR 95%	1.02	
Maximum drawdown (Q4)	1.56	7.83
Maximum drawdown (since inc.)	17.65	19.52
Risk/Return		
Sharpe ratio (Q4)	3.47	
Sharpe ratio (since inc.)	1.10	
Correlation w. Index (Q4)	0.06	
Correlation w. Index (since inc.)	0.20	
Fund in numbers		
AUM	325 DKKm	
Average # of positions	60	
	Short (#)	28
	Long (#)	32
Net long (Q4)	10.68%	
Largest sector exposure (long)	Materials (20.48%)	
Largest sector exposure (short)	Real Estate (17.98)	

Thematic Exposure <sup>6</sup>	
Long position	weight (%)
Green Energy Wave	19.90
Sustainability Wave	19.10
Internet of Things	6.00
Short position	
Low Volatility Exuberance	-31.67
Real Income Destruction	-11.08
Digital Platform Dominance	-4.91

Thematic Contribution <sup>7</sup>	
Top contributor	return (%)
Green Energy Wave	5.60
Digital Platform Dominance	3.69
Sustainability Wave	2.51
Bottom contributor	
Low Volatility Exuberance	-4.38
Distribution to Decline	-0.59
Real Income Destruction	-0.54



<sup>1</sup> Net of all costs

<sup>2</sup> Gross of all costs

<sup>3</sup> Short and long positions of 64.03% and 74.71%, respectively

<sup>4</sup> Returns net of all costs

<sup>5</sup> MSCI Europe NDR

<sup>6</sup> Top three net exposures as per 30 December 2022

<sup>7</sup> Top and bottom contributors as per 30 December 2022