
ST. PETRI CAPITAL

MONTHLY REPORT

June 2023

Comments

During June, the fund delivered a negative return of -0.46%¹. There was a positive contribution of 1.82%-points² from long positions, a negative contribution of -1.74%-points² from short positions, and cash and equivalents had a negative contribution of -0.42%-points.

The month of June marked another “risk-on” period with major indexes delivering strong performances. S&P 500 gained 6.5% for its best performing month since October 2022 and Nasdaq returned 6.6%, both indexes carried by strong positive movements in the major tech stocks, benefitting from the increasing attention towards artificial intelligence. The market was driven by continued high liquidity, falling headline inflation numbers as well expectation of significant earnings upgrades from AI-beneficiary companies/sectors. Through the lenses of the bond-market, outlook is much more downbeat however, with the inverted 2y-10y US treasury spreads indicating a deceleration in economic growth or even a recession. In 2023 the market rally in major indexes has been primarily driven by P/E expansion rather than EPS revisions. If reporting numbers from Q2 and the remainder of 2023 is not as good as expected, we might see a downward correction of equities. Furthermore, some economies, such as the UK and Sweden, still battles elevated inflation and the central banks continuously have to navigate the interest rate environment carefully to avoid second round inflation.

The *Personal Healthcare* theme (PHC) underperformed contributing with -0.82%-points. The poor performance was driven by two positions, Vivoryon Therapeutics (VVY) and Zealand Pharma. VVY fell some 15% during June and Zealand Pharma gave back after a strong performance in May. *Low Volatility Exuberance* (LVE) also performed poorly in June contributing -0.50%-points driven by rebounds in the Swedish construction- and real estate-companies we are exposed to. As described in the previous issue of this report, we still see significant downside risk to these areas of the market and have kept our exposure accordingly.

Artificial Intelligence (AI) was the best performing theme in June, contributing with 1.33%-points. Performance was primarily driven by our position in Kalray, a French deep-tech player positioned to benefit significantly from AI-driven demand and further investment in data centres. The stock returned roughly 40% in June; however, we still see significant upside from these levels if it can deliver on execution.

Statistical Summary

Return & Risk Statistics

Return/Risk	ST. PETRI L/S ⁴	INDEX ⁵
Return (June)	-0.46	2.40
YTD	-4.37	11.11
Since inception	89.10	41.97
Annualized returns (since inc.)	12.37	6.62
Standard Deviation (LTM)	10.97	14.07
VaR 95% (June)	0.84	
Correlation w. Index (since inc.)	0.22	

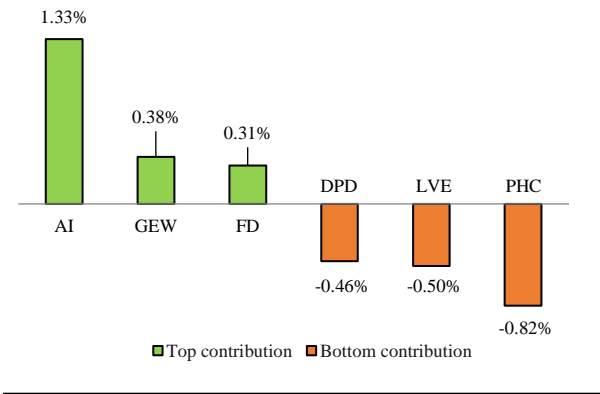
Fund in numbers

AUM	300 DKKm
Average # of positions	56
	<i>Short (#)</i> 25
	<i>Long (#)</i> 31
Net long (June)	25.24
Largest sector exposure (long)	Materials (18.69)
Largest sector exposure (short)	Real Estate (-16.33)

Thematic Exposure⁶

Long position	weight, %
Sustainability Wave	13.91
Green Energy Wave	13.07
Transition Essential Resources	10.34
Short position	
Low Volatility Exuberance	-25.70
Real Income Destruction	-14.44
Digital Platform Dominance	-4.75

Thematic Contribution⁷



¹ Net of all costs
² Gross of all costs
³ Short and long positions of 56.05% and 81.29%, respectively
⁴ Returns net of all costs
⁵ MSCI Europe NDR
⁶ Top three net exposures as per 30 June 2023
⁷ Gross top and bottom contributors as per 30 June 2023

AI: Artificial Intelligence
 GEW: Green Energy Wave
 FD: Financial Disintermediation
 DPD: Digital Platform Dominance
 LVE: Low Volatility Exuberance
 PHC: Personal Health Care