
ST. PETRI CAPITAL

MONTHLY REPORT

July 2023

Comments

During July, the fund delivered a negative return of -0.83%¹. There was a positive contribution of 4.47%-points² from long positions, a negative contribution of -5.79%-points² from short positions, and cash and equivalents had a positive contribution of 0.67%-points.

The rally continued in July as equities rose further still, with all major indexes recording gains. Both S&P500 and Nasdaq saw a fifth consecutive month in the plus. It seems that markets are pricing in the potential of a soft landing and even potentially a scenario where a recession, at least in the US, is avoided completely. Some optimistic investors are even playing with the idea of a goldilocks zone for equities in the next 6 months. The market optimism was also felt in the world of hedgefunds, where a major US broker reported their ‘short-basket’ returning more than double the market average in July, most likely as a result of short sellers reducing/closing their positions. This movement was a major headwind for us in July as our shorts in absolute terms returned a positive 10.4% resulting in a negative contribution, for us, of 5.79%-points. Despite our long-leg performing better than the general market and a net long position close to 30%, it was not enough to outweigh these movements.

The *Low Volatility Exuberance* theme (LVE) underperformed contributing with -3.16%-points. Within this theme lies our short investment thesis on the Swedish real estate sector, (detailed in the May 2023 report). Many of the names within this basket was up double digit %-points in July and were the biggest contributors to the poor performance. We believe the next chapter of this ‘book’ to play out over the next 12-18 months and have kept our exposure accordingly.

Online Retail Transition (ORT) was the best performing theme in July, contributing with 1.32%-points. Performance was driven by a strong performance from the online meal kit platform, HelloFresh, returning almost 15% this month.

Overall, the Q2 reporting season has been positive with quite good results both in Europe and the US, however many companies provided soft or cautious guidance for remainder of 2023 and 2024.

Finally, taking a slight lead on Materials, Information Technology was our largest sector exposure in July, as a result of an increased exposure to our *Artificial Intelligence* Theme.

Statistical Summary

Return & Risk Statistics

Return/Risk	ST. PETRI L/S ⁴	INDEX ⁵
Return (July)	-0.83	1.99
YTD	-5.15	13.32
Since inception	87.54	44.80
Annualized returns (since inc.)	12.00	6.90
Standard Deviation (LTM)	10.55	13.66
VaR 95% (July)	0.85	
Correlation w. Index (since inc.)	0.22	

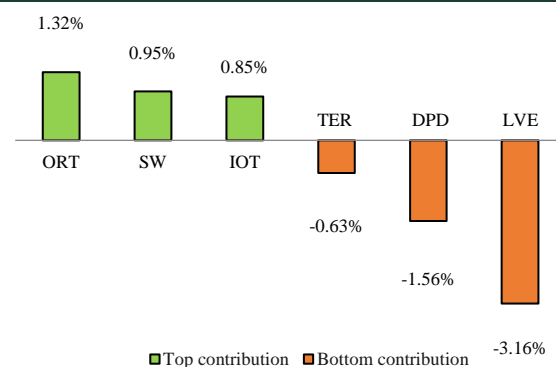
Fund in numbers

AUM	300 DKKm
Average # of positions	58
	<i>Short</i> (#) 26
	<i>Long</i> (#) 32
Net long (July)	28.56
Largest sector exposure (long)	Information Technology (20.37)
Largest sector exposure (short)	Real Estate (-18.63)

Thematic Exposure⁶

Long position	weight, %
Green Energy Wave	15.03
Sustainability Wave	14.63
Online Retail Transition	9.53
Short	
Low Volatility Exuberance	-29.24
Real Income Destruction	-16.19
Digital Platform Dominance	-4.15

Thematic Contribution⁷



¹ Net of all costs

² Gross of all costs

³ Short and long positions of 58.79% and 87.35%, respectively

⁴ Returns net of all costs

⁵ MSCI Europe NDR

⁶ Top three net exposures as per 31 July 2023

⁷ Gross top and bottom contributors as per 31 July 2023

ORT: Online Retail Transition
 SW: Sustainability Wave
 IOT: Internet of Things
 TER: Transition Essential Resources
 DPD: Digital Platform Dominance
 LVE: Low Volatility Exuberance