
ST. PETRI CAPITAL

Q1 REPORT
2024

Comments

Throughout Q1, the fund returned 2.32%¹, despite major drags from a couple of single stock-positions. Long positions contributed positively with 3.04%-points, while short positions had a negative impact of -0.16%-points. Cash and equivalents was a slight drag with a negative contribution of -0.08%-points.^{2,3} The first quarter of 2024 has been quite strong from an equity perspective with most major indices continuing the rally of Q4 2023. In January and February, we have seen the same picture as last year with large cap and tech stocks leading the way. In March these areas continued on a good trajectory, but the broader market also picked up, extending the rally. As such the risk-on attitude of investors has been in full display. In order for the rally to continue, one could argue that it should be earnings-driven, which requires good corporate results, as well as a continued downtrend in inflation measure, affecting the timing of interest rate cuts.

The main positive theme contributions came from *Green Energy Wave*, GEW (+2.55%-points), where the fund had a net long exposure of 10.67%, and *Security Revolution*, SR (+2.41%-points), with a net long exposure of 4.77%. The positive performance in the GEW theme was, again, largely driven by our strategic position within the subsea operations space, benefiting from substantial earnings upgrades spurred by heightened demand related to offshore wind activities, as well as our short position in Tesla, which we consider overvalued. The positive contribution from the AI theme was primarily attributed to strong a quarter for our positions within Alphawave and Darktrace.

The primary detractors in Q1 were the Digital Platform Dominance (DPD) theme, resulting in a negative contribution of -1.93%-points, and the Real Income Destruction (RID) theme, contributing -0.91%-points. The negative impact from DPD can be traced back to one of the three positions responsible for drag on performance, HelloFresh (contributing -2.85%-points in the quarter). The share price was slashed by 45% on the day that FY23 preliminary results and 2024 outlook were published. Furthermore, as we had expected for a long time, the ambitious 2025 targets was removed, and management admitted to having been too optimistic on the recovery of the meal kit business. As such 2024 will be a transition year, with depressed profitability. We acknowledge that we have been consistently wrong on this name the last six months, however we still believe there is value at these levels and has kept our, organically reduced, exposure. The negative contribution from the RID theme is primarily attributed to our short positions within luxury names, which saw share price rallies after Moncler delivered better than expected results and outlook. As previously mentioned, a few positions, HelloFresh included, drove the poor performance in Q1, where Vivoryon unfortunately missed on primary and secondary endpoints in its key phase 2 readout, contributing -1.58%-points, and AMS-Osram had its “cornerstone” microLED project cancelled, contributing -0.72%-points. Both positions have been liquidated.

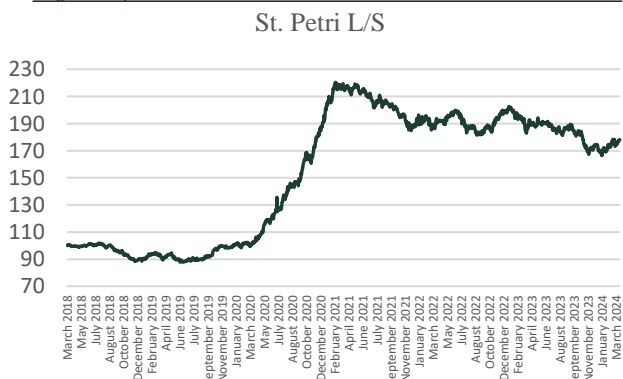
We entered the quarter with a positive view on equities, with a net long exposure of 48.9%, and adjusted our positioning further by scaling back shorts, ending Q1 with a net long exposure of 62.3%. The story of large cap outperformance continued in Q1, seen both in Europe (Euro-Stoxx50 up 12.57% vs Stoxx600 up 7.0%) and in the US (S&P500 +10.2% vs Russel2000 4.8%). Compared to the broader market rally our return of 2.32%¹ is quite disappointing. The underperformance is primarily attributed to the three positions discussed above.

Statistical summary

Return & Risk Statistics (%)		
Return	ST. PETRI L/S ⁴	INDEX ⁵
Q1	2.32	7.63
YTD	2.32	7.63
LTM	-7.57	14.79
Since inception	78.23	59.30
Avg. Yearly Ret. (since inc.)	10.01	7.99
Risk		
Annualized Standard Deviation (since inc.)	12.17	16.69
VaR 95%	1.12	
Maximum drawdown (Q1)	4.47	2.38
Maximum drawdown (since inc.)	19.79	35.48
Risk/Return		
Sharpe ratio (since inc.)	0.82	
Correlation w. Index (Q1)	0.57	
Correlation w. Index (since inc.)	0.23	
Fund in numbers		
AUM	268 DKKm	
Average # of positions	41	
	Short (#)	10
	Long (#)	31
Net long (Q1)	62.31%	
Largest sector exposure (long)	Industrials (18.19%)	
Largest sector exposure (short)	Cons. Disc. (7.40%)	

Thematic Exposure ⁶	
Long position	weight (%)
Artificial Intelligence	11.33
Digital Platform Dominance	10.90
Green Energy Wave	10.67
Short position	
Real Income Destruction	-7.37
Balance Sheet Restructuring	-4.55
Risk Mitigation	-0.01

Thematic Contribution ⁷	
Top contributor	return (%)
Green Energy Wave	2.55
Security Revolution	2.41
Artificial Intelligence	1.28
Bottom contributor	
Digital Platform Dominance	-1.93
Real Income Destruction	-0.91
Digital Experience	-0.72



¹ Net of all costs

² Gross of all costs

³ Short and long positions of 13.42% and 75.73%, respectively

⁴ Returns net of all costs

⁵ MSCI Europe NDR

⁶ Top three net exposures as per 29 March 2024

⁷ Top and bottom contributors as per 29 March 2024