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ST. PETRI CAPITAL

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Q2 REPORT  
2024

**Comments**

Throughout Q2, the fund returned -1.83%<sup>1</sup>. Long positions contributed negatively with -1.21%-points, while short positions had a negative impact of -0.08%-points. Cash and equivalents was completely flat with a contribution of 0.00%-points.<sup>2,3</sup> The second quarter of 2024 continued the positive equity performance of Q1 with most major indices reaching all-time highs, repeatedly, throughout the period. Despite a general acknowledgement of higher for longer rates, the bull run continued, and stocks generally climbed higher in April and May, before slightly pulling back in June. In the first months of the quarter inflation seemed sticky and key inflation data came in hotter than expected, but that has since calmed down and recent prints from the US economy in June showed the lowest inflation levels since early 2021 – a normalization seems to be within reach. It is currently a very delicate balancing act for the FED and ECB not to cut too late, hurting the economy unnecessarily, while still being aware of inflation potentially flaring back up. Currently a FED rate cut in September is priced in as the most likely scenario. In Europe, more particularly France, the equity market saw headwinds, from political turbulence, as Macron declared for early election in French parliament. Our French positions suffered from this as well, effectively working as a drag on performance.

The main positive theme contributions came from *Transition Essential Resources*, TER (+1.02%-points), where the fund had a net long exposure of 17.49%, and *Real Income Destruction*, RID (+0.56%-points), with a net short exposure of -5.83%. The positive performance in the TER theme was driven by our positions exposed primarily to the copper price, despite a correction in the price of most materials towards the end of Q2. The somewhat limited, though positive, contribution from the RID theme came from our short positions within the luxury retail space.

The primary negative theme contributions in Q2 came from the Digital Platform Dominance (DPD) theme (-2.41%-points), and the Green Energy Wave (GEW) theme, contributing -1.42%-points. The negative impact from DPD can be attributed to HelloFresh and Better Collective primarily. HelloFresh has been sliding ever since the profit warning in March, as confidence in management will be low until they have proven able to stabilize the US meal kit business before subsequently turning things around, which will probably be more of a 2025 story. Better Collective reported disappointing Q1 numbers, despite still showing good growth and investors have also been a bit hesitant since changes in google policies were announced, affecting the dynamic of Better Collective’s media partnership business. We have kept our exposure in both positions.

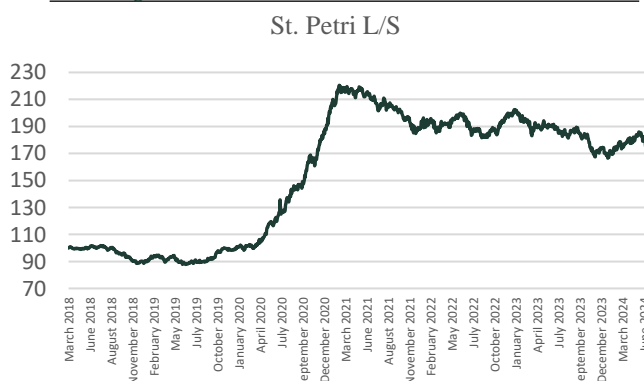
We entered the quarter with a positive view on equities, with a net long exposure of 62.3%, and has kept an exposure around those levels throughout the quarter, ending Q2 with a net long exposure 66.4%. Once again, the returns in equity markets were narrowly driven by the biggest companies, as large capitalization kept outperforming, resulting in the highest stock market concentration since 1962, in the US. Currently, the 10 largest companies in the US makes up almost 30% of the total market. Our underperformance in Q2 was not satisfactory - most can be attributed to the month of June, where the fund lost 4%.

**Statistical summary**

Return & Risk Statistics (%)		
Return	ST. PETRI L/S <sup>4</sup>	INDEX <sup>5</sup>
Q2	-1.83	1.32
YTD	0.44	9.06
LTM	-7.47	13.68
Since inception	74.97	61.40
Avg. Yearly Ret. (since inc.)	9.28	7.89
Risk		
Annualized Standard Deviation (since inc.)	12.17	16.47
VaR 95% (Q2)	1.32	
Maximum drawdown (Q2)	6.07	2.76
Maximum drawdown (since inc.)	19.79	35.48
Risk/Return		
Sharpe ratio (since inc.)	0.73	
Correlation w. Index (Q2)	0.76	
Correlation w. Index (since inc.)	0.24	
Fund in numbers		
AUM	255 DKKm	
Average # of positions	38	
	Short (#)	6
	Long (#)	32
Net long (Q2)	66.38%	
Largest sector exposure (long)	Industrials (24.23%)	
Largest sector exposure (short)	Cons. Disc. (4.91%)	

Thematic Exposure <sup>6</sup>	
Long position	weight (%)
Transition Essential Resources	17.49
Green Energy Wave	12.97
Digital Platform Dominance	12.48
Short position	
Real Income Destruction	-5.83
Risk Mitigation	-4.11
Balance Sheet Restructuring	-2.53

Thematic Contribution <sup>7</sup>	
Top contributor	return (%)
Transition Essential Resources	1.02
Real Income Destruction	0.56
Sustainability Wave	0.49
Bottom contributor	
Digital Platform Dominance	-2.41
Green Energy Wave	-1.42
Risk Mitigation	-0.56



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

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

<sup>3</sup> Short and long positions of 14.81% and 81.19%, respectively

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

<sup>5</sup> MSCI Europe NDR

<sup>6</sup> Top three net exposures as per 28 June 2024

<sup>7</sup> Top and bottom contributors as per 28 June 2024