
ST. PETRI CAPITAL

Q3 REPORT
2024

Comments

Throughout Q3, the fund returned 0.22%¹. Long positions contributed positively with 0.99%-points², while short positions had a negative impact of -0.37%-points². Cash and equivalents was a slight drag on performance with a negative contribution of -0.12%-points.^{2,3} The third quarter was characterized by volatile movements in both directions, driven by a shifting macroeconomic outlook, increased geopolitical tensions, and concerns over the future direction of large AI-related stocks (read: majority of the magnificent 7), which had fueled most of the index gains in the first half of 2024.

Entering Q3, major indices were at or near all-time highs, having fully recovered from the 2022 bear market. Inflation appeared to be cooling steadily, the job market remained robust, and it seemed as though the Federal Reserve had successfully orchestrated a soft landing. However, August saw a sharp spike in volatility and a significant drop in global equities, as recession fears were stoked by weak U.S. labor market data. The subsequent rebound was equally strong in the opposite direction, with most indices finishing August in positive territory. Early September witnessed a similar, though less volatile, risk-off shift. Still, a 50 basis point rate cut by the Federal Reserve, along with reassurances that they were not behind the curve, helped stabilize equity markets and pushed them back toward all-time highs.

The main positive theme contributions came from *Digital Platform Dominance*, DPD (+4.00%-points), where the fund had a net long exposure of 15.40%, and *Transition Essential Resources*, TER (+0.89%-points), with a net long exposure of 17.21%. The positive performance within the DPD theme was largely driven by our positions in HelloFresh and Zalando. HelloFresh, in particular, was a standout performer, rebounding by +100% from distressed levels at the end of Q2. While the company is not yet fully out of the woods, it demonstrated positive signs in its H1 report. In the TER theme, contributions were more evenly distributed across our positions.

The primary negative theme contributions in Q3 came from the Green Energy Wave (GEW) and Artificial Intelligence (AI) themes, which detracted -2.77%-points and -1.71%-points, respectively. The negative impact within the GEW theme, where the fund had a net long exposure of 12.82%, was broadly spread across positions, though Ashtead Technology was the largest detractor, contributing -0.88%-points. In the AI theme, with a net long exposure of 7.10%, Kalray and Alphawave were the main negative drivers, with contributions of -0.96%-points and -0.68%-points respectively.

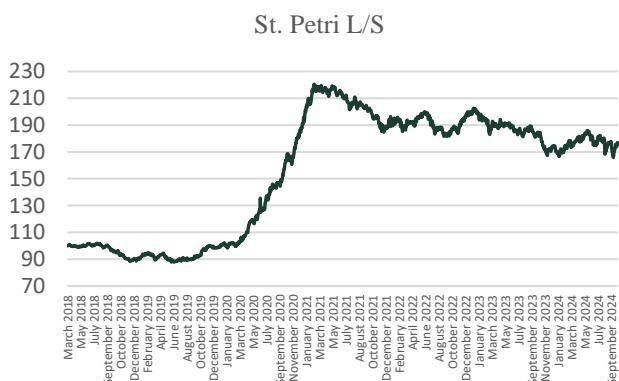
We entered the quarter with a constructive view on equities, starting with a net long exposure of 66.4%, and maintained exposure around that level throughout the quarter, finishing Q3 with a net long exposure of 68.08%. With our current positioning, we are most exposed to Materials, Industrials, and Technology—all of which are highly cyclical sectors. As a result, our portfolio’s beta is quite high, which significantly impacted performance during the volatile sell-offs in early August and early September. Consequently, we spent the remainder of both months gradually recovering those losses.

Statistical summary

Return & Risk Statistics (%)		
Return	ST. PETRI L/S ⁴	INDEX ⁵
Q3	0.22	2.35
YTD	0.66	11.62
LTM	-5.06	18.80
Since inception	75.35	65.20
Avg. Yearly Ret. (since inc.)	8.94	7.96
Risk		
Annualized Standard Deviation (since inc.)	12.30	16.34
VaR 95% (Q3)	1.37	
Maximum drawdown (Q3)	8.88	7.10
Maximum drawdown (since inc.)	19.79	35.48
Risk/Return		
Sharpe ratio (since inc.)	0.69	
Correlation w. Index (Q3)	0.83	
Correlation w. Index (since inc.)	0.26	
Fund in numbers		
AUM	246 DKKm	
Average # of positions	38	
	Short (#)	6
	Long (#)	32
Net long (Q3)	68.08%	
Largest sector exposure (long)	Materials (22.32%)	
Largest sector exposure (short)	Cons. Disc. (4.09%)	

Thematic Exposure ⁶	
Long position	weight (%)
Transition Essential Resources	17.21
Digital Platform Dominance	15.40
Green Energy Wave	12.82
Short position	
Real Income Destruction	-8.86
Risk Mitigation	-3.46
Balance Sheet Restructuring	-0.96

Thematic Contribution ⁷	
Top contributor	return (%)
Digital Platform Dominance	4.00
Transition Essential Resources	0.89
Security Revolution	0.40
Bottom contributor	
Green Energy Wave	-2.77
Artificial Intelligence	-1.71
Personal Healthcare	-0.82



¹ Net of all costs
² Gross of all costs
³ Short and long positions of 13.3% and 81.93%, respectively
⁴ Returns net of all costs
⁵ MSCI Europe NDR
⁶ Top three net exposures as per 30 September 2024
⁷ Top and bottom contributors as per 30 September 2024