



## December 2017 Monthly Report

Returns 31-Dec-12 to 31-Dec-17

	Norse Capital	All Ords Accum	Outperformance	Small Ords Accum	Outperformance
Inception	128.33%	63.76%	64.56%	42.83%	85.50%
Inception per annum	17.94%	10.36%	7.58%	7.39%	10.56%
2017	15.55%	12.47%	3.08%	20.02%	-4.46%
2016	9.31%	11.65%	-2.33%	13.18%	-3.87%
2015	36.80%	3.78%	33.02%	10.16%	26.65%
2014	10.81%	5.02%	5.79%	-3.81%	14.62%
2013	19.24%	19.66%	-0.41%	-0.76%	20.00%
1m	3.28%	2.03%	1.25%	3.20%	0.08%
3m	10.76%	8.20%	2.56%	13.69%	-2.92%
6m	15.36%	9.31%	6.05%	18.70%	-3.33%
1y	15.55%	12.47%	3.08%	20.02%	-4.46%
2y pa	12.37%	12.04%	0.33%	16.52%	-4.15%
3y pa	19.98%	9.22%	10.76%	14.36%	5.62%
5y pa	17.94%	10.36%	7.58%	7.39%	10.56%
Sharpe Ratio	1.56	0.75	2.07x	0.44	3.52x
Sortino Ratio	2.92	1.21	2.42x	0.69	4.21x
Annualised standard deviation	9.63%	11.20%		13.38%	
Highest monthly return	8.30%	7.00%		9.81%	
Largest monthly loss	-5.80%	-7.30%		-7.77%	
Largest drawdown	-10.28%	-12.23%		-17.69%	
% positive months	73.33%	65.00%		60.00%	

Happy new year to everyone and best wishes for a happy and prosperous 2018 ahead. Given the time of year (and more pertinently that I'm on vacation), we will keep this month's update short but will look to do a 2017 performance review later in January.

The fund hit its 5-year anniversary at the end of 2017, a time-frame often cited as a minimum history through which to evaluate performance. We do remain cognisant though that it has been a bull market and returns should ideally be viewed through the lens of a complete market cycle.

To December, the fund posted a sixth positive month in a row, nice to end 2017 on a good run and ahead of both the All Ords' and Small Ords' monthly performance despite a relatively large +3.1% move higher in the AUD. The concentrated nature of the portfolio manifested itself this month with the entire month's return basically generated by 3 stocks, 2

following on from gains the previous month, highlighting how portfolio returns will typically be generated by a few good businesses performing well:

Our largest position APX rose 16.4% (on top of the previous month's +32.2%) as the market digested the Leapforce acquisition and a couple of broker upgrades with target prices above market adding to the positive sentiment.

PME rose 15.5% (also after a gain the previous month at +12.7%). No new news subsequent to the previously announced deal with Yale New Haven Health.

One of our smaller positions, LVT rose 57.4% following an announcement of a joint effort with Microsoft to promote LVT's LiveTiles Bots AI technology to Microsoft customers.

### **Portfolio Holdings:**

Cash:	20.2% (AUD and USD)
Non-AUD exposure:	20.6%
Longs:	80.3%
Shorts:	-1.3%
Hedge delta:	-5.6%
Net exposure:	73.4%
Top 5 equities (alphabetical):	AAPL, ADA, APX, PME, RMD

With the market's and portfolio's move higher in recent months, the portfolio's cash position seemingly continues to move relentlessly lower despite trimming some positions. As can be see from the higher hedge delta, we have been adding downside put protection and are happy to see that protection unused so far.

