



## September 2018 Monthly Report

Returns 31-Dec-12 to 28-Sep-18

	Norse Capital	All Ords Accum	Outperformance	Small Ords Accum	Outperformance
Inception	159.87%	73.57%	86.30%	51.16%	108.71%
Inception per annum	18.08%	10.07%	8.01%	7.46%	10.63%
CY2018 (ytd)	13.81%	5.98%	7.83%	5.83%	7.98%
CY2017	15.55%	12.47%	3.08%	20.02%	-4.46%
CY2016	9.31%	11.65%	-2.33%	13.18%	-3.87%
CY2015	36.80%	3.78%	33.02%	10.16%	26.65%
CY2014	10.81%	5.02%	5.79%	-3.81%	14.62%
CY2013	19.24%	19.66%	-0.41%	-0.76%	20.00%
1m	0.19%	-1.06%	1.25%	-0.35%	0.55%
3m	6.78%	1.86%	4.92%	1.10%	5.68%
6m	13.50%	10.05%	3.45%	8.86%	4.64%
1y	26.06%	14.68%	11.39%	20.32%	5.75%
2y pa	10.66%	11.59%	-0.94%	11.34%	-0.68%
3y pa	19.26%	12.38%	6.88%	16.99%	2.28%
5y pa	18.25%	8.45%	9.80%	8.75%	9.50%
Sharpe Ratio	1.48	0.76	1.94x	0.47	3.15x
Sortino Ratio	2.90	1.22	2.38x	0.74	3.91x
Annualised standard deviation	10.30%	10.75%		12.68%	
Highest monthly return	10.32%	7.00%		9.81%	
Largest monthly loss	-5.80%	-7.30%		-7.77%	
Largest drawdown	-10.28%	-12.23%		-17.69%	
% positive months	73.91%	65.22%		59.42%	

A positive result for September (up +0.19%) which we are happy to take given we managed to hold onto August's good returns and in light of the negative performances of the All Ords and Small Ords.

Not a lot of news on our holdings post the August reporting season. We took profits on a couple of positions: AVH (sold much too early in hindsight) after they won FDA approval for their burns treatment, and ZNT given the takeover proposal is only a few percentage points from where it is currently trading. We used the cash returned to increase our cash weighting and also to participate in a couple of placements and an IPO which we may potentially reveal in future as we size the positions to the desired weightings.

The biggest drag on performance during the month came from APX, down just under 9%, giving back some of the previous month's +41% performance. This was more than offset by the over +22% rise in our second largest holding PME to new all time highs, continuing on from a similar performance the previous month. No news on either front, we intend to continue to hold our current positions for the long term.

### **Portfolio Holdings:**

Cash:	30.7% (AUD and USD)
Non-AUD exposure:	20.4%
Longs:	71.0%
Shorts:	-2.5%
Hedge delta:	-7.4%
Net exposure:	61.0%
Top 5 equities (alphabetical):	AAPL, AMZN, APX, PME, RMD

As can be seen from the portfolio holdings snapshot above, we have started some short positions again. The intention is to continue to build up the short position as a portfolio hedge against the growth nature of a significant portion of the portfolio, ideally providing a buffer in market downturns. While we have little skill in market timing this should hopefully allow us to hold some of the positions which may look expensive on traditional metrics but in which our thesis is that they will more than outgrow their valuations in the years to come. In addition, we have continued to replace our option hedges as they expire. The higher current hedge delta is partly reflective of an October expiry near-the-money index put which may or may not come into play.

