November 2018 Monthly Report

Returns 31-Dec-12 to 30-Nov-18

	Norse Capital	All Ords Accum	Outperformance	Small Ords Accum	Outperformance
Inception	147.58%	58.69%	88.89%	36.15%	111.44%
Inception per annum	16.56%	8.12%	8.44%	5.35%	11.20%
CY2018 (ytd)	8.43%	-3.10%	11.53%	-4.68%	13.11%
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	1.16%	-2.24%	3.40%	-0.37%	1.53%
3m	-4.54%	-9.54%	4.99%	-10.25%	5.71%
6m	6.91%	-4.12%	11.03%	-7.98%	14.88%
1y	11.99%	-1.13%	13.12%	-1.63%	13.62%
2y pa	12.58%	6.55%	6.03%	8.87%	3.71%
3y pa	12.75%	7.69%	5.06%	10.38%	2.37%
5y pa	16.23%	6.00%	10.23%	7.06%	9.17%
Sharpe Ratio	1.32	0.58	2.27x	0.31	4.28x
Sortino Ratio	2.44	0.89	2.74x	0.46	5.33x
Annualised standard deviation	10.58%	11.08%		13.20%	
Highest monthly return	10.32%	7.00%		9.81%	
Largest monthly loss	-5.82%	-7.30%		-9.60%	
Largest drawdown	-10.28%	-12.23%		-17.69%	
% positive months	73.24%	63.38%		57.75%	

Amidst the ongoing market volatility and on the back of our worst ever monthly performance in October, it was nice to get back to positive with the portfolio up +1.16% for the month. We did well on a relative basis, especially compared to the All Ords (-2.24%) which performed poorly compared to its US peers with the S&P500 up ~1.8% and the Nasdaq Composite up ~0.3%.

Good news/updates from our two largest positions, APX and PME, drove the positive side of the monthly ledger:

APX rose over 30% after upgrading CY2018 guidance to an EBITDA range of $62-65m vs previous guidance of $54-59m, at an 80c AUD-USD rate. The upgrade was "…driven by a sharp increase in monthly revenues, largely from existing projects…" which reaffirms the thesis from the AGM of strong AI tailwinds fuelling the need for more data, more frequently.

PME announced the signing of a 7-year, $27m contract with two flagship hospitals (Massachusetts General and Brigham and Women's) in the US-based Partners Health system on their transaction licensing model. This was PME's biggest deal to date with yet more prestigious medical institutions and scope to expand to more hospitals within the Partners network. We have stated previously that PME needs to continue to sign new deals to justify its premium valuation and would contend that this latest signing does that and then some. The shares rose over 10% for the month.

The biggest detractors for the month were AAPL and previous largest holding ADA. AAPL reported quarterly earnings that beat estimates on both the top and bottom lines but the market was unhappy of a change to future reporting where AAPL will no longer divulge individual iPhone, iPad and iMac numbers as the number of units has become less important with AAPL managing to adjust average selling prices to drive revenues. Along with their growing services business it makes sense that AAPL is trying to focus investors away from shipment numbers. Coupled with later downgrades from iPhone suppliers during the month, the shares fell over 18%.

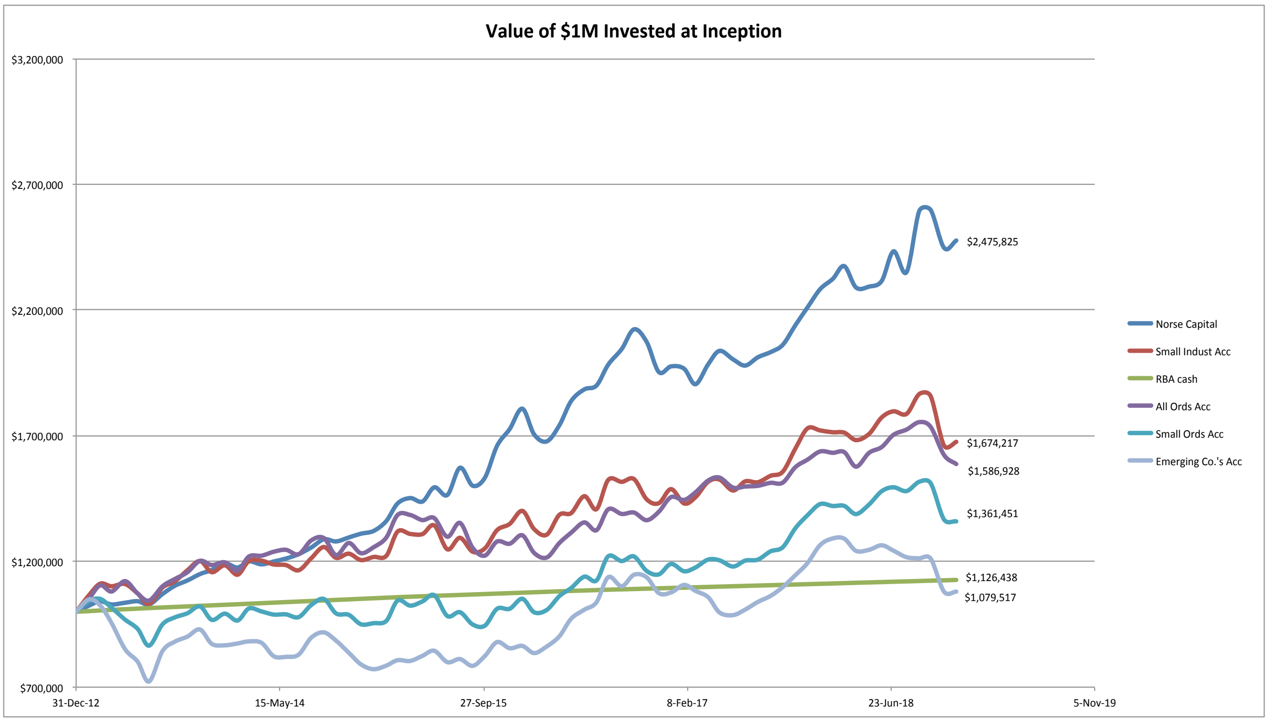
ADA released a shocking downgrade during the month, with the shares falling over 35% to where we sold our remaining position and over 60% to its month end close. Our saving grace was having lightened the position over time. A more in depth discussion of our experience can be found at https://tinyurl.com/y7tdcb9a for those interested.

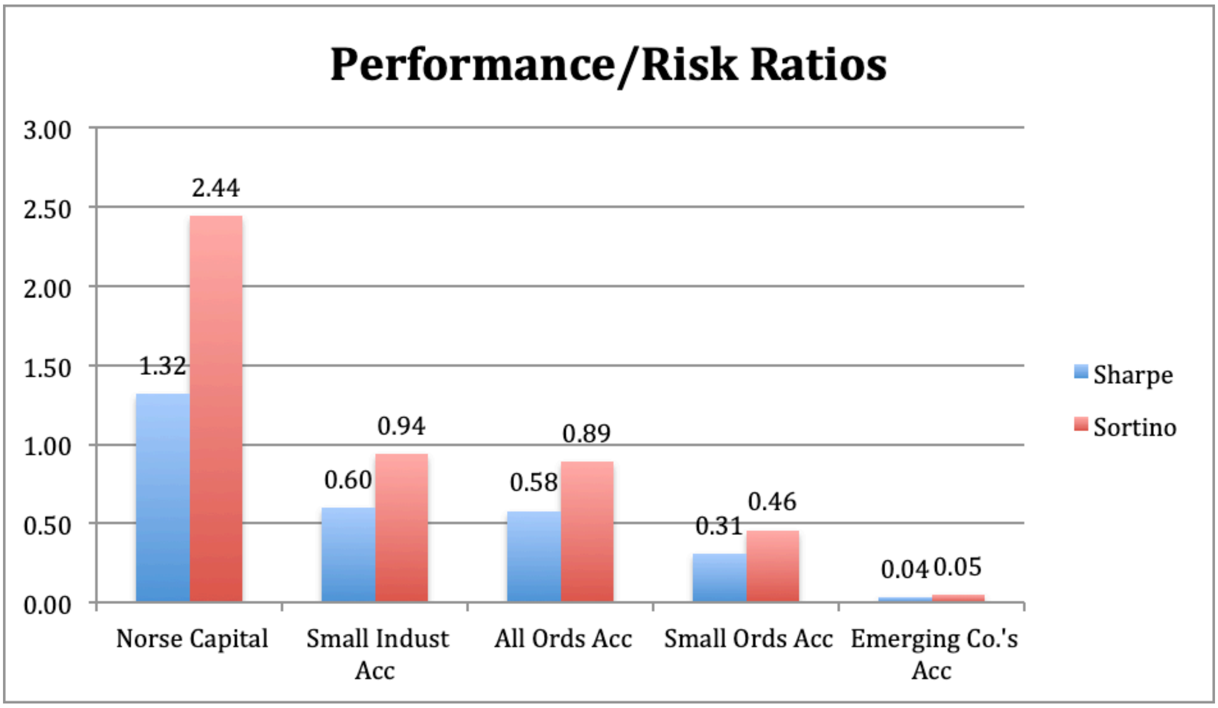
Portfolio Holdings:

Cash:	29.3% (AUD and USD)
Non-AUD exposure:	20.2%
Longs:	70.0%
Shorts:	-0.5%
Hedge delta:	-11.0%
Net exposure:	54.5%
Top 5 equities (alphabetical):	AAPL, APX, PME, RMD, VHT

As can be seen from the portfolio holdings snapshot above we closed most of the remainder of our short positions during the month taking profit during the market downturn. We will look to re-establish short positions opportunistically, intending to build towards a decent sized short book. We continue with a reasonable short delta from our option positions.

Have a happy and safe holiday season ahead and I look forward to our closing report and 2018 year in review in mid January.




Performance/Risk Ratios
3.00
2.50
2.00
1.50
1.00
0.50
0.00
2.44
1.32
0.94
0.60
0.89
0.58
0.46
0.31
0.04
0.05
Norse Capital
Small Indust Acc
All Ords Acc
Small Ords Acc
Emerging Co.'s Acc
Sharpe
Sortino