



## April 2019 Monthly Report

Returns 31-Dec-12 to 30-Apr-19

	Norse Capital	All Ords Accum	Outperformance	Small Ords Accum	Outperformance
Inception	222.34%	79.92%	142.43%	52.92%	169.43%
Inception per annum	20.31%	9.72%	10.59%	6.94%	13.37%
CY2019 (ytd)	31.37%	13.89%	17.49%	17.22%	14.15%
CY2018	7.46%	-3.53%	10.99%	-8.67%	16.13%
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	8.96%	2.54%	6.42%	4.11%	4.85%
3m	26.13%	9.51%	16.62%	11.04%	15.09%
6m	31.71%	10.83%	20.88%	11.91%	19.80%
1y	40.56%	10.23%	30.34%	7.18%	33.38%
2y pa	25.70%	8.29%	17.40%	12.64%	13.06%
3y pa	20.56%	11.01%	9.55%	11.78%	8.78%
5y pa	21.84%	7.75%	14.09%	9.11%	12.73%
Sharpe Ratio	1.50	0.72	2.08x	0.42	3.56x
Sortino Ratio	3.12	1.14	2.75x	0.64	4.86x
Annualised standard deviation	11.54%	11.02%		13.36%	
Highest monthly return	11.78%	7.00%		9.81%	
Largest monthly loss	-5.82%	-7.30%		-9.60%	
Largest drawdown	-10.28%	-12.23%		-17.69%	
% positive months	73.68%	64.47%		57.89%	

The equity market bulls continue to run hard in 2019 with every month higher than the previous so far and US indices reaching new all-time highs. The S&P500 added +3.9% while the Nasdaq tacked on +4.7%. In Australia we reached 11 year highs in the All Ords, up +2.54% and the Small Ords added +4.11%.

Our portfolio also joined in the party, up +8.96% for the month. While we are very happy that market participants are popping champagne and blowing streamers, today's high returns do set the bar higher for future

positive returns. We have no crystal ball as to when the party might end; inflation remains below target leaving central banks with what now looks like an easing bias and the Fed showing no signs of returning to tightening. While that remains the case, the market is discounting future cash flows at low rates benefitting high growth companies. We will continue with our process of trying to find and hold onto high quality companies while attempting to hedge out a portion of the downside risk.

The biggest contribution for the month came from Pro Medicus (PME) our 2<sup>nd</sup> largest holding. The share price closed up over +38% at an all-time high over \$20/share. The company signed a transaction based \$14m 7-year contract with Duke Health to implement Visage 7 across Duke's radiology departments. Although the quantum of the deal doesn't explain the large rise in market capitalisation, it does provide further confirmation that the company is not standing still but continuing to grow its strong position in the US.

Appen also hit a new all-time high during April, adding almost +14% to its share price. No new news but good share price performance in the tech sector as well as the end of the SPP period probably removing some overhang were positive contributors.

Other contributors during the month were Volpara, up over +32% and our US-listed tech holdings.

Our shorts and hedges cost the portfolio ~-0.7% in performance for April.

### **Portfolio Holdings:**

Cash:	27.1% (AUD and USD)
Non-AUD exposure:	20.0%
Longs:	78.8%
Shorts:	-7.1%
Hedge delta:	-6.8%
Net exposure:	64.9%
Top 5 equities (alphabetical):	AAPL, AMZN, APX, PME, RMD

Not much change in our net exposure as the growth in our long equity valuations has been offset by additional hedging. We plan to increase the hedge notional and/or bring some of the hedging a bit closer to market. With the US tech sector performing well, AMZN has re-joined our top 5

holdings at the expense of EVS. (As mentioned last month, positions 5-8 are of roughly comparable sizes).

