



## September 2020 Monthly Report

Returns 31-Dec-12 to 30-Sep-20

	Norse Capital All Ords Accum Outperformance			Small Ords Accum Outperformance	
Inception	316.84%	77.50%	239.34%	51.89%	264.95%
Inception per annum	20.22%	7.68%	12.53%	5.54%	14.68%
CY2020 (ytd)	18.44%	-9.43%	27.87%	-4.06%	22.50%
CY2019	43.44%	24.06%	19.38%	21.36%	22.08%
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	-0.30%	-3.43%	3.13%	-2.82%	2.52%
3m	1.89%	1.10%	0.79%	5.67%	-3.78%
6m	28.09%	19.05%	9.04%	30.93%	-2.84%
1y	21.20%	-8.76%	29.96%	-3.33%	24.53%
2y pa	26.53%	1.12%	25.41%	0.24%	26.29%
3y pa	26.43%	5.45%	20.98%	6.52%	19.90%
5y pa	22.13%	7.72%	14.41%	9.96%	12.17%
7y pa	20.57%	6.30%	14.27%	6.24%	14.33%
Sharpe Ratio	1.36	0.48	2.83x	0.30	4.46x
Sortino Ratio	2.65	0.64	4.11x	0.43	6.19x
Annualised standard deviation	12.96%	13.92%		16.68%	
Highest monthly return	11.78%	9.54%		14.27%	
Largest monthly loss	-7.88%	-20.94%		-22.38%	
Largest drawdown	-14.04%	-27.33%		-29.11%	
% positive months	72.04%	64.52%		56.99%	

A correction month for equity markets in September with the All Ords down -3.43% and the Small Ords -2.82% while in the US the S&P500 dropped -3.9% and the Nasdaq -5.2%. Our portfolio showed a drop of -0.3%, better than earlier in the month when technology stocks were leading the way lower after posting all-time highs on stretched valuations post results season. Going into US elections, the market is now keying

off voter polls and Trump's coronavirus infection with volatility seemingly the norm into year-end.

Our biggest detractor on the month was AAPL whose shares dropped just over -10% after hitting all-time highs coming out of their 4:1 split. It never made fundamental sense for a split to drive the share price so we did hedge ~40% of our position via calendar put spreads. Unfortunately we put the hedges on too early (at a split-adjusted price of \$107.50) as the shares rocketed higher. Having said that, post the share price drop, we now have outright puts at that strike as the short strikes have expired. In any case, the hedges are just protection around the edges and we fully intend to keep our underlying AAPL exposure.

Next in line to detract from performance was EML, with the shares down -16.4% in September. Rising coronavirus cases in Europe and the US have the market wary of potential mall (re)closures hitting EML's G&I segment. (As a reminder, a significant portion of EML's gift cards revenue tends to come towards the Christmas holiday season). Arguably, prior falls in the share price have incorporated a Covid-detraction from mall gift cards and post the PFS acquisition and with increasing revenues from GPR, the G&I segment is a smaller percentage of overall revenues.

Our US-listed enterprise software basket added ~+1.23% to September's performance. Another fantastic quarterly from ZM saw the shares jump over +44% on the month. At their last quarterly I had previously remarked that Zoom had "posted one of the all-time greatest quarterly earnings beats." Well their latest results well and truly smashed that record with revenues up +355%, customer growth (for customers with over 10 employees) of +458%, FCF of +\$373m vs \$17m and GAAP EPS for the quarter at 63c vs 2c the prior year. Again I'm left ruing that our position in ZM has not been (much) bigger.

Also on the positive side of the ledger, the AUD fell -2.88% in September to add ~+0.82% to performance, recouping some of August's losses when it rose 3.25%.

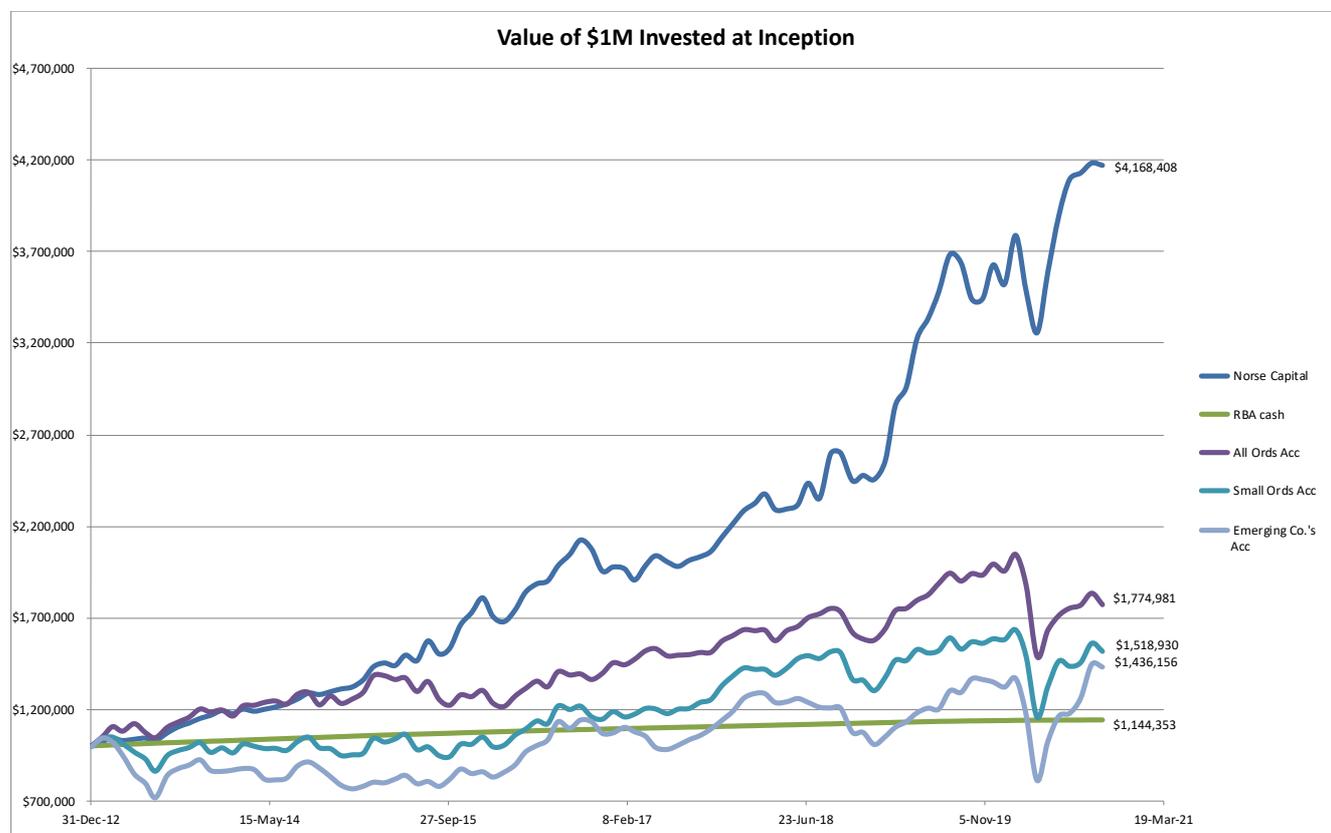
Shorts and hedging added a tiny +0.04% to the portfolio this month.

## Portfolio Holdings:

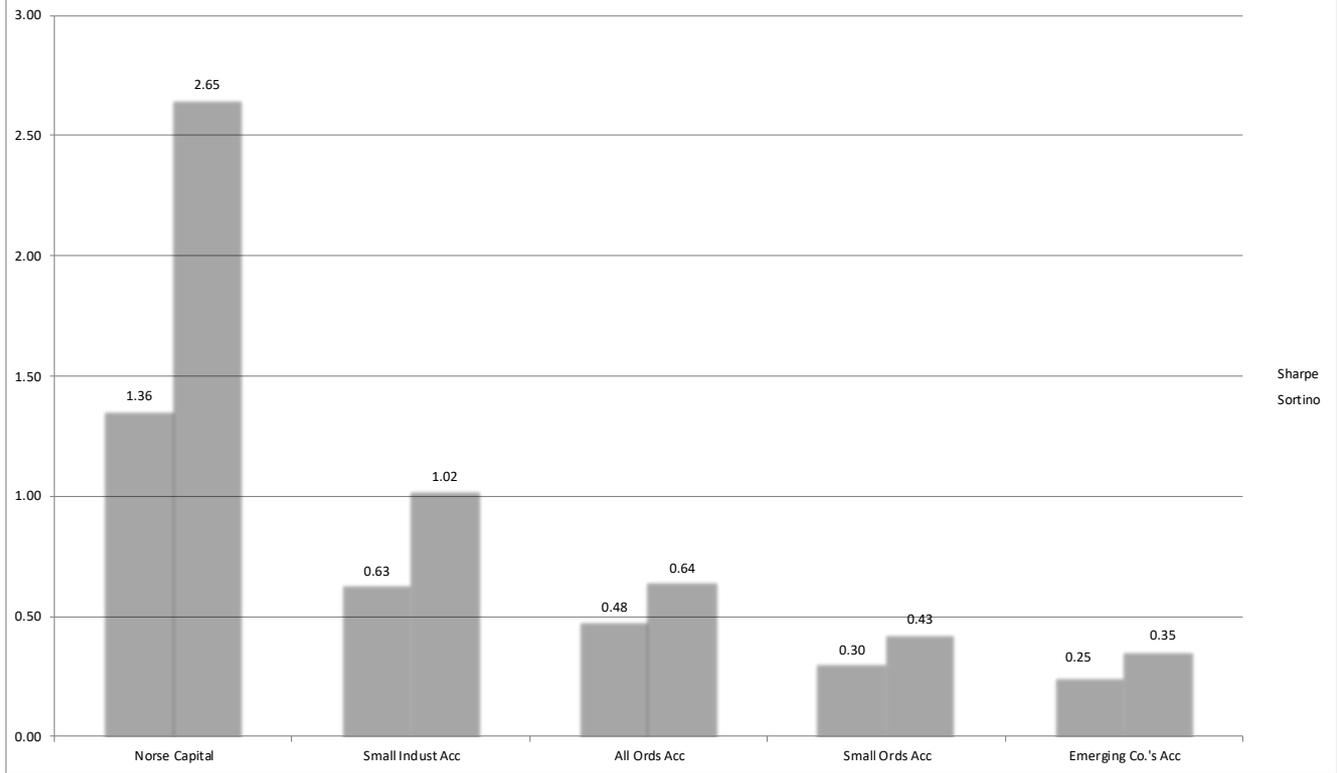
Cash:	26.2% (AUD and USD)
Non-AUD exposure:	29.2%
Longs:	65.6%
Shorts:	-3.7%
Options delta:	15.3%
Net exposure:	77.2%
Top 5 equities (alphabetical):	AAPL, APX, EML, PME, TTD

A slightly higher cash weighting to bring our net exposure a couple of percent lower towards 77% this month. Our AAPL puts are now relatively close to market although they expire soon and we will look to opportunistically add to our QQQ and SPY option hedges as well as replacing shares with long-dated call options.

TTD, a part of our US-listed enterprise software basket, just edges out RMD to enter our top 5 holdings as the shares have continued to perform well post month-end.



### Performance/Risk Ratios



Sharpe  
Sortino