October 2020 Monthly Report

Returns 31-Dec-12 to 31-Oct-20

	Norse Capital	All Ords Accum	Outperformance	Small Ords Accum	Outperformance
Inception	325.52%	81.20%	244.33%	52.59%	272.94%
Inception per annum	20.29%	7.88%	12.41%	5.54%	14.75%
CY2020 (ytd)	20.91%	-7.55%	28.45%	-3.62%	24.53%
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	2.08%	2.08%	0.00%	0.46%	1.63%
3m	3.12%	2.24%	0.88%	4.69%	-1.58%
6m	18.78%	10.94%	7.84%	15.10%	3.68%
1y	23.63%	-6.51%	30.14%	-2.40%	26.03%
2y pa	31.81%	5.64%	26.17%	5.66%	26.15%
3y pa	25.74%	4.78%	20.96%	4.63%	21.11%
5y pa	20.68%	7.20%	13.48%	8.55%	12.13%
7y pa	20.54%	6.03%	14.51%	5.90%	14.63%
Sharpe Ratio	1.37	0.50	2.76x	0.31	4.48x
Sortino Ratio	2.68	0.67	4.01x	0.43	6.21x
Annualised standard deviation	12.89%	13.85%		16.59%	
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	72.34%	64.89%		57.45%	

Ahead of the US elections, October showed a divergence in equity markets between the US and Australia, with the All Ords up +2.08% and the Small Ords +0.46%% while in the US the S&P500 dropped -2.8% and the Nasdaq -2.3%. Given the divergence, we are happy with our portfolio basically matching the All Ords to also rise +2.08% in October.

Our biggest detractor on the month was APX whose shares dropped -5.2%. No new news, the shares underperformed the ASX Tech index in October; historically, APX often updates the market in November on its full year results so we'll see if we get an update soon.

No other significant individual detractors, AAPL, FSLY, and MA together cost the portfolio about -0.7% in roughly equal measure. FSLY is a relatively smaller holding in our US-listed enterprise software basket which dropped -32.2% on the month (or ~-50% from its intramonth high) on lowered guidance, predominantly from losing revenue from its previous largest customer TikTok on US regulatory concerns. We took the opportunity to slowly add to our position.

The largest positive contribution for the month came from PME which rose +19.7% with the announcement of a $10m, 7-year contract win with Munich-based LMU Klinikum, one of the largest university hospitals in Germany. Although "only" a $10m deal, it continues PME's September success in signing with NYU Langone and as a university hospital helps to extend PME's moat, entrenching university students within the Visage system.

RMD rose just shy of +17% after posting its quarterly results with revenue up +10% and operating profit up +27%, with continued Covid-19 demand and 6% growth in SaaS revenue.

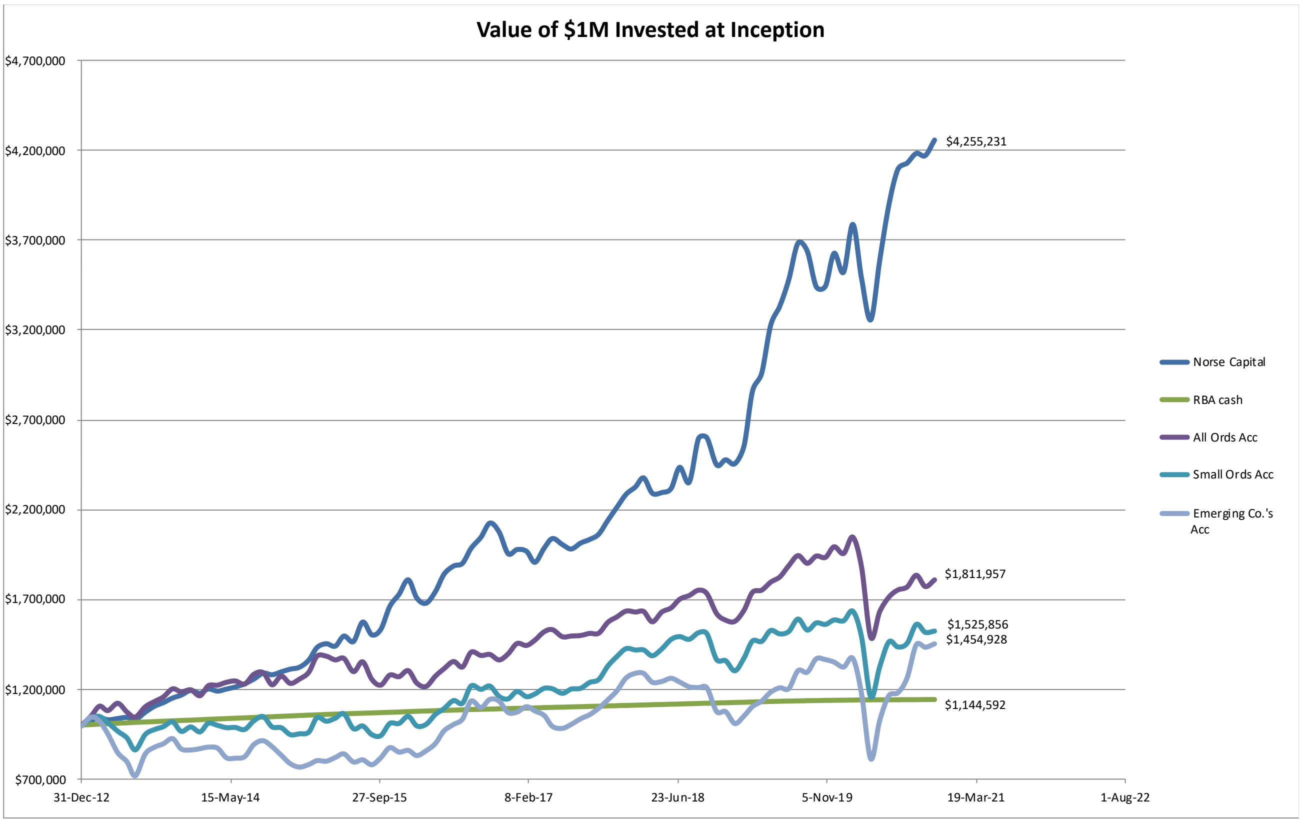
Our US-listed enterprise software basket (including the above mentioned loss from FSLY) added ~+0.33% to performance, the majority from our TTD position as Alphabet's stellar performance painted a positive light on the digital advertising market. Our shorts and hedging added a similar +0.35% to the portfolio as the majority of our hedges are on the US indices which dropped during October and our SAP short did particularly well with the shares dropping -31% on a weak quarterly report. As well, the AUD dropping -1.88% added another +0.53% to the portfolio.

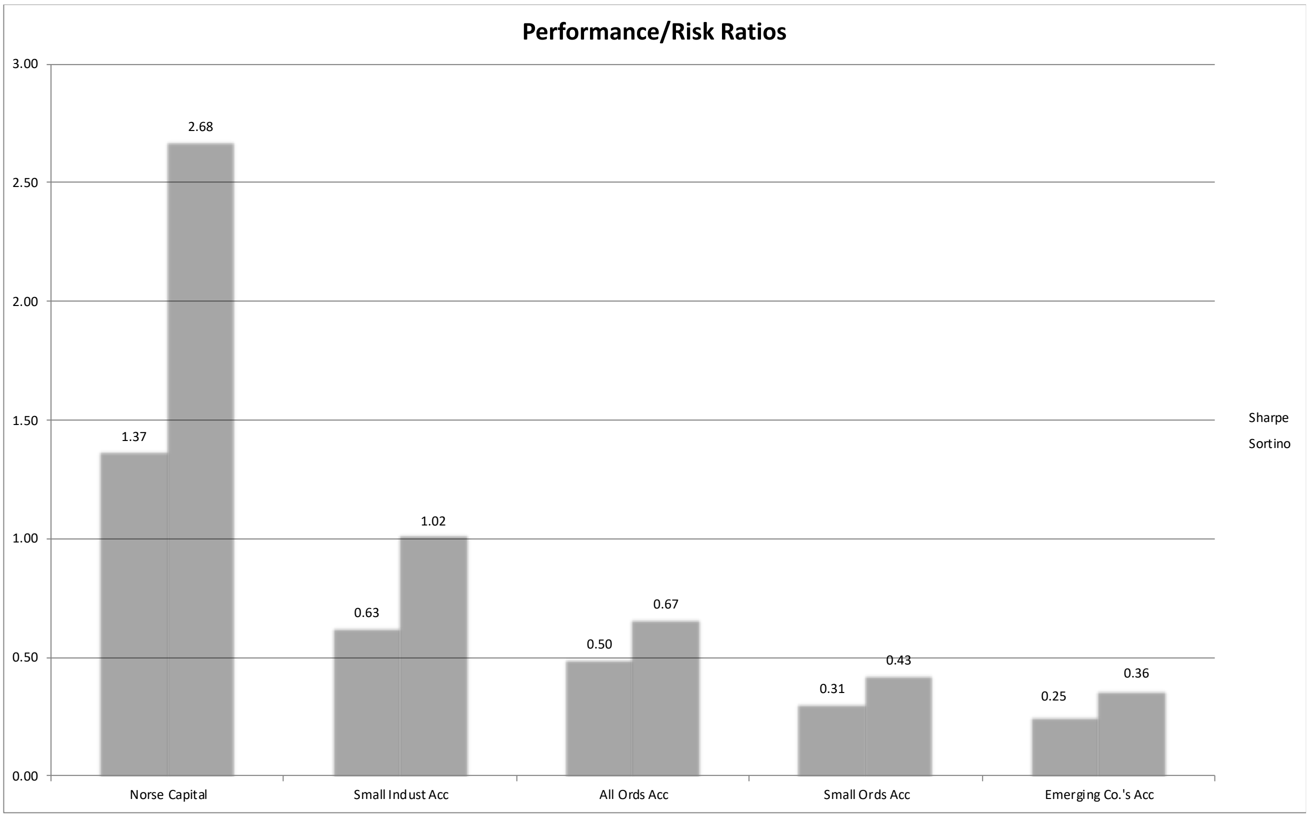
Portfolio Holdings:

Cash:	25.7% (AUD and USD)
Non-AUD exposure:	28.4%
Longs:	66.7%
Shorts:	-5.2%
Options delta:	14.8%
Net exposure:	76.4%
Top 5 equities (alphabetical):	AAPL, APX, EML, PME, RMD

A slightly lower cash weighting as we covered a third of our SAP short on the downdraft. Our AAPL puts expired too soon to provide any benefit but we did manage to extend a third of our TTD exposure into higher strike long-dated (2023) in-the-money calls when the stock was near all-time highs. We wanted to do more but didn't get set. In addition we have re-instituted ASX200 put spreads for the first time since the March pandemic first wave as ASX volatility had been too expensive for our liking until now. Still more expensive than historically but lower than the previous few months to entice us back in.

With our TTD exposure slightly lower as a consequence of the stock replacement strategy mentioned above and RMD's positive performance, RMD re-enters our top 5 holdings.


Value of $1M Invested at Inception
$4,700,000
$4,200,000
$3,700,000
$3,200,000
$2,700,000
$2,200,000
$1,700,000
$1,200,000
$700,000
31-Dec-12
15-May-14
27-Sep-15
8-Feb-17
23-Jun-18
5-Nov-19
19-Mar-21
1-Aug-22
$4,255,231
$1,811,957
$1,525,856
$1,454,928
$1,144,592
Norse Capital
RBA cash
All Ords Acc
Small Ords Acc
Emerging Co.'s Acc


Performance/Risk Ratios
3.00
2.50
2.00
1.50
1.00
0.50
0.00
1.37
2.68
0.63
1.02
0.50
0.67
0.31
0.43
0.25
0.36
Norse Capital
Small Indust Acc
All Ords Acc
Small Ords Acc
Emerging Co.'s Acc
Sharpe
Sortino