



## July 2021 Monthly Report

Returns 31-Dec-12 to 31-Jul-21

	Norse Capital All Ords Accum Outperformance			Small Ords Accum Outperformance	
Inception	407.57%	131.07%	276.49%	92.82%	314.75%
Inception per annum	20.83%	10.25%	10.58%	7.95%	12.88%
CY2021 (ytd)	14.13%	13.77%	0.36%	11.52%	2.61%
CY2020	26.36%	3.64%	22.73%	9.21%	17.15%
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	3.31%	1.06%	2.25%	0.68%	2.63%
3m	3.36%	5.67%	-2.31%	4.06%	-0.70%
6m	13.68%	13.43%	0.25%	11.80%	1.88%
1y	23.00%	30.38%	-7.38%	32.30%	-9.30%
2y pa	17.38%	8.90%	8.48%	10.02%	7.37%
3y pa	29.22%	10.23%	18.98%	9.21%	20.01%
5y pa	20.64%	10.40%	10.24%	9.56%	11.08%
7y pa	22.07%	8.75%	13.32%	9.41%	12.65%
Sharpe Ratio	1.39	0.67	2.08x	0.46	3.06x
Sortino Ratio	2.65	0.93	2.85x	0.66	4.02x
Annualised standard deviation	13.14%	13.68%		16.29%	
Highest monthly return	11.78%	10.16%		14.27%	
Largest monthly loss	-8.22%	-20.94%		-22.38%	
Largest drawdown	-14.04%	-27.33%		-29.11%	
% positive months	73.79%	67.96%		60.19%	

A nice positive return of +3.31% to outpace both the Aussie All Ords (+1.06%) and Small Ords (+0.68%) as well as the US S&P500 at +2.3% and the Nasdaq at +1.2% as US reporting season got underway in July and we await more US company reports plus also the Australian reporting season in August.

The biggest negative contribution for July came from former top holding Appen which dropped -16.5% for the month, closing July below \$11.50, well down from previous highs above \$43 in August last year after missing/lowering guidance. We currently hold ~50% of our peak position (in terms of number of shares). The next couple of earnings reports could prove crucial in determining Appen's investment thesis going forwards, starting with the half-yearly to be released on August 26<sup>th</sup>, at the precise time to the minute that I will be getting my 2<sup>nd</sup> Covid vaccine jab.

On the positive side of the ledger, the biggest contribution this month came from our largest holding in Mawson Infrastructure Group. The bitcoin miner's shares climbed +18.4% as Bitcoin itself rallied on the order of ~+15% after plumbing 2020 lows (so far at least) below \$30,000 in June. Interestingly for bitcoin miners, the exodus of Chinese mining due to their government's crackdown, which in part led to Bitcoin's price fall, resulted in something on the order of a +28% mining efficiency gain for the remaining miners (as Bitcoin mining difficulty decreased with less competition) to help offset the price decline. In addition, it may also have helped to bring forward delivery of previously ordered mining rigs with Mawson announcing receipt of new rigs with more to come in August to add an additional ~+125 PH to existing operations.

A positive contribution also from another top 5 holding, RPM Global, which rallied close to +13% with yet another TCV and ARR update with TCV now up to \$52.9m and ARR now up to \$21.9m vs \$12.7m in FY20. RPM continues to post good revenue growth with the increasing numbers testament to the value of its subscription software products.

Some further notable positive contributions came from AAPL at +6.5% with yet another tremendous quarter just reported, RMD up another ~+10%, and our enterprise software basket which added ~+0.65% to the month's performance.

Our shorts and hedges detracted -0.16% from performance whereas a ~2% drop in the AUD added ~+0.88% to the portfolio.

## **Portfolio Holdings:**

Cash:	19.8% (AUD and USD)
Non-AUD exposure:	43.2%
Longs:	72.7%
Shorts:	-2.4%
Options delta:	11.7%
Net exposure:	82.0%
Top 5 equities (alphabetical):	AAPL, MIGI, PME, RMD, RUL

Our net exposure has increased a little despite some additional hedges and selling of some positions, thanks to positive performance on the month. We added a few ~1y S&P 500 puts when the VIX dropped below 15 but volatility did not stay low for long and we want to add more. In lieu of adding more hedging, we did sell out of a couple of positions to try to get our exposure a little lower. We dodged a bullet selling out of our entire position in Chinese tech giant Tencent above US\$71 (on the US-listed ADR: TCEHY) the day after the Didi post-IPO crackdown was announced. We had held the position since late 2017 for a ~+30-35% return; positive but not earth-shattering but decided to exit in the face of Chinese regulatory scrutiny, reasoning the funds could be put to better use elsewhere. Perhaps the subsequent drop below \$57 might prove profitable from here but will probably leave it to others to jump on board. We also sold out of our Volpara position, a company whose products we like but whose valuation we consider stretched at the current time. Finally, we trimmed some more Pro Medicus, selling some above \$60 so that we only have just over ~1/3<sup>rd</sup> of our original max position in terms of number of shares but where it is still currently our 2<sup>nd</sup> largest individual position in terms of dollar value (excluding our enterprise software basket).

We did add some new positions in July including Eroad, where we participated in their placement to fund a potentially transformational acquisition of competitor Coretex but got less than half of what we applied for. We also added Moderna to the portfolio, starting our buying in the \$160s and then the \$190s during which the price shot up faster than we were willing to increase our buying which was obviously incorrect in hindsight; the share price has more than doubled and again we got much less than what we ideally wanted.

