



September 2021 Monthly Report

Returns 31-Dec-12 to 30-Sep-21

	Norse Capital All Ords Accum Outperformance			Small Ords Accum Outperformance	
Inception	417.22%	133.34%	283.88%	98.08%	319.14%
Inception per annum	20.65%	10.16%	10.49%	8.12%	12.53%
CY2021 (ytd)	16.30%	14.88%	1.42%	14.57%	1.74%
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	-8.94%	-1.58%	-7.36%	-2.14%	-6.80%
3m	5.28%	2.05%	3.23%	3.44%	1.84%
6m	9.85%	10.88%	-1.03%	12.23%	-2.37%
1y	24.08%	31.46%	-7.38%	30.41%	-6.33%
2y pa	22.60%	9.51%	13.09%	12.26%	10.34%
3y pa	25.71%	10.34%	15.37%	9.40%	16.31%
5y pa	19.48%	10.84%	8.64%	10.17%	9.31%
7y pa	22.06%	9.63%	12.43%	10.36%	11.71%
Sharpe Ratio	1.31	0.67	1.96x	0.47	2.80x
Sortino Ratio	2.45	0.93	2.62x	0.68	3.59x
Annualised standard deviation	13.94%	13.59%		16.22%	
Highest monthly return	11.91%	10.16%		14.27%	
Largest monthly loss	-8.94%	-20.94%		-22.38%	
Largest drawdown	-14.04%	-27.33%		-29.11%	
% positive months	73.33%	67.62%		60.00%	

Once again, our premonition in our March report to “...expect our portfolio returns to become more volatile going forwards” has come true, this time to the downside unfortunately. Following on from our highest ever monthly return of +11.91% in August, we have now set a record on the downside with a return of -8.94% for September, eclipsing our

previous largest monthly loss of -8.22%. A combination of negative equity index returns, especially in the higher growth/technology segment of the market and a significant drop in our largest holding combined to create the negative downdraft. For the month, the All Ords dropped -1.6% and the Small Ords -2.1%, while in the US markets, the S&P 500 dropped -4.8% and the Nasdaq -5.3%. Sentiment was driven by the Fed revealing tapering should start later this year amid (in their view) transitory inflation lasting longer than previously presaged. This led to higher rates in the US 10y bond yield, lowering valuations on longer dated assets, including high growth equities.

As mentioned, our largest holding MIGI was our biggest detractor, with the shares down -33.1% for the month and responsible for ~2/3rds of the portfolio's losses. Counterintuitively, a major catalyst for the pullback was the much-anticipated Nasdaq listing providing a liquidity event for sellers, in combination with Bitcoin down ~-8% in September. With the underwriters granted an option throughout October and some holdings coming out of restriction later this month, the shares (and thus our returns) could well remain volatile, especially in the short-term (and given the escrow provisions over the majority of our holdings). Over the medium term though, there remains significant scope for MIGI to catch up its relative under-valuation vs its peers. Our current holding is on the order of a ~12.5% position after this month's pullback.

Our US enterprise software basket cost the portfolio just over -1% with the aforementioned rise in longer-dated yields hitting high growth equities. Individual detractors within the basket included CRWD down -12.5%, SHOP down -11.1% and TTD down -12.2%. Mitigating the losses though was MDB, up +20.3% (despite a late month pullback along with the rest of the market). Results from MDB exceeded on both the top and bottom line with overall revenue +44% and of note, Atlas (their managed cloud database offering) revenue +83% (an acceleration from previous +73%) and representing ~56% of total revenue.

PME detracted just under -1% from the portfolio as the shares dropped -13.4% for the month. We have been consistent sellers of small portions on the way up (just missing out on our last order above \$70) to where our position is now on the order of ~6.5%. PME announced just post month-end a 7-year, equal largest \$40m order (transaction-based minimums) with Novant Health for both Visage 7 Viewer and Visage 7 Workflow. Confirmation that PME continues to win across their strong US pipeline, pleasingly across more than just the Viewer product; we intend to maintain a decent holding within our portfolio.

Smaller loss contributions from our holdings on the order of -0.3% to -0.5% each from our holdings in AAPL, APX and RMD among others.

Our biggest positive contribution came from the previously mentioned MDB. Also from JAN, up +19.3% for the month following on from the previous month's results release. Shorts and hedges added a small +0.2% to returns while the lower AUD added +0.5%.

Portfolio Holdings:

Cash:	19.7% (AUD and USD)
Non-AUD exposure:	43.7%
Longs:	73.0%
Shorts:	-2.7%
Options delta:	10.0%
Net exposure:	80.3%
Top 5 equities (alphabetical):	AAPL, MIGI, PME, RMD, RUL

In a reverse of last month, this month's negative performance has dropped our net exposure by ~-5% to 80.3%. The pullback in MIGI has also lowered our non-AUD exposure too. We managed to roll some Sep QQQ puts into October at a higher strike and add some Nov SPY put spreads early in the month. Unfortunately, we tried but did not get set on converting some of our US enterprise basket components into 2024 LEAPs as we were not aggressive enough in hindsight prior to the market turning south and volatilities spiking higher.

