# November 2021 Monthly Report

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

| | Norse Capital | All Ords Accum | Outperformance | Small Ords Accum | Outperformance |
|---|---|---|---|---|---|
| Inception | 455.38% | 132.92% | 322.46% | 99.29% | 356.09% |
| Inception per annum | 21.19% | 9.94% | 11.25% | 8.04% | 13.15% |
| CY2021 (ytd) | 24.88% | 14.68% | 10.21% | 15.27% | 9.62% |
| 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 | 6.08% | -0.33% | 6.41% | -0.31% | 6.39% |
| 3m | -2.22% | -1.76% | -0.46% | -1.54% | -0.68% |
| 6m | 23.23% | 4.47% | 18.76% | 7.27% | 15.96% |
| 1y | 25.02% | 16.69% | 8.33% | 18.44% | 6.57% |
| 2y pa | 23.71% | 7.96% | 15.75% | 12.00% | 11.70% |
| 3y pa | 30.87% | 13.63% | 17.24% | 13.53% | 17.34% |
| 5y pa | 23.23% | 10.75% | 12.48% | 11.64% | 11.58% |
| 7y pa | 22.89% | 9.51% | 13.39% | 11.15% | 11.74% |
| Sharpe Ratio | 1.35 | 0.66 | 2.04x | 0.47 | 2.88x |
| Sortino Ratio | 2.53 | 0.92 | 2.75x | 0.68 | 3.72x |
| Annualised standard deviation | 13.89% | 13.47% | | 16.07% | |
| 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 | 73.83% | 67.29% | | 59.81% | |

After October's relatively benign +1.2% return, November has once again delivered a return to volatility as we presaged all the way back in March. (Thanks in part to the WHO labelling the newly discovered Omicron variant as a Variant of Concern). This time the returns volatility was to the upside as the portfolio climbed ~+6.1% in November.

(Although continuing with the volatility theme, subsequent to month-end we have given that all back as of this writing, given early-December's pullback in richly valued risk assets). This compares to ~-0.3% for the All Ords and Small Ords and -0.8% for the S&P 500 and +0.3% for the Nasdaq.

Our biggest detractor for the month was our holding in CRWD, part of our basket of US-listed enterprise software stocks as the shares dropped almost -23% in November ahead of early-December earnings. At all-time highs just shy of $300 and amid some concern about competition in the cyber security space, the shares were hit along with others in the high-growth, high-multiple technology sector. We did try to replace shares with long-dated calls near the highs but unfortunately did not get set.

On the positive side of the ledger, another member of our enterprise software basket, TTD, was the biggest positive contributor for the month with the shares up over +38%; enough to take our holding in TTD to within a whisker of the top 5. The shares had been under pressure following results from the likes of ad-exposed social media companies who reported disappointing results and/or guidance, pointing to issues with Apple's new iOS privacy features and blaming supply chain problems for discouraging advertisers. In the event, TTD's results smashed expectations with revenue +39% and adjusted earnings +38%. Importantly, the CEO noted that the Apple privacy changes had no impact on their business with ad buyers and publishers embracing TTD's Unified ID 2.0 alternative. He also saw no downside from upcoming changes to Google Chrome and Android platforms. TTD continues to stay ahead in the growing ad-tech space and we intend to continue as shareholders, having held shares since 2018 from a split-adjusted price starting near $11.

EML was another positive contributor with the former top-5 holding up +22% on the month following positive news and near enough to resolution from the CBI investigation. The CBI will now permit EML's Irish PFS subsidiary PCSIL to sign new customers and launch new programs albeit within growth restrictions which will persist for 12 months or potentially be rescinded earlier following successful implementation of PCSIL's remediation plan. Encouragingly the CBI will not impose broad-based reductions in limit controls. We had always maintained that the panic selloff following the initial CBI announcement had been too extreme given the balance of probabilities and potential outcomes (although there was always a small risk of an extreme negative result). In hindsight we should have been brave enough to add to our position in the downdraft with that viewpoint, but at least were resolute enough not to panic sell.

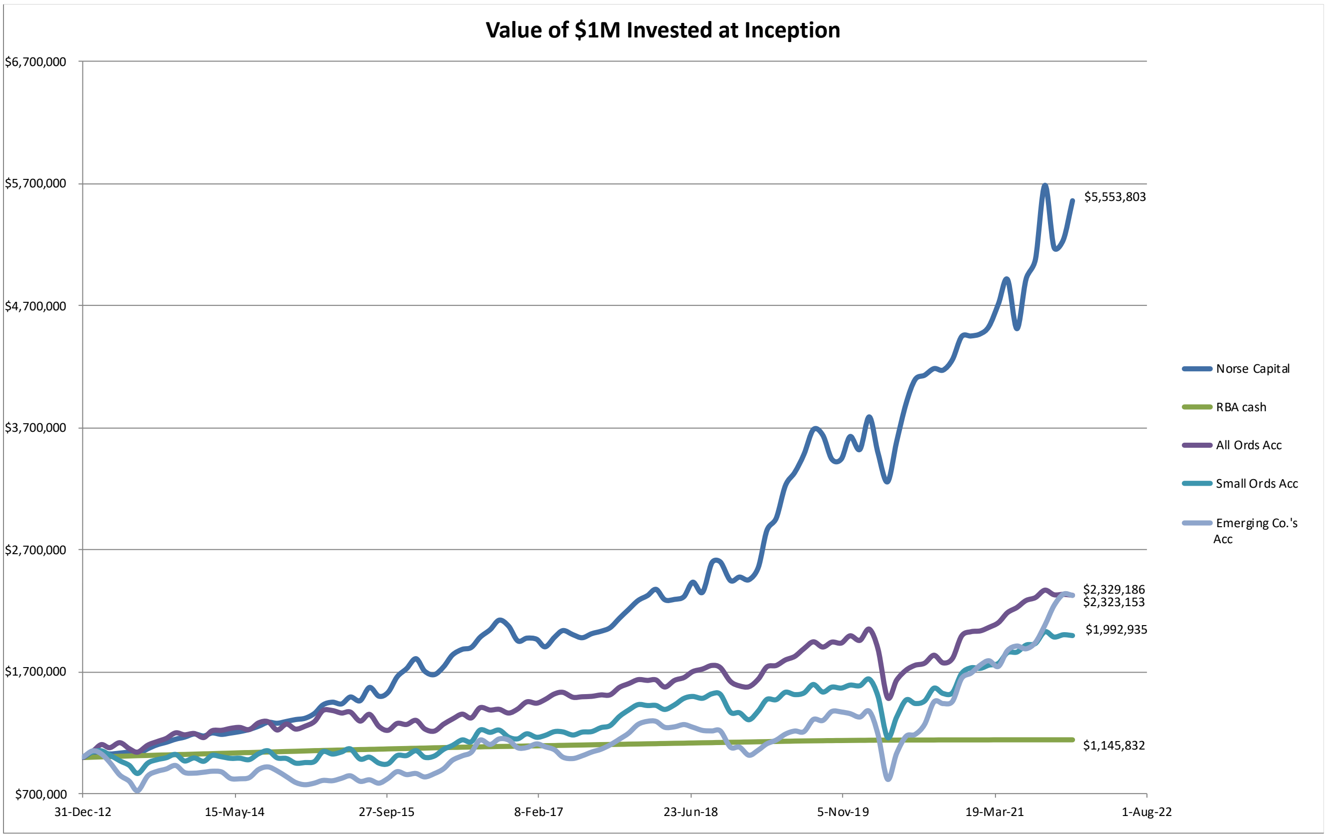
Other positive contributions from PME, up over +17% (although given that back in December so far), AAPL up over +10% and JAN up another almost +20% (following on from +18% in the previous month).

Shorts and hedges cost us ~-0.2% but the almost -1.4% drop in the AUD-USD added just shy of +0.7%.

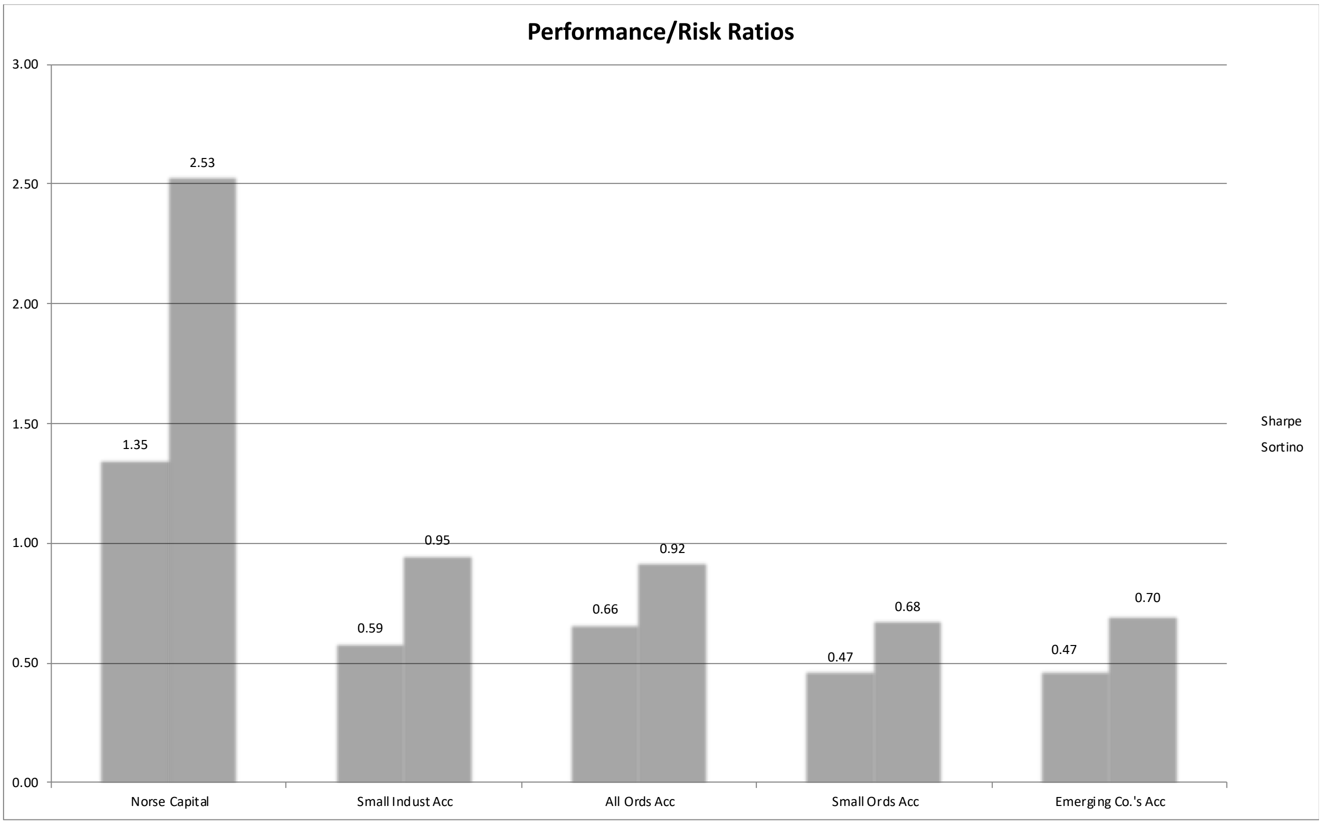
**<u>Portfolio Holdings:</u>**

| | |
|---|---|
| Cash: | 18.7% (AUD and USD) |
| Non-AUD exposure: | 46.2% |
| Longs: | 71.4% |
| Shorts: | -2.3% |
| Options delta: | 14.8% |
| Net exposure: | 84.0% |
| Top 5 equities (alphabetical): | AAPL, MIGI, PME, RMD, RUL |

The same top 5 positions continue, although as mentioned, TTD's positive performance took it to within a whisker of 5th. Our net exposure has dropped a bit over -2%. As mentioned last month, we tried to replace more of our enterprise software basket shares with long-dated calls as we had done in October. However, we only managed it once at the beginning of the month before the net time decay cost drifted higher than what we were willing to pay. (Given early December's high growth washout, perhaps we should have paid up). We did manage to convert almost all our ZS holdings and half our DDOG holdings before then. Failing to get set and following their results, we did sell out of previous losing positions in AYX (above $80) and FSLY (around $49) which we perhaps held too long in hindsight (although the sell levels look much better than the current prices, a tiny mental balm in the circumstances).



Value of $1M Invested at Inception
$6,700,000
$5,700,000
$4,700,000
$3,700,000
$2,700,000
$1,700,000
$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
$5,553,803
$2,329,186
$2,323,153
$1,992,935
$1,145,832
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
1.35
2.53
0.59
0.95
0.66
0.92
0.47
0.68
0.47
0.70
Norse Capital
Small Indust Acc
All Ords Acc
Small Ords Acc
Emerging Co.'s Acc
Sharpe
Sortino