



## February 2022 Monthly Report

Returns 31-Dec-12 to 28-Feb-22

	Norse Capital All Ords Accum Outperformance			Small Ords Accum Outperformance	
Inception	352.86%	127.30%	225.56%	83.92%	268.94%
Inception per annum	17.91%	9.37%	8.54%	6.87%	11.04%
CY2022 (ytd)	-12.86%	-4.95%	-7.91%	-9.00%	-3.86%
CY2021	16.86%	17.74%	-0.88%	16.90%	-0.04%
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	-5.83%	1.73%	-7.56%	-0.01%	-5.83%
3m	-18.46%	-2.41%	-16.05%	-7.71%	-10.75%
6m	-20.27%	-4.13%	-16.14%	-9.14%	-11.14%
1y	0.07%	10.00%	-9.93%	5.02%	-4.95%
2y pa	13.95%	9.78%	4.17%	10.93%	3.02%
3y pa	16.58%	9.26%	7.33%	7.74%	8.85%
5y pa	18.90%	9.03%	9.87%	9.35%	9.55%
7y pa	17.87%	7.32%	10.55%	8.41%	9.46%
Sharpe Ratio	1.11	0.62	1.78x	0.40	2.77x
Sortino Ratio	1.96	0.86	2.27x	0.57	3.41x
Annualised standard deviation	14.48%	13.52%		16.18%	
Highest monthly return	11.91%	10.16%		14.27%	
Largest monthly loss	-8.94%	-20.94%		-22.38%	
Largest drawdown	-20.27%	-27.33%		-29.11%	
% positive months	71.82%	67.27%		59.09%	

The dominant event affecting geopolitics and hence markets in late February was the Russian invasion of Ukraine with the world facing the reality of war in Europe. Obviously, there is much to be said elsewhere on the human cost of the tragedy; I personally find it difficult to pontificate on the relatively unimportant market effects here in the face of

that reality. That said, the All Ords actually rose +1.73% as commodities rallied strongly with the outbreak of hostilities and subsequent heavy sanctions announced on Russia (while the Small Ords was essentially flat). Those same commodity effects also saw the AUD rally +2.74% where normally the AUD would tend to fall when risk-aversion rises. In the US, the S&P 500 dropped -3.1% and the Nasdaq -3.4%. Our portfolio gave up -5.83% to set a new drawdown low of -20.27% from all-time highs 6 months ago, with further ructions in March portending more pain.

The biggest cost to the portfolio came from our holding in MIGI. The bitcoin miner gave up -25.8% in a month where Bitcoin itself rose +14.3%, to cost the portfolio ~-3.3%. A disappointing performance despite positive fundamentals with the release of escrow shares to early investors no doubt adding supply pressure to the share price and insufficient buying liquidity to absorb that supply. We sold out a portion (~16%) of our holding early last month (post escrow lockup date) to recoup our invested capital.

The aforementioned +2.74% rise in the AUD was the next largest detractor, costing the portfolio ~-1.14%. With no commodities exposure in the portfolio, the impact has cost us on both an absolute basis (with the AUD rise) and on a relative basis (with the All Ords up +1.73%, or +7.56% vs our portfolio). (By contrast, the ASX All Technology Index gave up -7.64% for the month).

We sold out of our remaining position in APX immediately post results, just shy of \$8. A mistake to keep holding after the prior results but we'd opted to give management another chance to meet revised guidance. Unfortunately, they not only missed but will no longer give short-term quantitative guidance going forwards. Their renewed focus could well prove this to be close to the nadir but in the current market environment, we chose not to stick around to find out.

Drops in AAPL, EML, JAN and RUL cost another ~-2.5%.

On the positive side, our enterprise software basket actually added +0.45% to performance. Rises in TTD (+22.7%), CRWD (+8.1%) and DDOG (+10.3%) more than offset falls in MDB (-5.7%), SHOP (-28%) and ZS (-7%). Unfortunately, thus far in March, our enterprise software basket has been hit once again amidst tensions in Ukraine and spiking oil prices raising fears of stagflation.

Shorts and hedging added +0.4%. A small reprieve, unfortunately not large enough in the circumstances.

**Portfolio Holdings:**

Cash:	24.6% (AUD and USD)
Non-AUD exposure:	41.4%
Longs:	71.1%
Shorts:	-2.7%
Options delta:	-5.0%
Net exposure:	63.4%
Top 5 equities (alphabetical):	AAPL, MIGI, PME, RMD, RUL

The same top 5 positions. Our net exposure continues to drop, down -10.8%. We took profit on some QQQ hedges and reinstated put spreads lower. Some SPY and IGV hedges are set to expire mid-March, currently well in the money, so acting like outright shorts. Unfortunately, option volatility has spiked, making the cost of reinstating hedging more expensive as our current hedges expire. Of note, some of our holdings in our enterprise software basket have now fallen so far as to be below the strike levels of the calls we previously replaced them with. (When we sold the underlying shares and bought calls, raising cash). One contributor to the drop in our net exposure.

