



May 2022 Monthly Report

Returns 31-Dec-12 to 31-May-22

	Norse Capital All Ords Accum Outperformance			Small Ords Accum Outperformance	
Inception	277.61%	133.49%	144.12%	77.33%	200.28%
Inception per annum	15.15%	9.42%	5.73%	6.27%	8.88%
CY2022 (ytd)	-27.34%	-2.36%	-24.98%	-12.26%	-15.08%
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	-10.61%	-3.13%	-7.48%	-7.01%	-3.60%
3m	-16.62%	2.72%	-19.34%	-3.58%	-13.03%
6m	-32.01%	0.25%	-32.25%	-11.02%	-20.99%
1y	-16.22%	4.73%	-20.94%	-4.56%	-11.66%
2y pa	-1.52%	16.66%	-18.19%	9.98%	-11.50%
3y pa	4.26%	8.47%	-4.21%	5.50%	-1.24%
5y pa	13.50%	9.34%	4.16%	8.49%	5.01%
7y pa	14.13%	7.87%	6.26%	7.53%	6.60%
Sharpe Ratio	0.91	0.63	1.45x	0.37	2.48x
Sortino Ratio	1.49	0.88	1.70x	0.52	2.85x
Annualised standard deviation	15.20%	13.56%		16.24%	
Highest monthly return	11.91%	10.16%		14.27%	
Largest monthly loss	-10.61%	-20.94%		-22.38%	
Largest drawdown	-33.52%	-27.33%		-29.11%	
% positive months	70.80%	66.37%		58.41%	

A bit of a late report as I got hit by the old-fashioned flu so will keep it short this month. (I suppose better the old school flu than the new Covid). Yet another down month in a down year with a new record drop of -10.6% to take our calendar year-to-date performance to -27.3%. The All Ords and Small Ords dropped -3.1% and -7% respectively while in

the US the S&P500 was flat while the Nasdaq dropped -2.1%. The ASX All Technology Index dropped -8.9%.

The biggest negative contribution this month came from our enterprise software basket (currently a ~15.8% weighting), which cost the portfolio ~-3.6% in May. Individual holdings within the basket dropped between -11.7% for the likes of the TTD to -24.5% for ZS. We added small amounts of DDOG, SNOW and TTD as prices slid as well as switching back our now almost worthless long-dated SHOP call (which as detailed last month has saved us on the order of ~\$650/share) back into shares. Obviously all these (albeit small) additions are now out of the money.

Next in the conga line of smacks to the head in May came from our holding in the bitcoin miner MIGI which dropped almost -37% to cost the portfolio ~-3.2%. Despite the release of impressive financial results and yet another self-mining target upgrade to 4EH by Q3 2022, the crypto market's fear continued with BTC itself down -17.5% in May (and much further this month). The better part of valour (aka risk management) dictated that we trimmed our position further (albeit only another ~12.5% of the total), so that we've taken on the order of ~2x our initial invested capital out. The position is now on the order of a ~4.2% weighting which we intend to try holding onto from here.

The remaining ~-3.8% losses for May were distributed throughout the portfolio. Shorts and hedges were basically flat for the month as the US indices we normally use to hedge didn't move substantially (at least not until June's CPI came out). The ~+1.6% rise in the AUD cost ~-0.6%.

Portfolio Holdings:

Cash:	41.8% (AUD and USD)
Non-AUD exposure:	41.9%
Longs:	66.1%
Shorts:	-14.0%
Options delta:	-13.9%
Net exposure:	38.2%
Top 5 equities (alphabetical):	AAPL, MIGI, PME, RMD, RUL

The same top 5 positions. MIGI's share price drop plus our previously mentioned trimming has moved it into 5th place.

Our exposure has dropped a substantial ~24.1% (mostly post month-end), to now be only net 38.2% long, as a result of additional hedges and a small change in strategy implemented mostly in late May and early June as the market rebounded and then subsequently plunged. We added outright put hedges in SPY (S&P 500) and QQQ (Nasdaq 100) instead of our usual cheaper but less effective put spreads, given the state of the market, and paid up to do so. Our outright shorts include shorts in those same ETFs, protected by calls and call spreads. As well, we closed out our short TLT (US long bond ETF) on the view that as the Fed hikes into a possible recession that long yields will slow their rise. We replaced that position with a short HYG (high-yield corporate bond ETF) position, thinking that will do worse as credit yields should rise more in a recession scenario. When higher than expected US CPI on Friday pushed the market down, those hedges took down our exposure significantly.

The hedges above have so far cushioned (but not stopped) further falls in June but it continues to be a painful 2022. What it does enable us to do though is to try to continue adding to our favoured positions as valuations compress. Less hard to do psychologically when the exposure drops.



