



June 2022 Monthly Report

Returns 31-Dec-12 to 30-Jun-22

	Norse Capital All Ords Accum Outperformance			Small Ords Accum Outperformance	
Inception	261.39%	111.64%	149.75%	54.12%	207.27%
Inception per annum	14.48%	8.21%	6.27%	4.66%	9.82%
CY2022 (ytd)	-30.46%	-11.50%	-18.96%	-23.74%	-6.72%
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	-4.30%	-9.36%	5.06%	-13.09%	8.79%
3m	-22.07%	-12.91%	-9.16%	-20.39%	-1.68%
6m	-30.46%	-11.50%	-18.96%	-23.74%	-6.72%
1y	-26.44%	-7.44%	-19.00%	-19.52%	-6.92%
2y pa	-6.01%	9.79%	-15.81%	3.55%	-9.56%
3y pa	1.28%	3.80%	-2.53%	0.38%	0.90%
5y pa	12.79%	7.15%	5.64%	5.07%	7.72%
7y pa	13.76%	7.22%	6.54%	6.63%	7.13%
Sharpe Ratio	0.87	0.54	1.63x	0.27	3.22x
Sortino Ratio	1.42	0.73	1.93x	0.37	3.79x
Annualised standard deviation	15.24%	13.90%		16.77%	
Highest monthly return	11.91%	10.16%		14.27%	
Largest monthly loss	-10.61%	-20.94%		-22.38%	
Largest drawdown	-36.38%	-27.33%		-29.11%	
% positive months	70.18%	65.79%		57.89%	

An in-between kind of month, performance-wise, with our portfolio down yet again (another -4.3% for June), yet significantly (finally) outperforming the Australian and US indices. The All Ords fell -9.4% while the Small Ords dropped -13.1%. In the US, the S&P 500 dropped -8.4% with the Nasdaq down -8.7%. The ASX All Technology Index

dropped -10.3%. Unfortunately though, we can't eat relative performance, and a -4.3% month feels more like a pyrrhic victory and only on a relative basis. June's downturn has taken the calendar year-to-date to almost -30.5%.

Sounding like a broken record, our holding in the bitcoin miner MIGI was once again one of our biggest losers, this time coming in first place with the shares dropping -55.1% in a month where Bitcoin itself dropped -40.2%, to cost the portfolio -2.9%. It wasn't a good month for the crypto space with a prominent lender and platform, Celsius Network, halting withdrawals. This was followed by a crypto hedge fund, 3 Arrows Capital (3AC), going under (thanks in part to losing positions in the collapsed Luna and Terra "stablecoin") and the contagion spread to another crypto lender, Voyager Digital, who also suspended withdrawals when 3AC could no longer pay back their loan. The net result of the crypto carnage has dropped our MIGI holding down below a 3% weighting and well out of our top 5 holdings. As noted last month, we had already taken out ~2x our invested capital; a pity we hadn't done more. However, at a market cap now under US\$85m, the shares certainly seem cheap. (Famous last words).

Our position in Janison Education (JAN) cost the portfolio -0.9% with the shares down -35.6% as the market punishes pre-profitable businesses, especially those investing for growth (aka those with rising costs). The remaining losses for June were distributed throughout the portfolio.

Our enterprise software basket is now sitting at an ~20% weighting (up from ~15.8% last month) as we added to existing positions in SNOW, DDOG and ZS on weakness. The basket cost the portfolio a bit under -0.4% with individual shares in the basket ranging from -19.5% for TTD to +9.4% for MDB. Interestingly the market marked down SHOP and TTD who arguably have potentially more exposure to economic weakness (online shopping and digital advertising spend) while the likes of CRWD, DDOG, ZS and MDB (more related to cloud infrastructure and security where you could argue spend would be more insulated in a downturn) were either close to flat or higher. Whether we have started buying too soon is debatable. However, our view is that these stocks which have been hit first and hardest should be among the first to come back - reliable growth with positive free cashflow should be even more valuable in a recession. In addition, a possible looming recession has seen 10-year yields in the US fall back towards 2.8% (from highs near 3.5%) and (so far at least) many of our enterprise software stocks have bounced significantly from their lows. Time will tell if those lows hold.

On the positive side, shorts and hedges added ~+1.6% while the -3.8% fall in the AUD added another ~+1.5%.

Portfolio Holdings:

Cash:	43.0% (AUD and USD)
Non-AUD exposure:	43.3%
Longs:	70.8%
Shorts:	-19.1%
Options delta:	-1.0%
Net exposure:	50.7%
Top 5 equities (alphabetical):	AAPL, CRWD, PME, RMD, RUL

As mentioned above, MIGI's share price has well and truly dropped it out of our top 5 positions. CRWD, the leader in end-point security and the largest holding in our enterprise software basket comes in at 5th.

Our exposure has risen almost ~+12% as we added to positions on the way down (as previously mentioned) and also bought some calls against our outright shorts. (Hence the change in option delta from almost -14% to only -1%).

We maintain outright shorts in QQQ (Nasdaq 100 etf) and SPY (S&P500 etf) with calls to protect as well as puts and put spreads in the same etfs and in AAPL. We are also still short META (against our GOOG long) and the HYG (high-yield etf). We also have put spreads on BTC futures and outright puts on the XLE energy sector etf.

