July 2022 Monthly Report

Returns 31-Dec-12 to 31-Jul-22

	Norse Capital	All Ords Accum	Outperformance	Small Ords Accum	Outperformance
Inception	276.59%	125.06%	151.53%	71.74%	204.85%
Inception per annum	14.83%	8.83%	6.00%	5.80%	9.03%
CY2022 (ytd)	-27.54%	-5.89%	-21.65%	-15.03%	-12.51%
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	4.21%	6.34%	-2.14%	11.43%	-7.23%
3m	-10.85%	-6.62%	-4.23%	-9.94%	-0.92%
6m	-21.69%	0.73%	-22.42%	-6.63%	-15.06%
1y	-25.80%	-2.60%	-23.20%	-10.93%	-14.88%
2y pa	-4.47%	12.69%	-17.16%	8.55%	-13.02%
3y pa	0.75%	4.93%	-4.17%	2.54%	-1.79%
5y pa	13.35%	8.44%	4.91%	7.30%	6.05%
7y pa	13.27%	7.53%	5.74%	8.05%	5.22%
Sharpe Ratio	0.90	0.58	1.55x	0.33	2.69x
Sortino Ratio	1.46	0.80	1.83x	0.47	3.10x
Annualised standard deviation	15.20%	13.96%		17.07%	
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	70.43%	66.09%		58.26%	

Finally a positive month, only our 2nd for 2022! Albeit our +4.2% lagging behind the indices we follow with the All Ords +6.3%, the Small Ords +11.4% and in the US, the S&P 500 +9.1% and the Nasdaq +12.3%, basically taking out a chunk of last month's outperformance (even more for the US indices). However, given the dearth of positive months this calendar year, I'll take any positive.

Not surprisingly for a positive month for equities, the biggest drag on performance came from our shorts and hedges which cost the portfolio -2.7%, with a further -0.55% coming from the +1.25% rise in the AUD. We didn't take enough profit on the downside and got caught on timing with our protective calls expiring almost exactly before the markets jumped near month-end. Too slow and too cheap to pay up, another lesson (amongst many in my investing career). Still, that is normal for a (partially) hedged portfolio to drag performance in choppy markets/bear rallies. Our intention is to maintain our outright long exposure and continue to opportunistically buy core positions to increase that.

Another down month for MIGI with our (much smaller) position costing the portfolio -0.4% with the shares dropping -14.7% in July. A deplorable capital raise (albeit tiny and to one institution) at 80c raises question marks as to why they need the cash when they should instead be generating cash from mined BTC production.

Our largest individual position AAPL was the biggest positive contributor with the shares up just shy of +19% in July as earnings beat expectations on both the top and bottom lines which was enough to see the shares up ~+3% after results even despite the shares already rising significantly for the month into earnings. Their outlook for accelerating revenues in the September quarter coincided with MSFT also providing positive forecasts, above analyst expectations, to contrast with the market's general negative outlook heading into earnings season to help buoy and inject some positive momentum into overall equity markets.

Our enterprise software basket contributed +1.3% in July and is now sitting at a 22.4% weighting (up from ~20% last month) as the component share prices rallied anywhere between roughly flat up to +20.4% for MDB. We also added to our AYX, DDOG and SNOW positions. As usual, there were interesting insights relevant to our enterprise software basket to be gleaned by looking at the cloud hyperscalers' performances reported in the Amazon, Microsoft and Alphabet results. Most likely even cloud software is not invulnerable to a potential economic slowdown from a recession but so far, their growth at scale remains impressive even with revenue growth slowing down but still high and apparently enduring. At a run rate of almost $80 billion, AWS still grew +33% (vs +37% last quarter)); Azure grew +40% (+46% last quarter) on ~$55b; and Google Cloud grew +36% (vs +44%) on

~$25b with the growth coming despite significant FX headwinds in the range of low to mid, single digit percentages (so higher in constant currency terms) and all above consensus. Perhaps some of that continued hyperscaler growth may have come via consolidated spending in a time of potential IT budget constraints (i.e. potentially taking some share from other providers) but hopefully a positive read-through into upcoming results for our basket holdings with results normally positively correlated, especially with other cloud infrastructure companies (DDOG, MDB and SNOW) in our portfolio.

<u>Portfolio Holdings:</u>

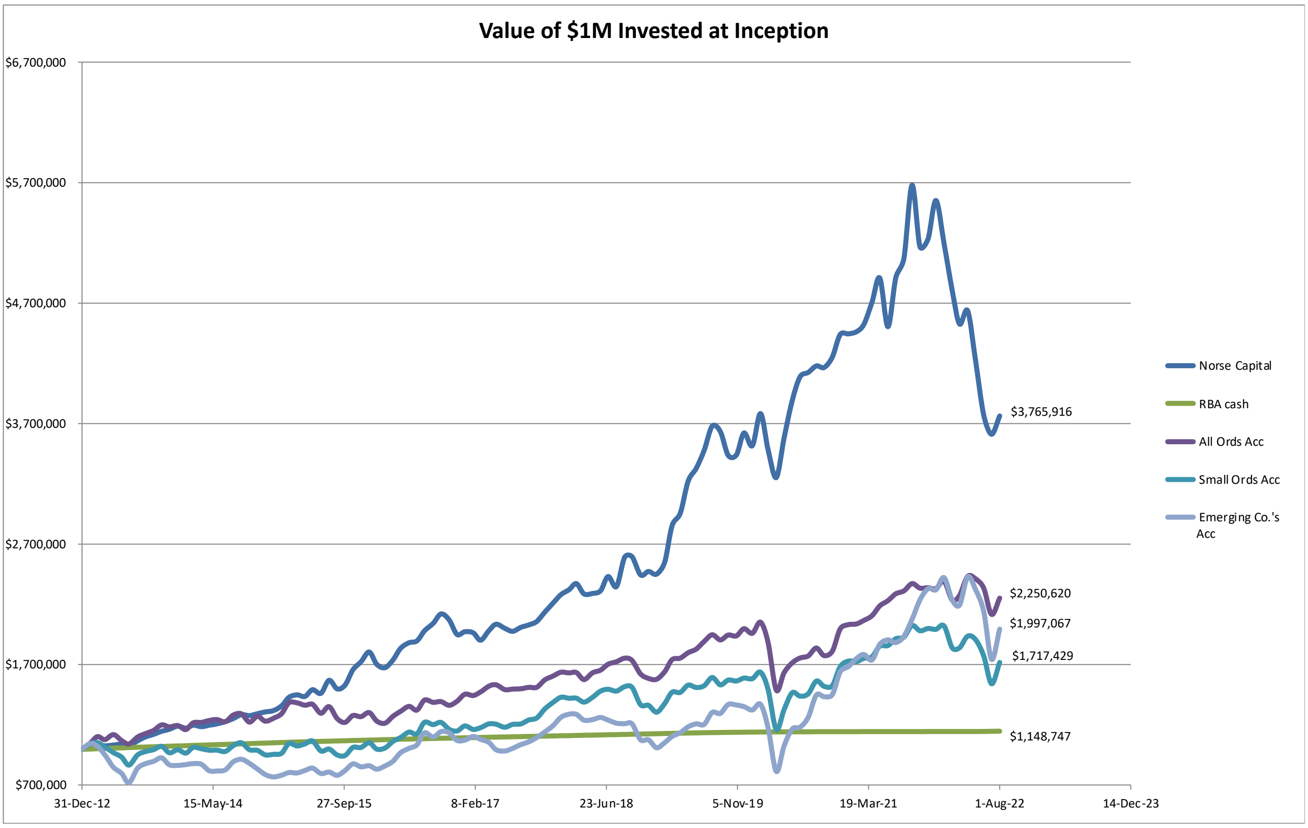
Cash:	34.9% (AUD and USD)
Non-AUD exposure:	42.8%
Longs:	75.3%
Shorts:	-14.5%
Options delta:	3.5%
Net exposure:	64.2%
Top 5 equities (alphabetical):	AAPL, CRWD, PME, RMD, RUL

Our exposure has risen ~+13.5%, roughly +4.5% longer in each of the longs, shorts and option delta buckets:

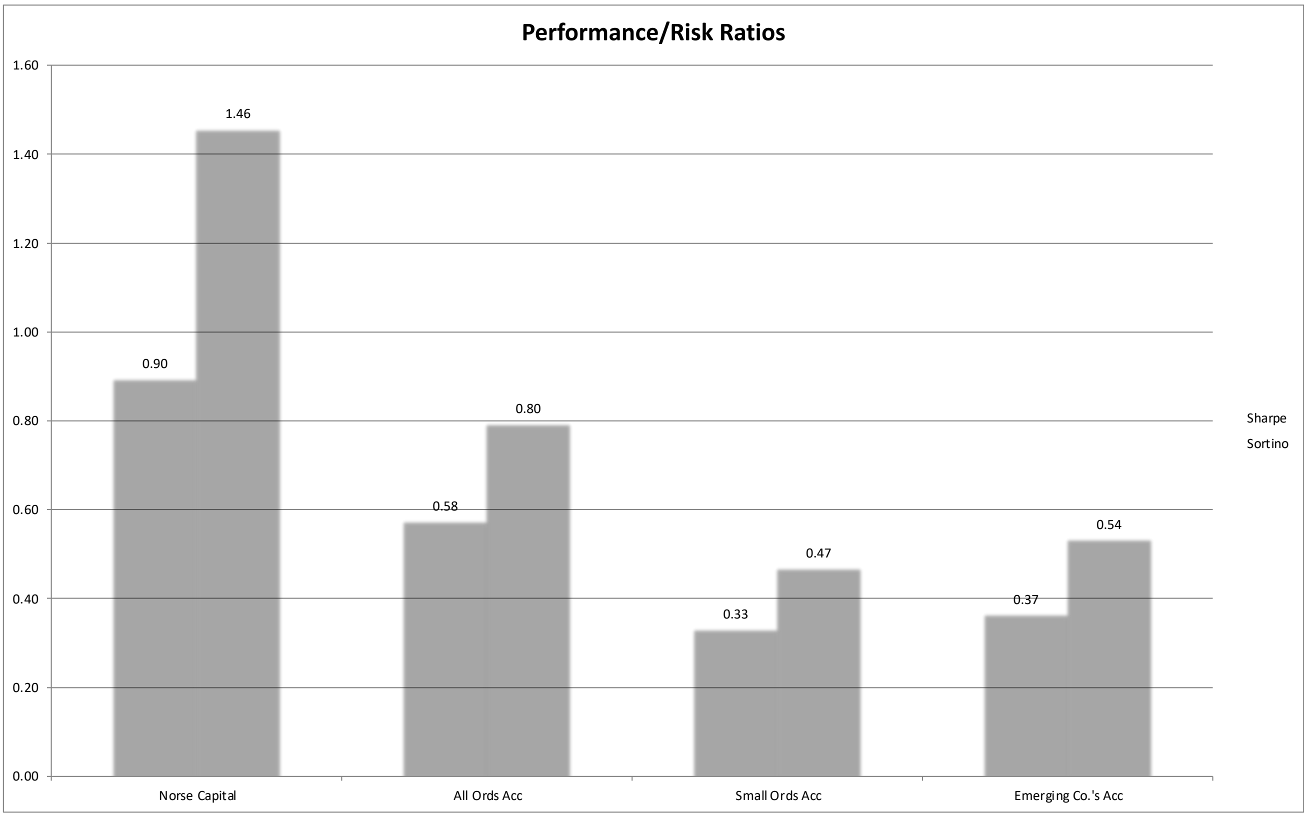
-the increase in longs came from share price rises and (as mentioned above), adding to some positions.

-short exposure decreased as we partially closed shorts in QQQ and SPY which outweighed adding to our existing IBM short and opening new shorts in INTC. We also maintain our HYG and META shorts.

-in the options bucket, our BTC put spreads expired worthless and we sold/exercised/expired other hedge options to take our option delta positive. (Net longs from long-dated calls outweighing remaining option hedges). We maintain some AAPL (almost worthless), QQQ, SPY and XLE put spreads plus some outright puts.



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
14-Dec-23
$3,765,916
$2,250,620
$1,997,067
$1,717,429
$1,148,747
Norse Capital
RBA cash
All Ords Acc
Small Ords Acc
Emerging Co.'s Acc



Performance/Risk Ratios
1.60
1.40
1.20
1.00
0.80
0.60
0.40
0.20
0.00
0.90
1.46
0.58
0.80
0.33
0.47
0.37
0.54
Norse Capital
All Ords Acc
Small Ords Acc
Emerging Co.'s Acc
Sharpe
Sortino