



## September 2022 Monthly Report

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

	Norse Capital	All Ords Accum	Outperformance	Small Ords Accum	Outperformance
Inception	286.18%	113.34%	172.84%	53.40%	232.79%
Inception per annum	14.86%	8.08%	6.78%	4.48%	10.37%
CY2022 (ytd)	-25.69%	-10.79%	-14.90%	-24.10%	-1.59%
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	0.85%	-6.41%	7.26%	-11.20%	12.05%
3m	6.86%	0.80%	6.06%	-0.47%	7.33%
6m	-16.72%	-12.21%	-4.52%	-20.76%	4.04%
1y	-25.34%	-8.57%	-16.77%	-22.56%	-2.77%
2y pa	-3.75%	9.63%	-13.38%	0.49%	-4.24%
3y pa	3.94%	3.12%	0.81%	-0.80%	4.73%
5y pa	13.37%	7.10%	6.27%	4.07%	9.30%
7y pa	14.10%	8.26%	5.84%	7.17%	6.94%
Sharpe Ratio	0.90	0.52	1.73x	0.26	3.51x
Sortino Ratio	1.47	0.72	2.05x	0.36	4.12x
Annualised standard deviation	15.07%	14.03%		17.33%	
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	70.94%	65.81%		58.12%	

Well, a third positive month in a row (albeit barely), at +0.85%, in what has been a crap 2022. A pleasingly decent outperformance vs the indices with the All Ords down -6.4%, the Small Ords -11.2%, the S&P 500 -9.3% and the Nasdaq -10.5%. The US indices actually took out previous lows set in June, wiping out the impressive rebound from those lows.

Will give a short recap this month with macro dominating and most of our positions having already reported results previously.

Unsurprisingly, given the negative performance of the equity indices, most of our long positions lost ground in September. Our US enterprise software basket (a ~22.6% weighting) cost the portfolio ~-1.3% on the month with individual shares losing between roughly -5% and -15% with the exception of ZS which reported early in the month; revenue was up +61%, non-GAAP EPS up +79%, with continued growing positive FCF again beating forecasts and raising guidance which was enough to see the shares hold on to a +3.2% gain in an overall equity down month. The results were reflective of most of our basket positions with positive business growth (so far) exceeding expectations. Our thesis is that these “mission critical” applications will prove more resilient to the almost-inevitable recession than elsewhere. So far (again), their share prices have mostly managed to hold well clear above previous lows. (Our small SHOP position is the exception). Thankfully we jettisoned our MDB position post disappointing results as the shares subsequently broke to new 2022 lows. (Actually we sold out and shorted MDB shares to net out the delta from our long call options, giving us positive exposure to MDB share price volatility).

More negative performance from our now even smaller MIGI holding with the shares dropping almost -40% in September following news they had sold their Georgia operations to CleanSpark (another Bitcoin miner). High energy costs at that location (vs their energy-hedged Pennsylvania operations) and the opportunity to reduce debt driving the deal; the company now seems to be more a potential value play (or maybe value trap?) than the previous Bitcoin mining rapid growth thesis although they will no doubt still have positive exposure to increasing BTC prices if/when the market turns. We sold out just shy of an additional 30% of our remaining position following the news.

Shorts and hedges added ~+2.3% to performance. The -6.45% fall in the AUD added another +3.1% to the portfolio with the AUD re-establishing its quasi-hedge characteristics to eventually succumb to the strong USD where previously it had held strong earlier this year thanks in part to then strong commodity prices. (A double-whammy to the portfolio at that time).

## **Portfolio Holdings:**

Cash:	40.8% (AUD and USD)
Non-AUD exposure:	46.3%
Longs:	74.5%
Shorts:	-19.9%
Options delta:	-1.0%
Net exposure:	53.6%
Top 5 equities (alphabetical):	AAPL, PME, RMD, RUL, TTD

A few percentage points rise in our net exposure:

- on the longs, we added small amounts to positions in AXX and SNOW on the drop lower against our profitable hedges.

- shorts exposure increased as some of our put options expired to leave us with outright shorts. We also added shorts in the QLD etf (a 2x leveraged long QQQ etf). We maintain our existing etf shorts as well as shorts in IBM, INTC and META.

- as noted just above, some option expiries converted puts to shorts plus some put spreads expired into cash profits. In addition, we added a SPY call spread against our hedging “just in case”. We rolled most of our option hedges out to November.

