



October 2022 Monthly Report

Returns 31-Dec-12 to 31-Oct-22

	Norse Capital All Ords Accum Outperformance			Small Ords Accum Outperformance	
Inception	294.59%	125.46%	169.13%	63.30%	231.29%
Inception per annum	14.97%	8.07%	6.90%	4.67%	10.30%
CY2022 (ytd)	-24.07%	-5.72%	-18.35%	-19.20%	-4.87%
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	2.18%	5.68%	-3.50%	6.46%	-4.28%
3m	4.78%	0.18%	4.60%	-4.91%	9.69%
6m	-6.59%	-6.46%	-0.13%	-14.36%	7.77%
1y	-24.63%	-3.52%	-21.11%	-18.31%	-6.32%
2y pa	-3.70%	11.55%	-15.25%	3.45%	-7.16%
3y pa	4.66%	5.17%	-0.51%	1.46%	3.19%
5y pa	13.02%	7.43%	5.58%	4.16%	8.86%
7y pa	13.15%	8.42%	4.73%	7.07%	6.08%
Sharpe Ratio	0.91	0.56	1.64x	0.29	3.13x
Sortino Ratio	1.49	0.77	1.93x	0.41	3.66x
Annualised standard deviation	15.01%	14.06%		17.36%	
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	71.19%	66.10%		58.47%	

Another positive month thankfully (four in a row now) but in this market that could easily just be a lull before further downside as macro continues to dominate and we haven't had a good start to November so far. Our positive performance of just under +2.2% this month trailed behind the indices we follow with the All Ords +5.7%, the Small Ords +6.5% and in

the US the S&P 500 +8.1% and the Nasdaq +3.9% to take back a portion of last month's outperformance. Not surprising to underperform in a positive equity month given the hedged nature of our portfolio.

The biggest drag on performance came from our shorts and option hedges which cost the portfolio ~-1.6%, giving back some of last month's ~+2.3% contribution. We actually closed out all our individual company shorts in October, covering our IBM, INTC and META short positions after results. The former two exceeded earnings expectations so we covered in the after-hours following their earnings releases, booking profits on the positions. We bought back our META short at less than half of where we shorted several times in May following their earnings release meltdown as they guided for capex > \$100b in the coming year. Of course, the shares are now down almost another -8% since then.

Our enterprise software basket also lost ground in the month despite a positive Nasdaq, with the basket costing the portfolio on the order of ~-1.5%. AYX and TTD dropped -12.7% and -10.9% respectively, giving back the gains from their previous earnings beats while DDOG also dropped -9.3%. The macro headwinds from higher yields thanks to a hawkish Federal Reserve overruled positive earnings sentiments with the 10-year bond yield up over +20bps on the month.

On the positive side of the ledger, the biggest contribution in October came from RUL, the shares up +25% as the shares recovered from prior falls. The company now looks to have mostly completed the transition from licensing to subscription software and also initiated an on-market share buyback, successfully buying back >\$5m at lower prices as of the AGM date.

Positive share price performances also from AAPL (which bucked the post-earnings implosions of its mega-cap tech peers) up +11%, PME up +11.2% and JAN up +34.8%.

As mentioned previously, shorts and hedges detracted ~-1.6%. Not much change in the AUD in October; we covered ~10% of our FX position, buying March AUD-USD currency futures. The current plan is to incrementally buy more every big figure or so lower in the AUD if the currency continues lower. Of course the AUD is now higher...

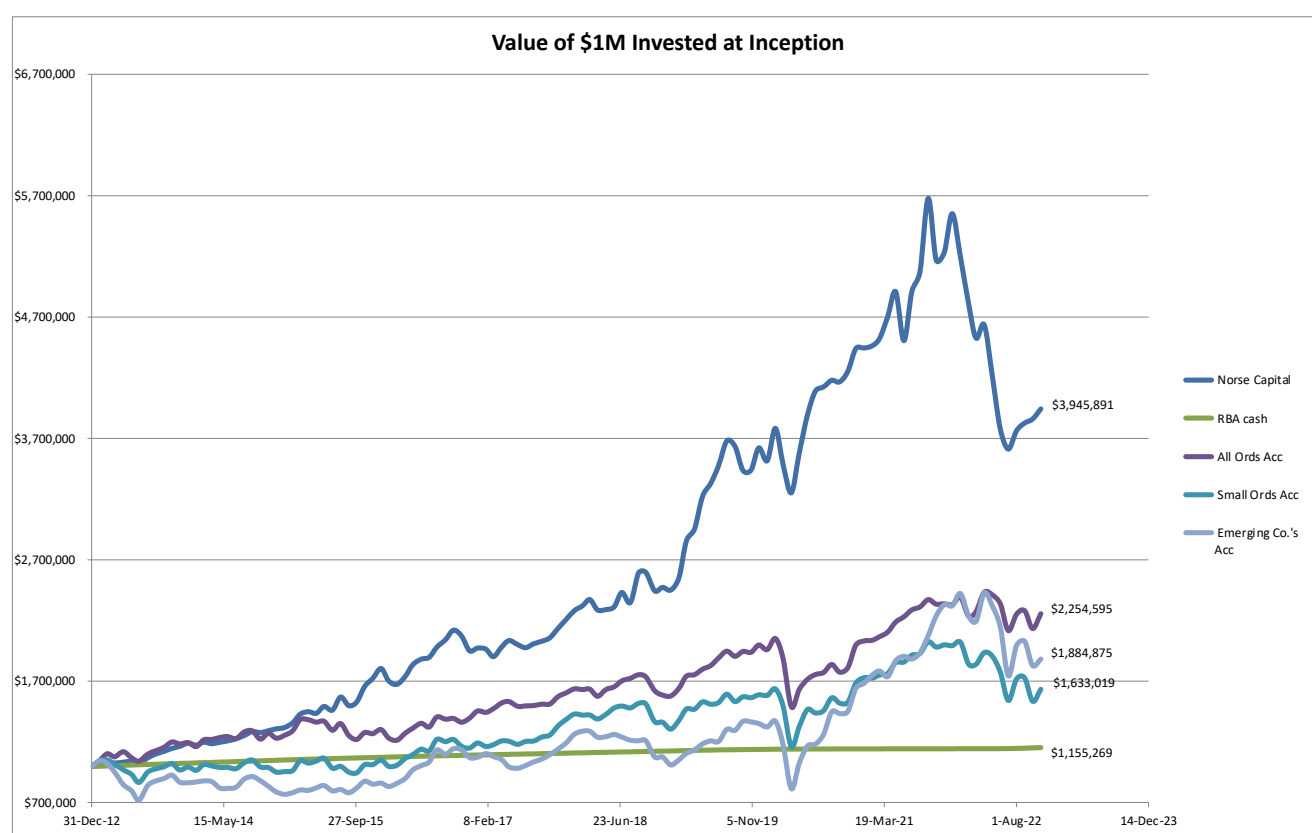
Portfolio Holdings:

Cash:	40.8% (AUD and USD)
Non-AUD exposure:	38.2%
Longs:	73.7%
Shorts:	-19.6%
Options delta:	3.0%
Net exposure:	57.1%
Top 5 equities (alphabetical):	AAPL, PME, RMD, RUL, TTD

A few percentage points rise in our net exposure:

-we covered shorts in IBM, INTC and META (as mentioned above). Some in-the-money SPY puts converted into outright shorts. So we are currently short ARKK/ARKW (Ark innovation and Ark internet) SPY (S&P 500), QQQ (Nasdaq 100) and QLD (2* Nasdaq 100) etfs.

-option deltas are ~+4% longer as the aforementioned puts converted to shorts. We also have some protective calls against our SPY and QQQ shorts.



Performance/Risk Ratios

