May 2023 Monthly Report

Returns 31-Dec-12 to 31-May-23

	Norse Capital	All Ords Accum	Outperformance	Small Ords Accum	Outperformance
Inception	266.19%	138.25%	127.94%	67.09%	199.10%
Inception per annum	13.27%	8.17%	5.09%	4.64%	8.63%
CY2023 (ytd)	1.81%	2.67%	-0.86%	1.30%	0.51%
CY2022	-30.79%	-2.96%	-27.83%	-18.38%	-12.41%
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	2.70%	-2.63%	5.32%	-3.26%	5.96%
3m	0.61%	-1.08%	1.70%	-1.29%	1.90%
6m	-2.25%	-0.72%	-1.53%	-2.48%	0.23%
1y	-3.03%	2.04%	-5.06%	-5.77%	2.75%
2y pa	-9.86%	3.37%	-13.24%	-5.17%	-4.70%
3y pa	-2.03%	11.57%	-13.60%	4.46%	-6.48%
5y pa	9.59%	7.55%	2.04%	2.46%	7.13%
7y pa	9.95%	8.39%	1.56%	5.62%	4.33%
10y pa	13.39%	8.30%	5.08%	6.01%	7.38%
Sharpe Ratio	0.81	0.56	1.46x	0.28	2.87x
Sortino Ratio	1.31	0.78	1.68x	0.40	3.30x
Annualised standard deviation	14.85%	14.02%		17.19%	
Highest monthly return	11.91%	10.16%		14.27%	
Largest monthly loss	-10.61%	-20.94%		-22.38%	
Largest drawdown	-36.68%	-27.33%		-29.11%	
% positive months	68.80%	64.80%		57.60%	

Nice to have a positive month with the portfolio up +2.7%, especially relative to the All Ords down -2.6% and the Small Ords down -3.3%. Also better than the S&P500 which was up +0.2% but lagging the

Nasdaq's +5.8% performance. Here once again, the "efficiency" of our hedges continued to hold back the portfolio, this time by ~-1.7%.

As mentioned, the biggest drag this month came from our hedges, notably our QQQ (Nasdaq 100 etf) shorts, which in May was about the worst etf to be short with the QQQ jumping +7.9%. Most of the US equity market's positive performance came from a handful of the largest market cap stocks (thanks to "AI everything" and spawning memes of the so-called S&P5 outperforming the S&P495, or on the day of Nvidia's blowout earnings, the S&P1 vs the S&P499). And of course, those largest market cap stocks make up a hefty weighting of the QQQ. In contrast, the SPY (S&P500 etf that we are also short) only rose ~+0.5%. Towards the end of the month, we pared back some of our shorts when the S&P broke above its previous 2023 highs, to cap the hedge losses at ~-1.7% for the month.

Most of the other detractors in May came from our Australian stocks, unsurprising given the All Ords was negative on the month. No real news except for PME signing a 7-year $20m contract with Gunderson Health System, despite which PME shares ended the month down -3.4%. We sold a tiny amount of PME on the jump up towards $65 early this month.

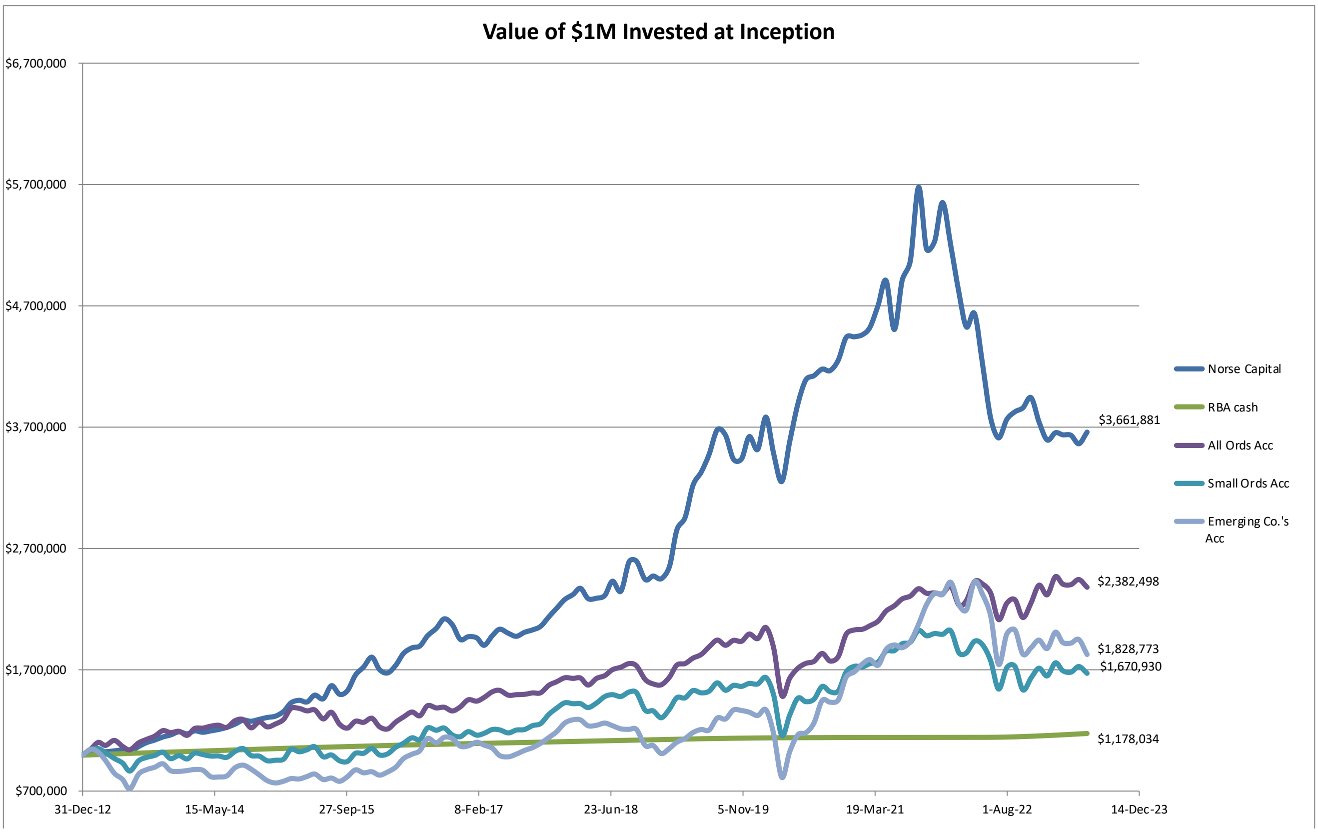
On the positive side of the ledger, our US-listed enterprise software basket contributed +3.9% with individual shares ranging between -5.3% for AYX to +11.7% for SNOW, +33.4% for CRWD, +40.9% for DDOG and +50.4% for ZS. ZS pre-announced earnings which were a big beat to expectations and they upgraded quarterly and full-year guidance. Similarly, DDOG also beat and raised, as did CRWD. On the other hand, SNOW guided down (for the 2nd time in a row) product revenue growth to +34% (from +47% and then +40% previously). So, some dispersion in outlook for both recurring and consumption-based providers - perhaps a potential positive sign we could be getting closer to the beginning of the end of the software optimization headwinds? As always, time will tell. During May, we did manage to add to positions in AYX and ZS near the month's lows.

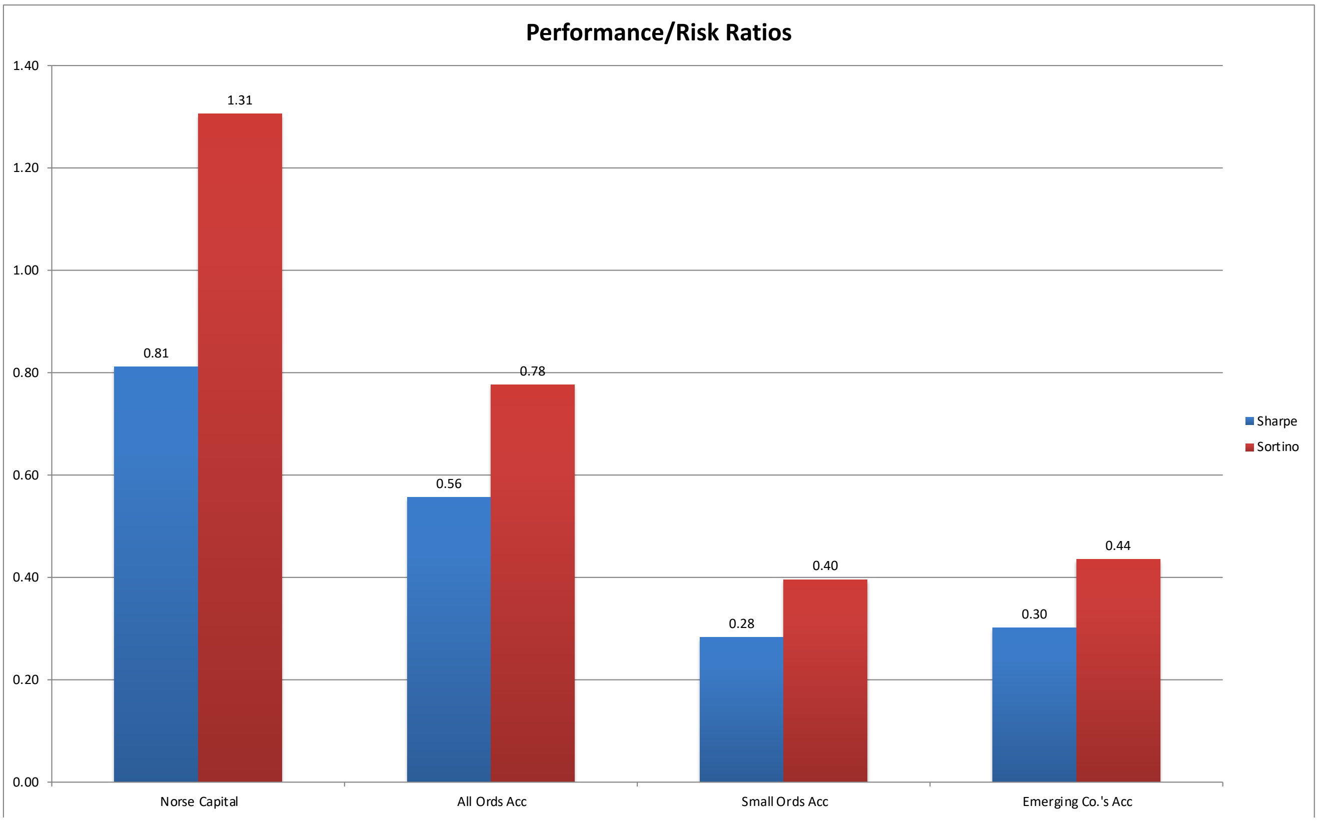
The ~-1.7% drop in the AUD helped the portfolio to the tune of ~+0.8%. We bought some more AUD currency futures towards 65c, so we have roughly hedged ~40% of our Aud-Usd currency exposure.

Portfolio Holdings:

Cash:	19.7% (AUD and USD)
Non-AUD exposure:	28.3%
Longs:	90.1%
Shorts:	-11.6%
Options delta:	1.7%
Net exposure:	80.3%
Top 5 equities (alphabetical):	AAPL, PME, RMD, RUL, TTD

The portfolio net exposure is quite a bit longer (~+12.5%) compared to last month as we covered more than half of our shorts. In addition, our puts and put spreads are now further out of the money. I have started rolling some of the put strikes up and will look to opportunistically add more protection in this higher equity market and lower volatility environment. So far this year, however, that has been a premium-decaying exercise, albeit would have been a lot less expensive than our outright shorts have proven to be.




Performance/Risk Ratios
1.40
1.20
1.00
0.80
0.60
0.40
0.20
0.00
1.31
0.81
0.78
0.56
0.40
0.28
0.44
0.30
Norse Capital
All Ords Acc
Small Ords Acc
Emerging Co.'s Acc
Sharpe
Sortino