



October 2023 Monthly Report

Returns 31-Dec-12 to 31-Oct-23

	Norse Capital All Ords Accum Outperformance			Small Ords Accum Outperformance	
Inception	264.52%	131.97%	132.55%	54.97%	209.55%
Inception per annum	12.67%	7.58%	5.09%	3.73%	8.95%
CY2023 (ytd)	1.34%	-0.04%	1.38%	-6.05%	7.40%
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	-3.78%	-3.85%	0.07%	-5.45%	1.67%
3m	-6.79%	-7.26%	0.47%	-10.45%	3.66%
6m	2.23%	-5.19%	7.42%	-10.28%	12.51%
1y	-7.62%	2.89%	-10.51%	-5.10%	-2.52%
2y pa	-16.56%	-0.37%	-16.19%	-11.95%	-4.60%
3y pa	-5.03%	8.58%	-13.61%	0.52%	-5.55%
5y pa	8.29%	7.40%	0.89%	2.55%	5.74%
7y pa	8.39%	7.88%	0.51%	4.19%	4.20%
10y pa	12.22%	6.79%	5.43%	4.26%	7.96%
Sharpe Ratio	0.77	0.51	1.51x	0.23	3.42x
Sortino Ratio	1.24	0.71	1.75x	0.31	3.96x
Annualised standard deviation	14.73%	13.89%		17.04%	
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	67.69%	63.85%		56.92%	

A third negative month in a row for equity indices with the All Ords down -3.85% and the Small Ords -5.45% while in the US the S&P500 dropped -2.2% and the Nasdaq -2.8%. Our portfolio once again joined in

the negative return party, the -3.78% return coming in between the Australian and US indices. The portfolio has managed to outperform those indices over that same three-month negative period but that is small (near zero) consolation; relative outperformance but negative absolute performance doesn't put food on the table. The proximate cause for the equity market turbulence has been the rise in long-dated yields with the US 10-year yield ratcheting above 5% in October. Post-month end, yields have so far backed off lower; most likely equities will continue their inverse correlation to those yields going forwards.

Our biggest loss on the month came from our second-largest holding PME which dropped -10.6% in October, giving back most of September's +13.7% jump which occurred after announcing their largest ever contract win.

Next in line in the negative return conga was our enterprise software basket which cost the portfolio -0.8% with DDOG down -10.6% and top 5 holding TTD down -9.2% even as we trimmed another 11% off the position near \$80 prior to the market drop. Yet again, though, our cybersecurity basket holdings bucked the negative monthly trends with CRWD up +5.6% and ZS up +2%.

Similar losses too from SDR off -12.1% and from new position TLX where we started buying too early as the shares fell -22.5% from the previous month. No trade execution prizes this month.

One positive contribution this month from GBTC, our remnant exposure to Bitcoin. We'd chosen GBTC for Bitcoin exposure when the discount to its Bitcoin holdings had widened to greater than 40% and this finally paid off in October with Bitcoin itself rallying +27.5% while GBTC outperformed, adding +39.4%. The market is reacting positively to the prospects of a Bitcoin ETF being finally approved by regulators which explains both Bitcoin's price jump as well as GBTC's discount narrowing. A pity we didn't have a bigger position near the lows. Our combined crypto (Bitcoin and Ethereum) weighting is ~2.5%, the bulk of it exposed to Bitcoin.

Our shorts and hedges added a piddly ~+0.1% as I bought back the shorts too early as the market plummeted. The -1.55% drop in the Aud added +0.7% to performance.

Portfolio Holdings:

Cash:	13.7% (AUD and USD)
Non-AUD exposure:	20.7%
Longs:	87.5%
Shorts:	-4.0%
Options delta:	1.4%
Net exposure:	84.9%
Top 5 equities (alphabetical):	AAPL, PME, RMD, RUL, TTD

As mentioned above, I bought back more of our short positions (too early) and post month-end I started layering back into shorts as the market has (so far) rallied back, giving a net -4% short exposure at time of writing (vs -8.6% last month). Alongside we've also started adding put spreads in SPY and QQQ expiring in December and January. Finally, we also bought January 65c call options early in October to cover most of our remaining Aud-Usd currency exposure should the Aud rise beyond 65c. We put on the position prior to the Australian CPI release and the RBA decision. The calls came in useful when the Aud spiked but that has so far proven short-lived.

