



February 2024 Monthly Report

Returns 31-Dec-12 to 29-Feb-24

	Norse Capital	All Ords Accum	Outperformance	Small Ords Accum	Outperformance
Inception	363.94%	164.97%	198.97%	79.46%	284.48%
Inception per annum	14.73%	8.75%	5.98%	5.15%	9.58%
CY2024 (ytd)	9.56%	2.25%	7.31%	2.63%	6.93%
CY2023	17.73%	12.98%	4.75%	7.82%	9.90%
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	6.46%	1.17%	5.29%	1.72%	4.74%
3m	14.77%	9.86%	4.92%	10.05%	4.72%
6m	20.57%	7.97%	12.59%	6.88%	13.69%
1y	27.47%	11.30%	16.18%	7.84%	19.63%
2y pa	1.21%	8.59%	-7.37%	-0.37%	1.59%
3y pa	0.83%	9.06%	-8.22%	1.39%	-0.56%
5y pa	10.17%	8.99%	1.18%	4.42%	5.76%
7y pa	13.55%	8.90%	4.65%	6.48%	7.07%
10y pa	14.46%	8.19%	6.28%	6.06%	8.40%
Sharpe Ratio	0.88	0.58	1.51x	0.30	2.94x
Sortino Ratio	1.46	0.82	1.77x	0.42	3.44x
Annualised standard deviation	14.93%	13.89%		17.02%	
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	68.66%	64.93%		58.21%	

Equity markets continued higher in February 2024 with the All Ords +1.2% and the Small Ords +1.7%, while in the US the S&P 500 rose

+5.2% and the Nasdaq +6.1%. Happily, our portfolio managed to outpace them with an almost +6.5% rise.

Unsurprisingly for a good month for equities, our biggest loss in February came from our shorts and hedges which cost the portfolio ~-0.6%. Our outright QQQ and SPY shorts continued higher against us and our index put strikes fell further out of the money.

Close behind on the loss front was RMD which dropped -8.7%, giving back a chunk of the previous month's +14.8% rise. That rise had been on the back of positive quarterly results allaying some of the fears of RMD losing out to anti-obesity drugs. Some of those fears returned with Viking Therapeutics releasing trial results implying their GLP-1 drug could be even more effective than Eli Lilly's. RMD's stock price will continue to be buffeted by this type of news going forwards.

On the positive side of the ledger, our US enterprise software basket was once again the biggest contributor, adding +2.45% to the portfolio. Almost two-thirds of the gain was driven by TTD (up +24.8%) reporting quarterly results with revenue +23.4% (beating revenue expectations by +4.1% and beating EBIT estimates by ~+20%). Yet another great quarter to put paid to some analyst fears following the previous quarter's drop. Positive performance too from DDOG +5.6% and our cybersecurity holdings CRWD (+10.8%) and ZS (+2.7%), the latter two awaiting results in March. (ZS reported after month-end close and dropped ~-10%, we'll take a look in next month's missive). SNOW dropped -3.8% for the month but had risen into earnings only to drop ~-20% following. Revenue growth of +31.5% beat estimates and 39c EPS smashed 18c estimates. Guidance disappointed however, with SNOW citing product efficiency gains affecting their growth (customer efficiency improvements = less consumption, all else being equal), "Iceberg Tables" (open-source data storage offerings) lowering storage fees and SNOW assuming recent consumption growth improvements revert to prior rates. They also announced a new CEO with Frank Sloatman retiring (although remaining as non-executive chairman). Could poor guidance be a low bar for the new CEO to hop over? Despite a couple of trims in CRWD and DDOG, the basket now represents a ~22% weighting in the portfolio.

Positive performance too from RUL, up +24.4% in February as they reported 1H results with revenue up just shy of +21% and a large leap in PBT to \$7.5m and NPAT to \$6.8m (albeit with some timing adjustments needed to paint a clearer picture). The bullish view comes from guidance

of increases in revenue (+~14%), EBITDA (~+87.5%) and PBT (>~+250%) although these exclude “management incentives”. Hard to decipher until they (hopefully) update us when those incentives are considered “likely to be achieved” (quoting them directly) late in 2H.

Our crypto positions (~80% BTC and ~20% Ethereum, both via ETFs) added +1.5% to performance with BTC up +45.8% and Ethereum +48.5%. What was initially a ~1% portfolio position is now approaching ~5% with BTC price appreciation, the closing of the ~40% NAV discount in GBTC with the approval of BTC ETFs and adding to the position on the way up. A more than enough portfolio weighting given Bitcoin’s historical price volatility although obviously the ~1% initial weighting was too low using my expert 20/20 hindsight vision.

Finally, a positive contribution from ALU with the shares up +30.4% thanks to a takeover offer from Japanese firm Renesas at \$68.50. A pity in the sense that the ASX loses a quality technology company but a nice uplift for shareholders. At this stage (and following the 30c declared dividend going ex), there remains a probable ~+5% upside in maybe something on the order of half a year to completion with the small possibility of a competing offer or the bid falling through.

The -1.1% drop in the AUD added +0.55% to performance.

Portfolio Holdings:

Cash:	16.0% (AUD and USD)
Non-AUD exposure:	13.9%
Longs:	87.0%
Shorts:	-7.0%
Options delta:	-4.9%
Net exposure:	75.1%
Top 5 equities (alphabetical):	AAPL, CRWD, PME, RUL, TTD

The drop in RMD and jump in TTD sees them swap positions in the top 5. Net exposure is almost ~-3% lower than last month as I trimmed some CRWD and DDOG (albeit offset slightly by adding some BTC exposure). Options delta is shorter as our \$180 outright puts on half our AAPL position are now in the money. In addition, rolling out some of our index puts has also made the deltas slightly shorter. Our non-AUD exposure has dropped as we exercised our long 65c calls at expiry.

