



May 2024 Monthly Report

Returns 31-Dec-12 to 31-May-24

	Norse Capital All Ords Accum Outperformance			Small Ords Accum Outperformance	
Inception	390.34%	171.35%	218.99%	85.34%	305.00%
Inception per annum	14.94%	8.66%	6.27%	5.17%	9.76%
CY2024 (ytd)	15.80%	3.50%	12.29%	4.21%	11.59%
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	4.24%	0.87%	3.37%	-0.05%	4.29%
3m	5.69%	1.22%	4.47%	1.53%	4.16%
6m	21.30%	11.20%	10.10%	11.74%	9.57%
1y	33.90%	13.89%	20.01%	10.92%	22.98%
2y pa	13.93%	7.79%	6.14%	2.23%	11.70%
3y pa	2.85%	6.76%	-3.91%	-0.08%	2.93%
5y pa	8.02%	8.20%	-0.17%	4.18%	3.85%
7y pa	13.62%	8.89%	4.73%	6.66%	6.96%
10y pa	14.99%	8.08%	6.90%	6.47%	8.52%
Sharpe Ratio	0.90	0.58	1.56x	0.30	3.00x
Sortino Ratio	1.49	0.81	1.83x	0.42	3.53x
Annualised standard deviation	14.80%	13.79%		16.91%	
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	69.34%	64.96%		57.66%	

A mostly positive result for equity markets in May with the All Ords up +0.9% while the Small Ords just dipped into negative territory at -0.05%,

while in the US the markets performed strongly with the S&P 500 up +4.8% and the Nasdaq +6.9%. Our portfolio added +4.2%.

The biggest drag to performance in May came from the +2.8% rise in the AUD which cost our portfolio -1.5%. Our shorts and hedging cost us another -0.7%; unsurprising as our shorts and hedges are mostly on the SPY and QQQ which were up strongly.

Other losses for the month came from DDOG and ENL, both costing the portfolio about -0.4% each. The former down -12.2% despite reporting strong quarterly results with revenue +7% (a +3.3% beat to estimates) and non-GAP EPS at 44c vs estimates of 35c. Importantly FCF was +75% at a 32% margin. Conservative guidance (in spite of management commentary on the earnings call of accelerating usage growth) and the general negative SaaS sentiment in May didn't help. ENL is a small position we took in its IPO; the stock was down -58.3%, showing the risk of early-stage IPO investing as it is still seeking to gain traction in winning contracts.

On the positive side of the ledger, AAPL rose +12.9%. Revenues were down ~-4% (with iPhone sales down ~-10%) but exceeded downbeat expectations which had seen the shares plumb 2024 lows near \$165. Announcing the largest buyback in corporate history (US\$110b) helped recover sentiment as did news of a deal with Open AI, ahead of Apple's anticipated AI announcements at this month's WWDC. As mentioned last month, we had lucked out on our AAPL put hedges, capturing the move from \$180 to \$165 on half our position and have now reinstated similar hedges with the shares over \$190.

Positive contributions from our ASX holdings RUL (+11.3%), PME (+7.8%) and TLX (+20.6%). No new news on RUL, can only repeat last month's commentary that perhaps the market has recognised their positive inflection point in the transition to subscription revenue finally showing up in their numbers. PME continues its pace of signing new deals in the US, this time \$45m over 5 long term (5y+) contracts over a range of customer types. Finally, TLX announced positive preliminary data from their Prostate SELECT trial for their therapy candidate in prostate cancer. Success here would be an important step change, validating the potential of their Molecularly Targeted Radiation technology on the therapeutic side; their currently approved product Illucix has already been generating revenue on the diagnostic side. TLX also provided an update showing QoQ revenue growth of +18% and reaffirmed FY24 revenue guidance of +35-40%.

Our crypto positions added ~+1% to performance with Bitcoin +14.5% and Ethereum up +29.3%. Our position in ETHE was up +70.8% on the month with the SEC approving the listing of Ethereum ETFs. The outperformance came from closing the NAV discount it had previously been trading at, similarly to the experience with our GBTC holding when Bitcoin ETFs were approved. A pity we only had a tiny Ethereum position. Our crypto exposure is currently at ~5.3% of the portfolio.

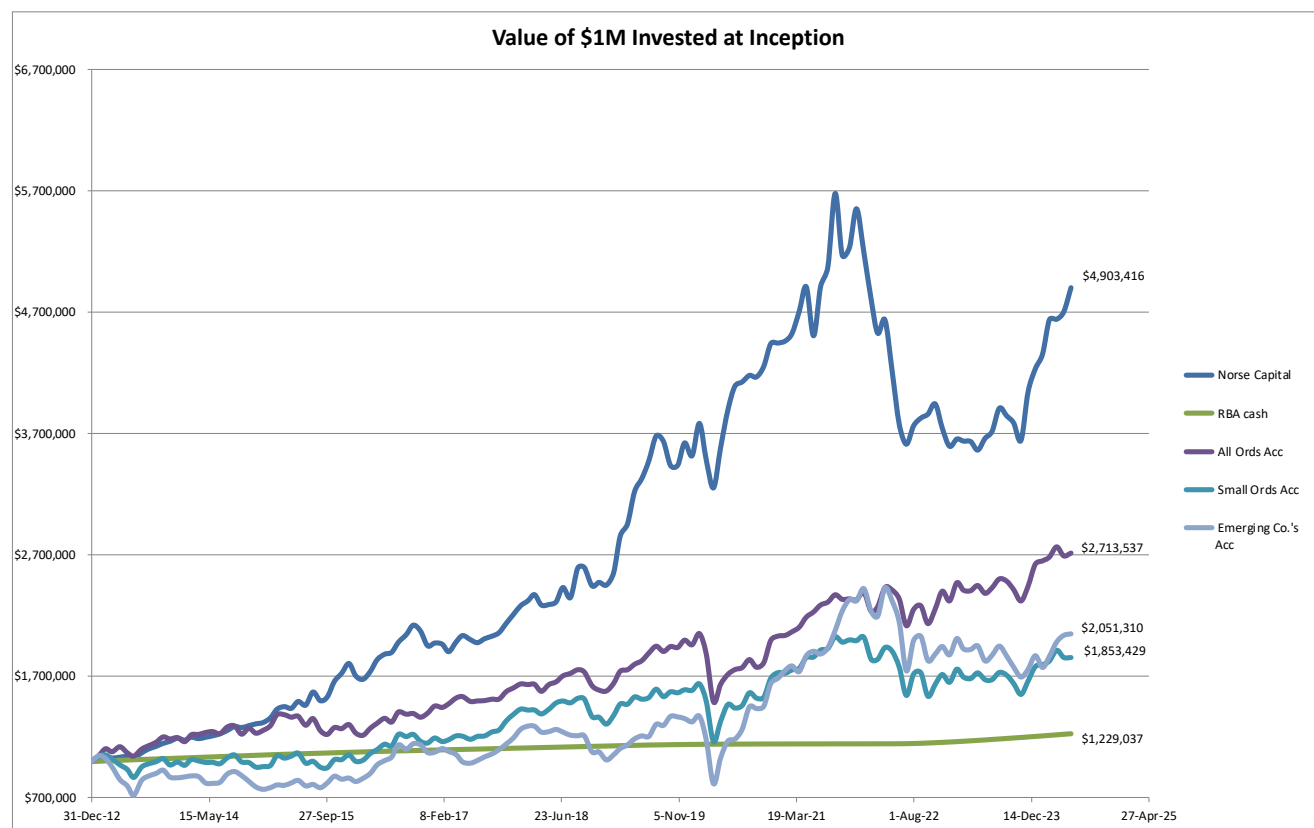
Our US-listed enterprise software basket added +0.8% to performance despite the poor month sentiment for SaaS stocks with big declines seen in the likes of CRM and MDB for example. Guidance for the upcoming quarter in the latest earnings reports in the software space has been disappointing with not many achieving consensus. This despite the positive lead from the hyperscaler results; perhaps they have benefited from AI revenue tailwinds which have yet to percolate down the software stack while AI capex costs have. Having said that, the stocks in our basket were among the few who actually did increase next quarter's guidance. Stock performance ranged from -12.9% for SNOW, -12.2% for DDOG and -1.7% for ZS to +7.2% for CRWD and +12.0% for TTD. In addition, we had purchased put protection for the entirety of our CRWD position ahead of earnings when the stock was ~\$348 which was also showing a profit at month end. The basket is currently a 18.7% weighting.

Finally MU added +10.7%, positive performance off the back of NVDA's +26.9% month as NVDA yet again surpassed elevated expectations with their data center category rising +427%! Unfortunately, we only have a smallish NVDA position having bought a token 0.8% position back in August around \$424 – what a lack of nerve from yours truly. Today, NVDA has passed AAPL as the 2nd highest market capitalisation in the world at over \$3 trillion. Together MU and NVDA represent a ~5% portfolio weighting towards the semiconductor sector.

Portfolio Holdings:

Cash: 17.7% (AUD and USD)
AUD-USD currency exposure: 16.4%
Longs: 85.4%
Shorts: -7.6%
Options delta: 4.7%
Net exposure: 82.5%
Top 5 equities (alphabetical): AAPL, PME, RMD, RUL, TTD

Our longs have reduced by ~3% with the sale of our ALU position just shy of \$67. (Altium has been effectively taken over by Renesas). We stopped out of some of our outright shorts which has reduced our shorts by almost 5%. Our shorts have certainly been a drag on performance with US indices at or near all-time highs. Our option deltas continue to increase positively as our short hedges move further out of the money and our long MU calls move further into the money. This despite adding the above mentioned AAPL put spreads.



Performance/Risk Ratios

