



## December 2025 Monthly Report plus 2025 Year in Review

Returns 31-Dec-12 to 31-Dec-25

	Norse Capital	All Ords Accum	Outperformance	Small Ords Accum	Outperformance
Inception	540.34%	223.03%	317.31%	140.83%	399.51%
Inception per annum	15.34%	9.43%	5.91%	6.99%	8.35%
CY2025	4.13%	10.56%	-6.43%	24.96%	-20.83%
CY2024	45.23%	11.44%	33.78%	8.36%	36.87%
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	-4.99%	1.26%	-6.24%	1.42%	-6.40%
3m	-6.15%	-0.80%	-5.34%	1.80%	-7.95%
6m	4.17%	4.41%	-0.24%	17.39%	-13.22%
1y	4.13%	10.56%	-6.43%	24.96%	-20.83%
2y pa	22.94%	10.99%	11.95%	16.34%	6.60%
3y pa	21.18%	11.64%	9.53%	13.43%	7.75%
5y pa	7.56%	9.72%	-2.16%	6.85%	0.71%
7y pa	14.67%	10.75%	3.92%	9.15%	5.53%
10y pa	13.47%	9.49%	3.98%	8.63%	4.84%
12y pa	15.02%	8.62%	6.40%	7.66%	7.36%
Sharpe Ratio	0.90	0.59	1.52x	0.37	2.43x
Sortino Ratio	1.50	0.84	1.78x	0.53	2.82x
Annualised standard deviation	14.89%	13.33%		16.34%	
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	68.59%	65.38%		58.97%	

A second negative month in a row, at -5% a disappointing end to close out calendar 2025, underperforming the S&P500's -0.1%, the Nasdaq's -0.5%, the All Ords +1.3% and the Small Ords +1.4%.

As it's calendar year-end a (and I'm off for a ski trip very soon), will do just a brief recap for December before we dive into 2025.

The biggest cost for the month came from PME, down another -17.1% in December, continuing the fall from all-time highs. This despite the two founders adding ~\$1m each to their personal stakes with on-market purchases. As we've alluded to previously, PME remains a high-quality stock but at a very high valuation.

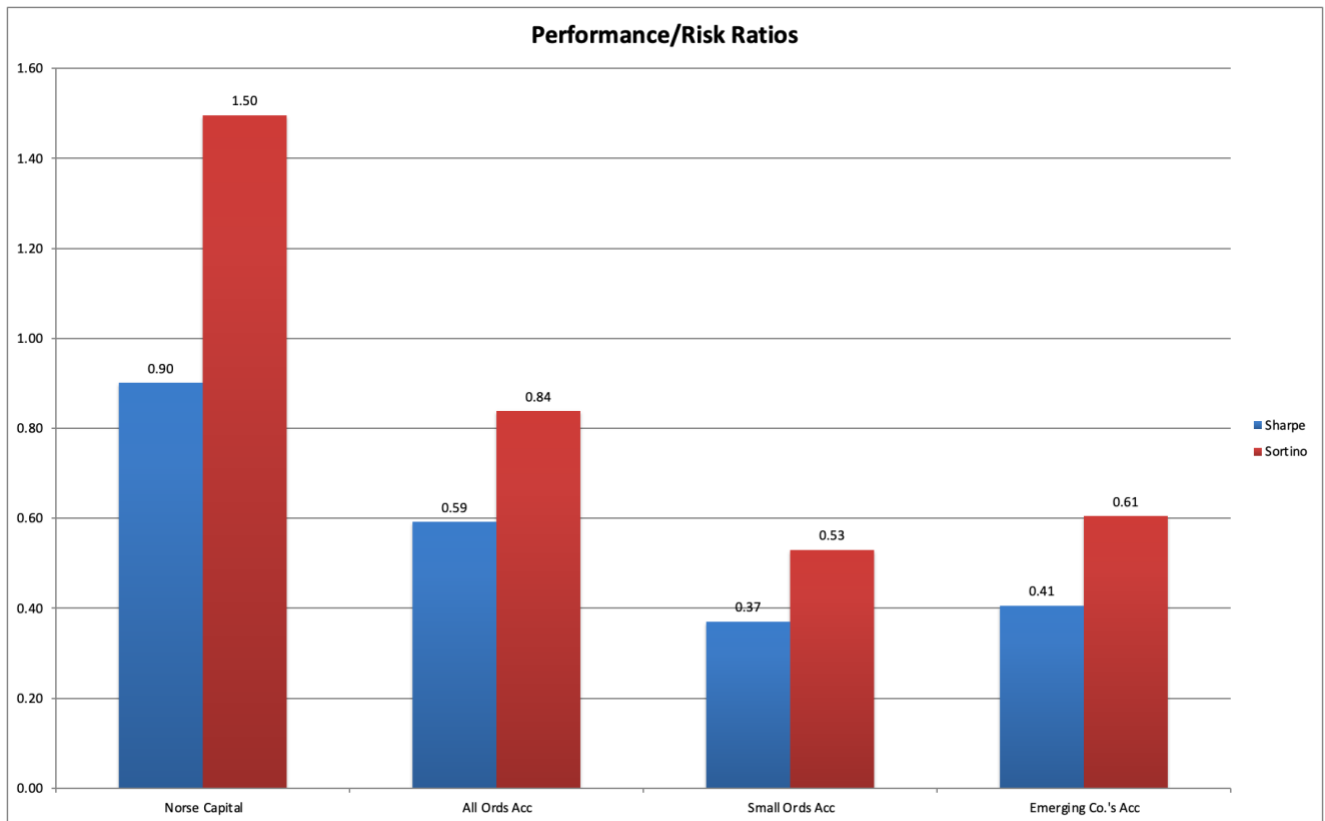
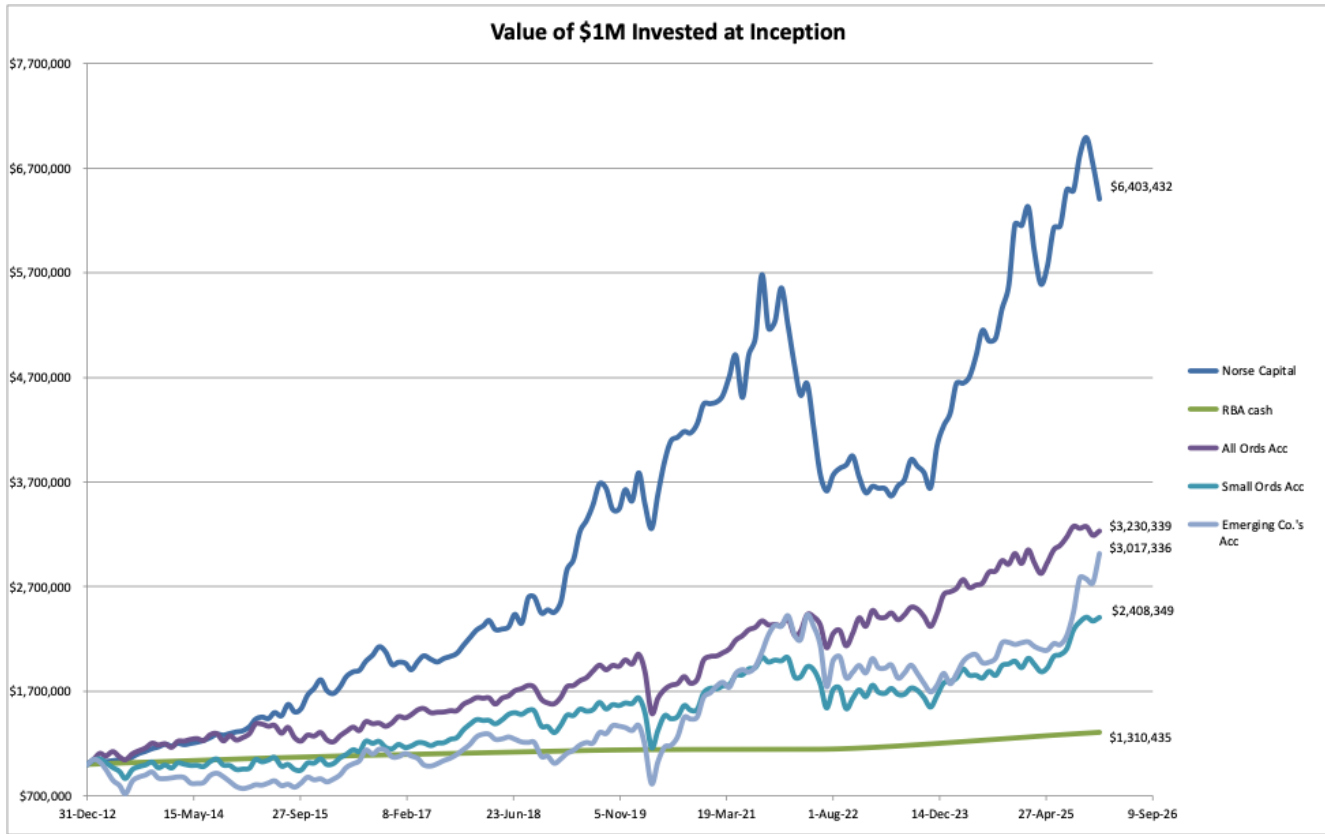
A loss also from our US enterprise software basket which cost the portfolio ~-1.2%, with CRWD down -7.9%, DDOG -15.0%, TTD down -4.0% and ZS down -10.6%.

The almost +1.9% rise in the Aud-Usd cost the portfolio another -0.35% while shorts and hedges added a small +0.15%.

### **Portfolio Holdings:**

Cash:	18.1% (AUD and USD)
AUD-USD currency exposure:	15.2%
Longs:	79.9%
Shorts:	0%
Options delta:	-15.3%
Net exposure:	64.6%
Top 5 equities (alphabetical):	AAPL, CRWD, PME, RMD, RUL

Slightly longer net exposure by +1.6%. Of note, ~15.5% of that long exposure is in RUL which is due to be taken over by Caterpillar so in effect it currently behaves like a fixed interest position as we edge closer to completion. Our hedges were actually slightly positive on the month despite higher equity indices – thanks to our specific puts on RMD (we continued to roll down the strikes to take profits), TLX (a second round of puts which we exercised at expiry) and AAPL, which basically paid for option premium erosion in the remainder of our hedges.



## 2025 Year in Review

Another good year for equity indices: the All Ords +10.6%, the Small Ords +25.0%, the S&P 500 +16.4% and the Nasdaq +20.4%. In that light, our meagre +4.1% was disappointing.

At a high level, we entered 2025 with a cash weighting of 13.9% and a net exposure at 70.3%. Given 2024 was our best calendar year performance to date (+45.2%), equity indices had had a couple of years of stellar performances and valuations arguably looked rich, I was happy to enter 2025 at ~5% below our long run ~75% net long exposure level. Cash weighting averaged 17.1% for 2025, net exposure averaged 67.3%. In retrospect (given the double-digit performances in the US and Australian equity indices), that proved costly, albeit the ~7.7% lower than average exposure level was not the main underperformance culprit for 2025.

Let's have a deeper look inside at which investments detracted from performance and which contributed and see if we can learn any lessons therein. The following added or subtracted > +/- ~1% to portfolio performance.

### Detractors:

Telex Pharmaceuticals: -2.8%

The shares dropped a whopping -54.5% in 2025 to give back a fair chunk of 2024's profits. Numerous missteps including 2 FDA CRL knockbacks of expected approvals and 1 SEC investigation took the winds out of the sails of this former high-flyer. Future potential competition from Clarity Pharmaceutical's (ASX: CU6, in which we also have a holding) prostate cancer product also dampening sentiment. The -2.8% portfolio effect was somewhat mitigated by two consecutively purchased puts on ~40% of the position which added back ~+0.8%, attributed in the shorts and hedges section below). The shorter-term question from here is whether either of the 2 FDA CRLs can be addressed in 1H 2026 along with hitting expected/guided upcoming financials. The FDA stance on those 2 potential new products could also potentially alleviate some medium-term competitive concerns if it shows Telex can bring new products beyond prostate diagnostics to market.

Shorts and hedges: -1.6%

Actually not a bad result, considering how well equity indices performed and given our shorts and option hedges are predominantly expressed via

index etfs. In fact, our holding-specific hedges managed to mitigate losses in our general market etf hedges. Specifically, the aforementioned TLX puts, puts on RMD (US-listed) initiated near the year's highs, puts and put spreads on AAPL and some TTD risk-reversals.

AUD-USD currency exposure: -1.3%

Our currency hedge (~60% of our currency exposure) helped to significantly mitigate the almost +7.85% rise in the Aud-Usd in 2025. 20/20 hindsight we should have hedged 100% of our exposure but in the market regime of the last decade+, being short Aud vs Usd has been a good quasi-hedge for equity exposure. Some questions about whether that regime has changed (the recent stellar performance of precious metals is one 2025 example in that direction). However, if we see a significant market correction then most likely the currency hedge will prove costly.

Pro Medicus: -1.0%

Our formerly largest position fell -11.7% in 2025. The shares actually rose to all-time highs around \$336 then subsequently fell over -34% to year-end. Our colleagues at Hindsight Capital LLC obviously sold the highs and went short there. In the real world, we did manage to sell ~a third of our position gradually from the low \$200s all the way up to \$328.50 and on the way back down towards \$250. The gradual approach missed out on selling everything above \$300 but in that world we could have just as easily sold a bunch \$100 lower too and watched in dismay as the shares rallied to all-time highs. Selling in a gradual, systematic method felt about the right approach in this instance with a super-high quality but expensively valued holding. I'm happy with the current, still substantial portfolio weighting of ~9-10%.

Contributors:

RPM Global: +5.9%

Our now biggest weighted position, RUL, jumped +62.3% in 2025 as financial performance was followed by a long-expected takeover offer from Caterpillar at \$5/share. We have owned shares in RUL since 2016 in the low 40c region and purchased multiple times at higher prices through to 2020 and up to slightly over \$1. The initial thesis had been to get exposure to the mining/resources segment (via software), following a well-regarded CEO who had a successful track record building then selling businesses. In this case it did take ~10 years of holding the shares but positive signs along the way including switching to a subscription model kept our conviction.

Semiconductors: +1.6%

The semi-conductor segment was one of the 2025 market performing highlights, supplying the “picks and shovels” to the continued massive AI data centre buildout. Unfortunately, we only had a small exposure to semis on the order of a ~2.5%-5% weighting at various times throughout 2025. The bulk of contributions came from our NVDA holding (shares +38.9% for the year) and a small holding in ALAB (shares +162.4% from our lowest purchase early in 2025).

Alphabet: +1.4%

GOOG shares rose +64.8% in 2025 with the market mood switching from pessimism over the potential loss of search revenue to the new AI LLMs, to Google arguably surging into the LLM lead with their latest Gemini model heading the benchmark tables on release in 2H 2025.

Apple: +1.0%

The shares rose +8.6% in 2025; in fact one of the laggards of the Magnificent 7 but a steady performance despite (or perhaps because of) an apparent lack of an AI strategy. An AI-enabled Siri is meant to be released this year, quite likely powered by Gemini while Apple has bypassed the massive AI capex spend of some of its peers. Meanwhile Apple maintains its huge installed base while iPhone revenues did better than expected.

So what to make of 2025? On one level, given our best-ever performance the year prior, it should come as no surprise to underperform. This was mirrored in some of the individual performances: e.g. PME finally pulling back after hitting 300 bags for us, TLX halving after surging over +144% in 2024, and even AAPL putting in an underperforming +8.6% year after hitting 100 bags for us. As an interesting aside, the S&P/ASX All Technology Accumulation Index posted -10.0% for 2025 with the likes of WTC, XRO, etc. falling significantly, giving back some of the ASX “tech-scarcity” valuation premium.

In a way, the portfolio as constructed probably performed as expected. The above-mentioned high-flying give-backs and our enterprise software basket not contributing (+37% gains from CRWD and +24.7% gains from ZS ~cancelled out by a -67.7% wipeout from TTD). In hindsight, the bigger takeaway was that equity market performance widened away from where we had exposure. Software was under pressure from the fear of AI agents reducing the need for per seat subscriptions.

Semiconductors and peripherals (connectivity, memory, etc.) took up the

performance mantle. Gold and gold equities performed incredibly well, whereas Bitcoin joined the “giveback” trade, falling -6.3%. Even the Small Ords added almost +25%.

So for me, possibly the portfolio became somewhat stale/needed more diversification. Hard to know when to sell part of some well-performed stalwarts (e.g. AAPL, PME, etc.) to make room for new ideas and also whether risk appetite has changed with portfolio growth. However, my lesson for 2025 is I do think we could have done better with new idea generation.

Good luck to everyone for 2026. 🍀