



November 2018 – Datt Capital Absolute Return Fund

To our valued investors,

Thank you for entrusting your capital and co-investing with us.

For November the Fund provided a net return of 3.53% for the month. The majority of the return was driven increases in all of our long equity exposures; with the largest % move being experienced by Argonaut Resources which increased 30% for the month.

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD
FY19		2.6%	-1.2%	-4.8%	3.53								0%

Approximate Asset Allocation for the Fund at November month end was:

CRE debt - 62%

Equities - 19%

Cash - 19%

Derivatives - 0.05% *Margin exposure

Investment review

Commercial real estate debt

This month we have evaluated two separate real estate debt opportunities, these were not deemed investable.

Project deals C and D were successfully settled during the month.

Our current real estate debt exposures are:

Name	Location	Type	Maturity	Max LVR/LSR	Net Return to Fund per annum
Project A -Mixed use/Residential infill	Melbourne, Inner East	1st Mortgage Land Facility	August 2020	20%	11% with step up to 16% after 9 months
Project B - Industrial	Melbourne, Inner West	1st Mortgage Land Facility	June 2019	60%	11%
Project C - Residential infill	Melbourne, Inner South	1st Mortgage Land Facility	July 2019	65%	11%
Project D - Residential infill	Sydney, Harbour side Inner East	2nd Mortgage Construction Facility	January 2019	70%	14%

Fixed interest

We continue to monitor a number of fixed income instruments in the distressed and special situation space.

Derivatives

We commenced trading our derivatives strategy in November. We have started off small, and expect to continue building exposure as time progresses. Broadly, the strategy benefits from increases in volatility and large movements in equity prices; whilst not being overly affected by falls in volatility or choppy, non-directional markets. We only invest in listed derivatives products to benefit from liquidity and to mitigate counter party risk.

Equities

We have made no equity transactions this month. The markets have experienced an uptick in volatility, whilst all our equity positions have performed well this month.

A short distance to the west of Argonaut and Aeris' tenements, BHP has delivered some world class results from it's latest copper exploration program. The best intercept, yielded a **jaw-dropping 6% result over 180 metres of mineralisation**; a world class result by any measure. Another world class intercept was **over 3% copper over 425 metres of mineralisation**.

This adds weight to our thesis that Argonaut's tenements hold exceptional exploration potential, which we hope will be realised in the near term drill program due to begin in January.

We welcome feedback from our Investors with any questions, suggestions, comments or investment ideas.

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