

The Datt Capital Absolute Return Fund is a long-only, multi-asset fund targeting double digit returns over the medium term, managed by a performance orientated and differentiated boutique fund manager. Our objectives are to minimize the risk of permanent capital loss, achieve an absolute return throughout the economic cycle and temper the market risks typical of equity funds. We believe that utilizing a multi-asset approach reduces downside risk and volatility in returns.



Datt Capital Absolute Return Fund - October 2019

To our valued investors,

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

For October the Fund provided a net return of 0% for the month.

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD
FY19		2.6%	-1.22%	-4.8%	3.53%	-2.07%	6.97%	1.66%	0.76%	-3.64%	-2.45%	0.79%	1.57%
FY20	4.85%	3.01%	1.72%	0%									9.86%

Asset Allocation for the Fund at October month end was:

CRE debt - 38%

Equities - 41%

Cash - 21%

Derivatives – 0% (liquidation value)

We are reasonably cash heavy at the moment, which we believe is a prudent position to be in at this point in the cycle. With a number of potential geopolitical events on the horizon, we feel comfortable with the portfolio's composition and are being especially selective with existing and new exposures.

As always, we are careful to balance our conservative nature and outlook with exposure to clear and lower risk growth opportunities.

Fund Features		Portfolio Analytics ¹	
Investment Objective	To achieve absolute double digit returns over 2-year periods, irrespective of market conditions	Sortino Ratio ²	1.16
Min. Investment	\$100,000	Sharpe Ratio	0.74
Applications/redemptions	Monthly/Quarterly	Standard Deviation (annualised)	10.82%
Distributions	Quarterly	Largest Monthly Loss	-4.80%
Management Fee (p.a.)	1.025%	Largest Drawdown	-6.00%
Performance Fee (p.a.)	20.5% > benchmark	Winning Month Ratio	60%
Benchmark	RBA rate + 5%	Cumulative Return	11.58%
Fund Administrator	Fundhost	1 year rolling return	15.63%
Auditor	Ernst & Young	3 year rolling return	-
Custodian/PB	NAB Asset Services	5 year rolling return	-
Responsible Entity	Fundhost	Return since inception (annualised)	9.28%

¹ Actual performance will differ for clients due to timing of their investment. Returns are calculated net of all fees.

² Sortino and Sharpe ratios assume the Australian cash rate as the applicable risk-free rate

Investment review

Commercial real estate debt

This month we evaluated 2 new opportunities and did not make any new investments.

Our real estate debt exposures as at the end of October are:

Name	Location	Type	Maturity	Max LVR/LSR	Interest receivable (per annum)
Project A - Mixed use/Residential infill	Melbourne, Inner East	1st Mortgage Land Facility	June 2021	65%	11%
Project E - Residential infill	Melbourne, Inner West	Special situation	February 2020	77%	17.50%
Project F - mixed use	Sydney, CBD	Special situation	April 2020	45%	12%
Project G - Industrial	Melbourne, Inner West	Preferred Equity	July 2021	70%	14.50%

Fixed interest

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

Derivatives

We have no current derivative exposure.

Equities

This month, our equity exposure was relatively stable.

We were unsuccessful in advocating for a higher takeover offer price for **Echo Resources**, and subsequently exited the position.

Afterpay and an undisclosed equity position were the main equity detractors for performance this month.

Whitehaven Coal and **Alice Queen** were the best equity performers this month.

Our current equity exposures are: Afterpay, Echo Resources, Argonaut Resources, Lynas, Valmec, Whitehaven Coal, Yandal Resources and 2 undisclosed equity holdings.

We are monitoring quite a number of potential equity opportunities however, think that patience at this point in time is prudent.

For now, the Fund remains open for investment.

To join our Waitlist and Register your interest in the Fund please register via this link:

<http://bit.ly/datt-register>

Please click the link below to view the Fund disclosure documents and apply for an investment online.



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