

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 - November 2019

To our valued investors,

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

For November the Fund provided a net return of 1.31% 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%	1.31%								11.30%

Asset Allocation for the Fund at November month end was:

CRE debt - 38%

Equities - 52%

Cash - 10%

Derivatives – 0% (liquidation value)

We are well positioned leading into the New Year, holding a decent amount of cash and the portfolio skewed towards opportunities which we consider ripe for consolidation. All our holdings hold high quality and desirable assets which we feel reduces their potential downside over time, and provides them positive leverage to instances where an overall sector may be in decline. We feel there is material embedded value in our equity portfolio that is likely to be realised over the next 6-12 months and we look forward to what is sure to be an exciting 2020. We wish all our readers a Merry Christmas and all the best for the year ahead.

Fund Features		Portfolio Analytics ¹	
Investment Objective	To achieve absolute double digit returns over 2-year periods, irrespective of market conditions	Sortino Ratio ²	1.27
Min. Investment	\$100,000	Sharpe Ratio	0.81
Applications/redemptions	Monthly/Quarterly	Standard Deviation (annualised)	10.48%
Distributions	Quarterly	Up/Down Capture ²	48% / 15%
Management Fee (p.a.)	1.025%	Largest Drawdown	-6.00%
Performance Fee (p.a.)	20.5% > benchmark	Winning Month Ratio	63%
Benchmark	RBA rate + 5%	Cumulative Return	13.04%
Fund Administrator	Fundhost	1 year rolling return	13.13%
Auditor	Ernst & Young	3 year rolling return	-
Custodian/PB	NAB Asset Services	5 year rolling return	-
Responsible Entity	Fundhost	Annual Return since inception	9.75%

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

² Sortino and Sharpe ratios assume the Australian cash rate as the applicable risk-free rate. Up/Down capture relative to ASX200 TR index

Investment review

Commercial real estate debt

Our real estate debt exposures as at the end of November 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 increased.

We increased our position in **Adriatic Metals**, one of previously undisclosed holdings. We believe this company is chronically undervalued due to an over exaggerated perception of sovereign risk. We encourage readers to read our detailed investment theses for the company via the links in the 'Media' section of this letter.

Lynas and **Alice Queen** were the main equity detractors for performance this month. **Adriatic Metals** and **Afterpay** were the best equity performers this month.

Our current equity exposures are: **Afterpay, Adriatic Metals, Argonaut Resources, Lynas, Valmec, Whitehaven Coal, Yandal Resources** and an undisclosed equity holding.

We have a full pipeline of potential investment opportunities which we consider materially undervalued, and will carefully consider for inclusion into our portfolio at the appropriate time.

Media

We wrote a number of articles in November which we encourage readers to peruse:

Adriatic Metals - A mineral growth story -- link: <http://bit.ly/Datt-ADT>

Adriatic Metals - An addendum -- link: <http://bit.ly/Datt-ADT2>

How to identify a future gold mine -- link: <https://www.livewiremarkets.com/wires/how-to-identify-high-quality-nuggets-at-the-junior-end>

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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