



June 2019 – Datt Capital Absolute Return Fund

To our valued investors,

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

For June the Fund provided a net return of +0.79% 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%	-2.07%	6.97%	1.66%	0.76%	-3.64%	-2.45	0.79	1.57%

Asset Allocation for the Fund at June month end was:

CRE debt - 75%

Equities - 19%

Cash - 6%

Derivatives – 0%* (liquidation value)

Investment review

Commercial real estate debt

This month we evaluated 2 new opportunities and invested in 1 new opportunity, Project G.

We received notice of a small extension to refinance Project C's facility, which will result in the Fund's investment being repaid in July.

We also received notice that Project B's facility will be in early July. Proceeds will be rolled over into a new preferred equity facility for the development of the industrial subdivision project, which we will call Project G. The duration of the facility will be a 25 month term, with a minimum interest period of 18 months. The facility will provide a fixed 14.5% per annum, capitalised and compounding monthly. The facility has a maximum LVR of 70% including the senior facility that has been obtained from a big 4 bank.

The project benefits from strong presales coverage with 59 unconditional sales out of 60 available lots sold in stage 1. Stage 2, which will be for a further 22 lots, is still undergoing planning and is anticipated to be released for sale around December 2019. The facility is as usual, full recourse to the individual borrowers.

Our real estate debt exposures as at the end of June 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 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 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. A few opportunities are beginning to become attractive.

Derivatives

We closed all derivative positions this month, and have no current exposure.

Equities

This month, our equities portfolio was positive. Our current equity exposures are: Afterpay, Echo Resources, Argonaut Resources and an undisclosed equity holding. Our new holding we will disclose and discuss in next month's newsletter.

We think it is a very exciting opportunity given it's cashflow positive position and clear global potential; with a relatively small market cap. An additional attraction is the lack of media coverage and general awareness of the company from other investors.

We are still finding plenty of good opportunities at present, as such we expect to enter a number of new positions in the month ahead.

Events

We are pleased to extend an invitation to readers to participate in an Exclusive Webinar event, where the investment team discuss the Fund's investments of the financial year 2019. This will include a discussion of the market and geopolitical conditions they see affecting the market in the short-term; as well as a comprehensive Q&A session where participants may ask questions freely and anonymously in a private environment.

Event details are as follows

For wholesale/sophisticated investors only.

Mode: Webinar/Online

Date: Tuesday 23rd of July 2019

Time: 12pm

Running Time: Approximately 60 minutes

To preserve the quality and interactivity of the experience, we will be restricting the number of participants to 20. We currently have 3 spots remaining, and these will be filled on a first come, first served basis.

To register for this event please follow this link: <http://bit.ly/2E9JQyZ> and access details will be sent in due course.

To schedule a time to discuss your interest in the Fund with the Investment Manager, please follow this link: <http://bit.ly/32bRsLP>

The Fund remains open for investment.

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



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