

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 - July 2020

To our valued investors,

Thank you for entrusting your capital and co-investing with us. For July the Fund provided a net return of +10.84% for the month. The Fund has achieved a 12-month rolling return of +30.26% vs a fall of -9.87% for the ASX 200 Total Return Index over the same period; outperforming by +40.13%.

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	July	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%	0.84%	2.02%	-5.85%	-13.66%	12.00%	9.22%	8.24%	23.22%
FY21	10.84%												10.84%

Asset Allocation for the Fund at July month end was:

CRE debt - 28%

Equities - 63%

Cash - 9%

The Fund performed well in July benefitting from its exposure towards precious metals which appreciated strongly over the month. Gold rose over 8% to over AUD\$2760/oz, whilst silver enjoyed a spectacular 30% rise to around AUD\$34/oz. In our opinion, much of this rise in precious metals has been driven by a shift in investor preference towards real assets as a consequence of monetary stimulus & debasement being experienced around the globe. An increase in authoritarianism and consequent rise in government distrust is also driving sentiment towards portable, durable and private real assets.

We remain orientated towards growth opportunities and special situations where we feel there remains considerable upside despite the forecast weaker macroeconomic environment. We continue to find interesting opportunities however; we do feel that caution is warranted going forward.

Fund Features		Portfolio Analytics ¹	
Investment Objective	To achieve absolute double digit returns over 2-year periods, irrespective of market conditions	Sortino Ratio ²	1.32
Min. Investment	\$100,000	Sharpe Ratio	0.90
Management Fee (p.a.)	1.025%	Standard Deviation (annualised)	19.25%
Performance Fee (p.a.)	20.5% > benchmark	Winning Month Ratio	67%
Benchmark	RBA rate + 5%	Cumulative Return	38.72%
Fund Administrator	Fundhost	1 year rolling return	30.26%
Auditor	Ernst & Young	3 year rolling return	-
Custodian/PB	NAB Asset Services	5 year rolling return	-
Responsible Entity	Fundhost	Annual Return since Inception (Aug-2018)	17.93%

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.

Investment review

Fixed income

Our CRE debt portfolio continues to perform as expected. Our focus on short duration, low LVR and double-digit yielding deals restricted to the core Australian cities (Sydney and Melbourne) continue to bear fruit.

Equities

Our equity portfolio continues to perform well given the exposure to precious metals and growth opportunities. We continue to find inefficiently priced opportunities in the market, which we continue to exploit tactically.

Adriatic Metals, one of the funds core holdings, appreciated strongly during the month. One of the company's major shareholders, Sandfire Resources, withdrew its board nominee setting off the rumour mills that a takeover offer was imminent. This has not played out to date, instead Sandfire have initiated what we consider to be a frivolous lawsuit likely in an attempt to drive the share price down. We hope that Adriatic can ward off the Sandfire threat in the short term as we would like to see maximum value extracted from what is a world class resource project. We still consider Adriatic severely undervalued vs peers, and believe significant upside still exists.

Yandal Resources continues to achieve good results from its gold exploration drilling at its Gordan's Dam prospect with very promising results achieved over a large area of potential strike. We believe this has the potential to evolve into a significant discovery in time. The company also continue to make steady progress towards commercialising its Flushing Meadows gold deposit.

We initiated a position in Genesis Minerals, a Western Australian gold developer, via a capital raise. The company acquired a neighbouring project from a private company which builds the company's resource base to 1.28 million ounces of gold. This acquisition transforms the company assets from being effectively a stranded resource to a real standalone production prospect. We expect further valuation uplifts from resource conversion into higher confidence resource categories and the completion of feasibility studies.

Alice Queen commenced drilling at its exciting Boda East prospect, immediately east of Alkane's Boda copper-gold porphyry discovery – widely considered one of the best large-scale mineral discoveries in NSW over the past 20 years. Since the discovery of Boda, Alice Queen's ground to the east must surely rank as some of the hottest exploration ground in Australia. We look forward to seeing the initial results.

Media

- 1) We provided an update on SelfWealth following its quarterly results. Link: <https://bit.ly/Datt-SWF2>
- 2) We analysed the complex relationship between Adriatic Metals and Sandfire Resources over time, and our view on the lawsuit brought. Link: <https://bit.ly/Datt-ADT-SFR>
- 3) We contributed to two opinion pieces on Livewire Markets titled:
"Have we seen the last of the bear market?" Link: <https://bit.ly/2DuF4yK>

“A retest of the March lows? The bears are kidding themselves” Link: <https://bit.ly/39SD3bL>

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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