

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 - May 2020

To our valued investors,

Thank you for entrusting your capital and co-investing with us. For May the Fund provided a net return of 9.22% for the month. The Fund has achieved a 12-month rolling return of +14.74% vs a fall of -6.97% for the ASX 200 Total Return index over the same period; outperforming by 21.71%.

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD
<b>FY19</b>		2.6%	-1.22%	-4.8%	3.53%	-2.07%	6.97%	1.66%	0.76%	-3.64%	-2.45%	0.79%	1.57%
<b>FY20</b>	4.85%	3.01%	1.72%	0%	1.31%	0.84%	2.02%	-5.85%	-13.66%	12.00%	9.22%		13.85%

Asset Allocation for the Fund at May month end was:

CRE debt - 41%

Equities - 52%

Cash - 7%

The equity markets continued their positive performance in May, whilst throwing up many interesting opportunities some which we have invested in. We are expecting a weaker month for equity markets in June as Australia continues to reopen society at large; and the social and economic damage as a result of the government curfews is gradually revealed.

We remain positive about the future and are observing large structural changes driven by the change in social circumstances. In many cases, we feel these opportunities have not yet been recognized by the broader markets, and we are well placed to exploit these market inefficiencies going forward on behalf of our investors.

Fund Features		Portfolio Analytics <sup>1</sup>	
Investment Objective	To achieve absolute double digit returns over 2-year periods, irrespective of market conditions	Sortino Ratio <sup>2</sup>	0.56
Min. Investment	\$100,000	Sharpe Ratio	0.47
Management Fee (p.a.)	1.025%	Standard Deviation (annualised)	18.05%
Performance Fee (p.a.)	20.5% > benchmark	Winning Month Ratio	64%
Benchmark	RBA rate + 5%	Cumulative Return	15.63%
Fund Administrator	Fundhost	1 year rolling return	14.74%
Auditor	Ernst & Young	3 year rolling return	-
Custodian/PB	NAB Asset Services	5 year rolling return	-
Responsible Entity	Fundhost	Annual Return since inception	8.32%

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

<sup>2</sup> 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. At this point in the cycle, we are staying disciplined in terms of writing new deals given the uncertainty around government support post September.

### Equities

Our equity portfolio performed very well in May. We continue to find inefficiently priced opportunities in the market, which we continue to exploit tactically.

**Adriatic Metals**, one of the funds core holdings, announced the all-scrip, complementary acquisition of a smaller exploration company Tethyan Resources. Tethyan hold a portfolio of brownfield and greenfield prospects in neighbouring Serbia, providing further growth opportunities for Adriatic in the future. We discuss at length these growth opportunities in the articles below.

**Yandal Resources** disclosed that they discovered bedrock gold mineralisation at Gordons Dam over a strike length of 700 metres, along with high grade RC drill intercepts. The mineralisation and geological context of the discovery is highly analogous to major deposits in the same region such as Northern Star's Kanowna Belle Mine which has produced over 6 mil ounces of gold to date and remains a flagship asset for the company. The company will focus on Gordons Dam as the highest priority with a significant exploration program to be conducted over the coming months.

The company also continue to make solid progress on permitting and studying its Flushing Meadows deposit which we anticipate will commence commercial production within the next 12 months.

### Media

1) Owen Rask interviewed Emanuel for another episode of the Australian Investors Podcast. We discuss our performance and views on opportunities thrown up over the COVID-19 disruptions; 4 key principles we utilise to evaluate growth companies like Afterpay; discuss our latest growth opportunity in SelfWealth.

Access link: <https://bit.ly/Datt-Rask3>

2) We were interviewed by Livewire Markets in a Q&A titled "The next six weeks might make or break markets". We discuss broadly our performance and our investment strategy over the COVID-19 disruptions.

Access link: <https://bit.ly/Datt-LW1>

3) We shared our views regarding Adriatic Metals acquisition of Tethyan Resources and the key catalysts for the company going forward.

Access links:

“Adriatic Metals acquire Tethyan Resources” <https://bit.ly/Datt-ADT3>

“Adriatic Metals the next steps” <https://bit.ly/Datt-ADT4>

---

**[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.



**Disclaimer**

The Datt Capital Absolute Return Fund (Fund) and this report is for wholesale clients only. Datt Capital Pty Ltd (ABN 37 124 330865) authorised representative #001264886 of Fundhost Limited AFSL 233045) (Datt Capital) is the Investment Manager of the Fund. Fundhost Limited is the issuer and trustee of the Fund. The information contained in this document is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation, or which would subject Datt Capital or Fundhost Limited to any registration or other requirement within such jurisdiction or country. To the extent permitted by law, Datt Capital and Fundhost, their officers, employees, consultants, advisers and authorized representatives, are not liable for any loss or damage arising as a result of any reliance placed on this document. Information has been obtained from sources believed to be reliable, but we do not represent it is accurate or complete, and it should not be relied upon as such. Datt Capital may provide general information to help you understand our investment approach. Any financial advice we provide has not considered your personal circumstances and an investment in the Fund may not be suitable for you. Past performance is not an indicator of future performance. Returns are not guaranteed.