

Datt Absolute Return Fund

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DATT
CAPITAL

This information has been prepared for wholesale/sophisticated investors only.

INVESTMENT UPDATE - MARCH 2022

The Datt Capital Absolute Return Fund is a long-only 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 utilizing a multi-asset approach reduces downside risk and volatility in returns.

Unit Price	Net Return Per Annum Since Inception	Net Return Since Inception	Fund Status
\$1.5932	16.80%	76.27%	Open

INVESTMENT PERFORMANCE

	Since Inception (p.a)	3 year p.a.	1 year	3 month	1 month
Datt Absolute Return Fund	16.80%	18.03%	14.39%	7.58%	9.28%
Benchmark	5.75%	5.55%	5.22%	1.26%	0.43%
Value Add (net)	11.05%	12.48%	9.17%	6.32%	8.85%

Actual performance will differ for clients due to timing of their investment. Returns are calculated net of all fees, since inception. Benchmark is the RBA rate plus 5%. Inception date of the Fund is August 2018. Past performance is not an indicator of future performance

Key Fund Information		Top 3 Portfolio Holdings (alphabetical) as at March quarter end.	
Investment Objective	To achieve absolute double digit returns over 2-year periods	New Hope Corporation (NHC)	
Min. Investment	\$100,000 (unless otherwise agreed)	Nickel Mines (NIC)	
Management Fee (p.a.)	1.025%	Whitehaven Coal (WHC)	
Performance Fee (p.a.)	20.5% > benchmark	Average portfolio market cap: \$5.15 billion	
Benchmark	RBA rate + 5%	Portfolio Analytics¹	
Fund Administrator	Fundhost	Sortino Ratio	1.12
Auditor	Ernst & Young	Sharpe Ratio	0.76
Custodian/PB	NAB Asset Services	Standard Deviation	19.18%
Responsible Entity	Fundhost		

¹Sortino and Sharpe ratios assume the Australian cash rate as the applicable risk-free rate.

PORTFOLIO COMMENTARY

During March, the Fund provided a net return of 9.28% vs the ASX200 total return index which returned 6.88%. Since its inception in August 2018, the Fund has returned 16.80% per annum; whilst the ASX200 total return index has returned 9.17% p.a.

The Fund portfolio benefitted from its exposure to key commodities affected by trade sanctions enacted against Russia for its invasion of Ukraine. Incidentally, these commodities were already experiencing a supply squeeze due to difficulties in the supply chain and logistics; which the Russian sanctions have exacerbated considerably.

In particular, the energy sector is likely to remain volatile given that Russia remains a major supplier to hydrocarbons on the global stage as well as the primary supplier to Europe. We see the risks of Russian supply being weaponised gradually increasing towards the end of the year and accordingly are well positioned in exposures that may significantly benefit from the actions of the aggressors.

Increases in energy costs inevitably lead to cost inflation further downstream along the supply chain. We have observed the effects of this in many downstream sectors, coupled with continuing government stimulus this has resulted in a potential perfect storm for commodities in the short-term. The world will no doubt find its trade equilibrium over the medium-term, but we believe that the short-term outlook is very strong for almost all commodities.

The Fund maintains its position in a range of holdings, all which are tremendously profitable at current commodity prices and relatively cheap when compared to the broader market as a whole. Interestingly, the broader market as a whole, has seen very little rotation into these opportunities despite the outstanding fundamentals and outlook. Meanwhile, we are very comfortable with our portfolio with the majority of holdings priced at low single digit valuation multiples; providing the potential for strong future returns going forward.

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



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