

# Datt Absolute Return Fund

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**DATT**  
CAPITAL

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

## INVESTMENT UPDATE - APRIL 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
<b>\$1.6151</b>	<b>17.73%</b>	<b>83.86%</b>	<b>Open</b>

## INVESTMENT PERFORMANCE

	Since Inception (p.a)	3 year p.a.	1 year	3 month	1 month
<b>Datt Absolute Return Fund</b>	<b>17.73%</b>	<b>21.19%</b>	<b>14.23%</b>	<b>20.00%</b>	<b>4.31%</b>
Benchmark	5.74%	5.51%	5.22%	1.25%	0.42%
Value Add (net)	11.99%	15.68%	9.01%	18.75%	3.89%

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 April end.	
Investment Objective	To achieve absolute double digit returns over 2-year periods	New Hope Corporation (NHC)	
Min. Investment	\$100,000 (unless otherwise agreed)	Whitehaven Coal (WHC)	
Management Fee (p.a.)	1.025%	Yancoal (YAL)	
Performance Fee (p.a.)	20.5% > benchmark	Weighted average portfolio market cap: \$3.5 billion	
Benchmark	RBA rate + 5%	<b>Portfolio Analytics<sup>1</sup></b>	
Fund Administrator	Fundhost	Sortino Ratio	1.41
Auditor	Ernst & Young	Sharpe Ratio	0.91
Custodian/PB	NAB Asset Services	Standard Deviation	19.25%
Responsible Entity	Fundhost		

<sup>1</sup>Sortino and Sharpe ratios assume the Australian cash rate as the applicable risk-free rate, since inception.

## PORTFOLIO COMMENTARY

During April, the Fund provided a net return of 4.31% vs the ASX200 total return index which returned -0.85%. Since its inception in August 2018, the Fund has returned 17.73% per annum; whilst the ASX200 total return index has returned 9.10% p.a.

The Fund portfolio has benefitted from its exposure to the global energy molecule crisis. As we suspected, Russian hydrocarbons have become an instrument of war, with continuing supply being linked to diplomatic outcomes. This has driven demand for alternative energy sources to extremes. We have seen significant rises in sectors such as crude oil, LNG and nuclear.

However, the transmutation of these sources of energy requires significant infrastructure and/or downstream processing capability to be readily available. In comparison, energy generation via thermal coal is relatively low tech; which has seen demand escalate enormously.

Australian thermal coal is hugely sought after; generally being of better quality than coal sourced from other nations. In addition, Australia is beneficially located to key Asian markets translating into lower shipping costs against many competing producing nations. Coal itself, on an energy equivalent basis, is the cheapest form of fossil fuel energy available. Newcastle coal futures (at the time of writing) trade at around US\$380 a ton, up over 4 times relative to 12 months ago. We believe that this shift in the coal market is structural, whereas the price of coal companies is still reflective of a broader market that believes this shift is temporal.

Our portfolio exposures in thermal coal are all highly profitable, currently trade at low multiples and are returning capital to shareholders via dividends and/or buybacks. They also have positive exposure to the US dollar which is a traditional safe haven asset in times of market distress.

Our portfolio overall is defensively positioned at this juncture, with the ability to redeploy our cash should markets remain rocky and outstanding investment opportunities arise.

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



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