

Datt Absolute Return Fund

APIR FHT3309AU

DATT
CAPITAL

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

INVESTMENT UPDATE - NOVEMBER 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 Mid-Price	Net Return Per Annum Since Inception	Net Return Since Inception	Fund Status
\$1.0963	19.22%	113.61%	Open

INVESTMENT PERFORMANCE

	Since Inception (p.a)	3 year p.a.	1 year	3 month	1 month
Datt Absolute Return Fund	19.22%	23.63%	42.65%	-6.35%	-2.45%
Benchmark	5.90%	5.64%	6.19%	1.91%	0.65%
Value Add (net)	13.32%	17.99%	36.46%	-8.26%	-3.10%

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 November end.	
Investment Objective	To achieve absolute double digit returns over 2-year periods	Perpetual Limited (PPT)	
Min. Investment	\$100,000 (unless otherwise agreed)	Selfwealth (SWF)	
Management Fee (p.a.)	1.025%	Whitehaven Coal (WHC)	
Performance Fee (p.a.)	20.5% > benchmark	Weighted average portfolio market cap: \$2.36 billion	
Benchmark	RBA rate + 5%	Portfolio Analytics¹	
Fund Administrator	Fundhost	Sortino Ratio	1.56
Auditor	Ernst & Young	Sharpe Ratio	0.93
Custodian/PB	NAB Asset Services	Standard Deviation	20.22%
Trustee	Fundhost		

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

COMMENTARY

For the month of November we delivered a net return of -2.45% for our investors. The ASX200 Total Return index returned +6.58% over the month.

The market continues to rally off the back of accommodative monetary policy by the RBA and doveish forward commentary despite significant inflationary pressures that continue to run at double the RBA's target range for headline CPI.

Notably, we have seen in December the Federal government propose draconian price control measures targeted at gas and coal producers who sell into the local generation market. Broadly, these consist of fixed price caps as well as a speculated national gas 'reserve' policy. Given the fact that fossil fuels provide >70% of Australia's electricity, we believe this proposed change in policy poses a significant risk to Australia's energy security, economic growth and quality of life. In addition, we note that Australia's attractiveness as a destination for foreign direct investment has been significantly tarnished.

We continue to hold a significant proportion of the portfolio in the energy sector. The main detractor was a new special situation position in Perpetual, which was subject to a competing bid from a competitor, that could have potentially broken up its agreed merger (and vastly inferior deal) with Pendal. We felt that position offered the potential for an asymmetric return within a short time-frame with limited downside given the quality of Perpetual's assets however, in this instance the circumstances have not played out as expected to date.

The Fund increased its exposure to Selfwealth given the plethora of positive externalities that continue to impact the company. The company's business model directly benefits from interest rate rises and has been improving its customer offerings over the past year. In addition, we expect less competition in the retail broking space going forward as smaller, unprofitable firms gradually wind-up operations potentially providing a 'free kick' to what we believe is the most progressive retail wealth platform in the local market.

The Fund continues to remain defensively positioned for the months ahead, whilst adding number of exciting opportunities that we believe will be value accretive in time.

Returns by Month

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	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%	23.23%
FY21	10.84%	11.82%	-2.05%	-0.37%	-1%	0.30%	-0.1%	3.63%	-0.98%	4.46%	6.26%	-7.17%	26.86%
FY22	3.21%	-6.32%	7.63%	-6.90%	-2.64%	9.42%	-6.49%	5.27%	9.28%	4.31%	-0.43%	-3.71%	11.03%
FY23	12.13%	15.40%	-3.76	-0.25%	-2.45%								21.18%

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

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.