

Datt Absolute Return Fund

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DATT
CAPITAL

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

INVESTMENT UPDATE - FEBRUARY 2023

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
\$1.0124	16.08%	97.47%	Open

INVESTMENT PERFORMANCE

	Since Inception (p.a)	3 year p.a.	1 year	3 month	1 month
Datt Absolute Return Fund	16.08%	21.73%	22.42%	-7.56%	-3.65%
Benchmark	6.03%	5.84%	6.99%	2.03%	0.64%
Value Add (net)	10.05%	15.89%	15.43%	-9.59%	-4.29%

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 February end.	
Investment Objective	To achieve absolute double digit returns over 2-year periods	Dreadnought Resources (DRE)	
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: \$1.7 billion	
Benchmark	RBA rate + 5%	Portfolio Analytics¹	
Fund Administrator	Fundhost	Sortino Ratio	1.30
Auditor	Ernst & Young	Sharpe Ratio	0.80
Custodian/PB	NAB Asset Services	Standard Deviation	19.95%
Trustee	Fundhost		

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

COMMENTARY

For the month of February, the Fund delivered a net return of -3.65% for our investors. The ASX Total Return index returned -2.45% in contrast.

Despite a conservative asset allocation position, our core equity positions weakened further in February, particularly in the energy and rare earth sectors. Energy equities remained volatile due to the uncertainty surrounding Australian energy policies at both State and Federal level. When uncertainty exists, markets tend to price in ‘worst case scenarios’ and we believe it is certainly the case here. The upcoming NSW state election, on the 25th of March, will be a key catalyst for our core energy exposures; and we remain prepared for any result.

Our bearish view of the market appears to be in the process of being validated, with the February reporting season demonstrating a weaker set of results than expected. Whilst, so far in March, we have seen weak markets driven by a lack of confidence in the overall economic environment; along with micro factors such as the collapse of the 16th largest bank in the US which is still an evolving situation.

We are exceptionally well prepared should contagion from the US banking industry cause equity markets to melt down; with the Fund currently holding its largest allocation towards cash since inception.

As mentioned last month, we have identified a range of high-quality companies that we expect will benefit from the present economic environment, that may become cheaper in the short-term thereby providing opportunity for disciplined investors.

Emanuel was appointed as a Non-Executive Director to the board of Selfwealth (ASX:SWF) which is a core, long-term holding of the Fund. We remain enthusiastic about the company’s prospects and hold the strong belief that the confluence of exposure to positive externalities and the potential for internal change; will build and potentially realise the company’s latent value for shareholders over 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%	-2.63%	-1.46%	-3.65%					12.02%

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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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