



Media Release

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'Alternative data' can be a significant contributor to investment performance: Datt Capital

32% p.a. return posted by Datt Capital Absolute Return Fund

Boutique Australian equity specialist [Datt Capital](#) has posted a 32%pa return for calendar 2020 for its long only Datt Capital Absolute Return Fund and has achieved a 12-month rolling return of +42.13% to the end of February 2021.

Datt principal and managing director Emanuel Datt said the performance was pleasing and was a direct result of the firm's investment style and strategy.

"We are industry and market cap agnostic and focus solely on seeking out the best risk adjusted returns. We believe independent thought and creativity are amongst the Datt Capital long suits.

"A significant contributor to our good performance was our harnessing of so called 'alternative data' to assist in stock assessment and selection," says Datt.

Two stocks holdings which Datt Capital invested in as a direct result of alternative analysis, and which remain in the fund portfolio, are Selfwealth Ltd (ASX:SWF) and Dusk Group Ltd (ASX: DSK).

"Alternative data is an important non-financial factor for Datt Capital to maintain its investment edge and can include: web site traffic and metrics; industry statistics' online reviews; discussion forums regarding products and services; shipping documentation for the movement of physical goods; background checks on management teams and physical observations."

Datt says he finds 'alternative data' sources work best for consumer facing companies as large amounts of information pass into the public domain.

"During the March 2020 downturn, we developed an interest Selfwealth. We were aware of high trading volumes on the ASX and observed that Selfwealth was capturing a disproportionate amount of web traffic relative to its claimed market share.

"In addition, all web metrics were substantially higher each day, implying high engagement, which we believed would translate into higher revenue for the company. We were able to track this growth over time relatively easily and today Selfwealth has grown to become the largest non-bank online broker in the Australian market.

"Fortunately, the company had a marketing strategy that resulted in a high level of customer engagement, providing a rich source of alternative data to confirm the primary data," says Datt.

A more recent addition to the Datt Capital portfolio is speciality retailer of home fragrance products Dusk Group Ltd.

“During 2020 the company provided a significant guidance upgrade to the market. However we wanted to understand how sustainable the uplift in customers was as well as the future growth potential of the stock.

“We were able to observe and parse the 'electronic footprints' left by the company which provided us with certainty that the company had the systems in place to support future growth at low incremental cost. Physical observation of stores also confirmed the rhetoric coming from the company itself,” said Datt.

For February 2021, the Datt Capital Absolute Return Fund posted a net return of +3.63% for the month.

“Despite rising bond yields, we expect the equity markets to remain fairly resilient with few other investable asset classes that are paying an adequate yield in real terms. Governments globally continue to buoy up their respective economies via fiscal and monetary stimulus, which we believe is leading to inflation in real asset classes,” says Datt.

The fund has achieved a 12-month rolling return of +42.13% vs a return of +6.48% for the ASX 200 Total Return Index over the same period, outperforming by +35.65%.

The Datt Capital Absolute Return Fund is open to wholesale/sophisticated investors.

Ends

About Datt Capital

Founded in 2007, Datt Capital is a Melbourne-based Australian focused Long-only Fund Manager. Datt Capital is focused on generating alpha by structuring its portfolio in a unique and uncorrelated manner, across asset classes. Its investments consist primarily of listed equity, debt and derivatives solely in Australian markets.

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