

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



Datt Capital Absolute Return Fund - October 2020

To our valued investors and followers,

Thank you for entrusting your capital and co-investing with us. For October the Fund provided a net return of -0.37% for the month. The Fund has achieved a 12-month rolling return of +35.6% vs a fall of -8.15% for the ASX 200 Total Return Index over the same period; **outperforming by +43.75%**.

	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%									20.95%

Asset Allocation for the Fund at October month end was:

CRE debt - 23%

Equities - 58%

Cash - 19%

We were happy to be recognized as the **No. 1 ranked Australian Equity Fund as at the end of September 2020**; evaluated over a rolling 12-month period using Fund Monitors risk adjusted model.

Prominently, this was achieved with an **average cash weighting of 12%** for this particular 12-month period.

Fund Monitors are a well-recognised specialist fund research platform and we consider it a great achievement to have been the front runner in a large competitive field of around 180 peers.

In October, we began to slowly deploy cash into an attractive new opportunity that we identified as a strong M&A candidate that we feel is materially undervalued by the market. We discuss this further in our investment review (investors only). We will continue to maintain a relatively defensive posture whilst selectively investing in opportunities with clear, short-duration catalysts.

Fund Features		Portfolio Analytics ¹	
Investment Objective	To achieve absolute double digit returns over 2-year periods, irrespective of market conditions	Sortino Ratio ²	1.59
Min. Investment	\$100,000	Sharpe Ratio	1.00
Management Fee (p.a.)	1.025%	Standard Deviation (annualised)	19.58%
Performance Fee (p.a.)	20.5% > benchmark	Winning Month Ratio	63%
Benchmark	RBA rate + 5%	Cumulative Return	51.37%
Fund Administrator	Fundhost	1 year rolling return	35.66%
Auditor	Ernst & Young	3 year rolling return	-
Custodian/PB	NAB Asset Services	5 year rolling return	-
Responsible Entity	Fundhost	Annual Return since Inception (Aug-2018)	20.36%

¹ Actual performance will differ for clients due to timing of their investment. Returns are calculated net of all fees, since inception.

² Sortino and Sharpe ratios assume the Australian cash rate as the applicable risk-free rate.

Commentary

A hotly contested and still unclear US election and a further reduction in the cash rate by the RBA locally were two major events within the past month. Governments globally are borrowing and monetising debt at record rates; inflation in real terms is rising against a backdrop of declining economic growth and increasing unemployment. We expect this stagflationary environment to continue for at least the next 3-5 years, which should benefit real asset classes against a backdrop of continuing monetary deprecation.

Ultimately, confidence drives all markets. Whilst many market commentators lament the apparent high equity market values, it must be seen in the context and through the lens of returns in other asset classes. For instance, fixed income has become almost un-investable for many due to the marginal yield available. Accordingly, the equity markets are attracting a larger portion of capital flows than usual.

Media

- 1) Increased tech exposure might be an answer to volatility (Money Management) - <https://bit.ly/32pqmmf>
- 2) Ag-Stocks: Grass Is Greener In Budget Aftermath (FN Arena)- <https://bit.ly/32si4dg>
- 3) Emanuel Datt interview by Fund Monitors - <https://bit.ly/Datt-FM-interview>
- 4) Is there still opportunity in the BNPL space? (Livewire Markets) - <https://bit.ly/36ixOjX>
- 5) Adriatic Metals: PFS Update - <https://bit.ly/Datt-ADT5>

For now, the Fund remains open for investment.

To join our Waitlist and Register your interest in the Fund please register via this link:

<https://bit.ly/Datt-Interest>

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



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