



Media Release

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How a 'Formula 1 race driver' mentality can deliver stellar results for an investment portfolio

Melbourne based boutique fund manager Datt Capital has recorded outstanding results for its Absolute Return Fund for FY2020, posting a return to the end of June of 23.22% p.a. net of fees, compared to the ASX 200 Total Return Index of -7.93%p.a. for the same 12-month period and since inception.

For June, the Fund provided a net return of 8.24% for the month. The Datt Capital Absolute Return Fund is a long only, multi-asset fund which targets double digit returns over the medium term.

Emanuel Datt, Managing Director and Chief Investment Officer, Datt Capital says: "FY2020 has been a successful and challenging year for us despite the extreme volatility experienced from mid-February. Our investment style can best be described as 'active contrarian investing with an inclination towards growth with a strong emphasis on risk control'."

"Success this financial year in 2020 has been driven by not trying to moderate our speed in terms of reducing our positions when winning, focusing on our core, medium-term holding strategy and letting our portfolio structure temper our risk profile instead of trying to time markets via hedging.

"In some ways, we are like Formula 1 race car drivers. These drivers are not necessarily considered dangerous drivers because they drive fast. They are considered great drivers because they can go as fast as possible without crashing.

"In our case, we structurally mitigate the chance of 'crashing' via our asset allocation strategy."

"Our response in March revealed that we know when to be in the game. We quickly cut non-core positions and recognised the opportunity for what it was: the perfect environment for a skilled active manager to thrive. The portfolio remains directed towards growth opportunities and special situations where we feel there remains considerable upside despite the forecast of weaker macroeconomic environment.

"We are finding opportunities in the current environment which we feel is exceptionally good for active investors. Our current opportunity set surpasses our present investable funds.

"Our Commercial Real Estate (CRE) debt portfolio to performed as expected. Our focus on short duration, low LVR and double-digit yielding deals restricted to the core Australian cities (Sydney and Melbourne) continued to bear fruit.

"The equity portfolio performed very well in June. We continue to find inefficiently priced opportunities in the market, which we continue to exploit tactically. Current equity positions include budget online broker Self Wealth (ASX:SWF), mineral development company Adriatic Minerals (ASX:ADT) and exploration company Alice Queen (ASX:AQX)," said Datt.

The Fund also features one of the largest, if not *the* largest proportion of co-investing by the fund manager with interests associated with Datt Capital making up more than 50% of the funds under management.

Datt says: “If an investment manager is not aligned in a similar manner it's akin to them playing a video game with other people's money as they are not taking the risk and pain of crashing personally.”

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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.

The Datt Capital Absolute Return Fund aims to generate annual double-digit absolute returns over a rolling two-year period. It is benchmarked as seeking 5% above the Reserve Bank of Australia (RBA) cash rate.

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