

Datt Capital Absolute Return Fund



Portfolio Review

The Fund returned **-8.15%** in September. The Fund has returned **11.78%** per annum net to its investors since inception. 97% of the Fund's capital was deployed as at month end.

September was a choppy month for the Fund, with broad softness being seen across the market. The largest detractor to the month's was core position Wisetech Global. Wisetech continues to make fantastic progress with the integration of its E2Open acquisition ahead of schedule, bringing forward financial synergies. The business is incredibly cheap given its global footprint and mission critical nature whilst remaining insulated from a slowing Australian economy. Whilst technology stock valuations are yet to recover from the shock of the 'SaaSocialypse', we anticipate a significant rotation back towards this sector this quarter given the improved fundamentals, lower valuation multiples and greater understanding of the constraints of AI adoption. Other detractors were Whitehaven Coal, which suffered due to soft Chinese steel data; and Pilbara Minerals which was sold off following re-specification of lithium futures contracts on the GFEX which encouraged a short-term surge of inventory.

The portfolio held 15 positions at month close, with the top 5 positions accounting for approximately 61% of the portfolio.

Whilst we remain positive on both energy and resources into year end, we are finding a plethora of prospective opportunities in small caps which we are pursuing selectively.

Market Review

The S&P/ASX 200 fell 2.84% in September, snapping a five-month winning streak. Sector performance was notably one sided with Energy the only sector to end September in positive territory. Information Technology was a particularly poor with mid and small-caps underperformed their large-cap counterparts, a persistent theme through this cycle and continues to weigh disproportionately on active managers. The dominant macro event was the Reserve Bank's unanimous decision on 29 September to lift the cash rate by a further 25 basis points to 4.60%, its fourth increase of 2026 and the highest cash rate since November 2011. Governor Bullock's accompanying remarks left the door open to further tightening, with consumer inflation expectations having risen to 4.9% in September and underlying price pressure proving stickier than the Bank's August forecasts implied. ANZ added a November hike to its forecast path, taking the implied terminal rate to 4.85% — a level not seen since 2008. The combination of a hawkish policy backdrop, a historically weak seasonal month, and extreme sector dispersion again created a market in which selective, concentrated active positioning materially diverged from the index.

Key Information	
Unit Price	1.0397 (as at 30 September)
Management Fee	1.03%
Performance Fee (p.a.)	20.5% > benchmark
Benchmark	RBA cash rate plus 5%
Trustee	Fundhost
Auditor	William Buck
Custodian	HSBC
Platform Availability	• Hub24 IDPS, • Mason Stevens IDPS, • Netwealth IDPS, • Olivia123
Min. Investment	\$100,000 and only open to "wholesale investors".