

COLLETTE CAPITAL

COLLETTE CAPITAL WHOLESALE IMA STRATEGY

AUGUST 2022

THE STRATEGY

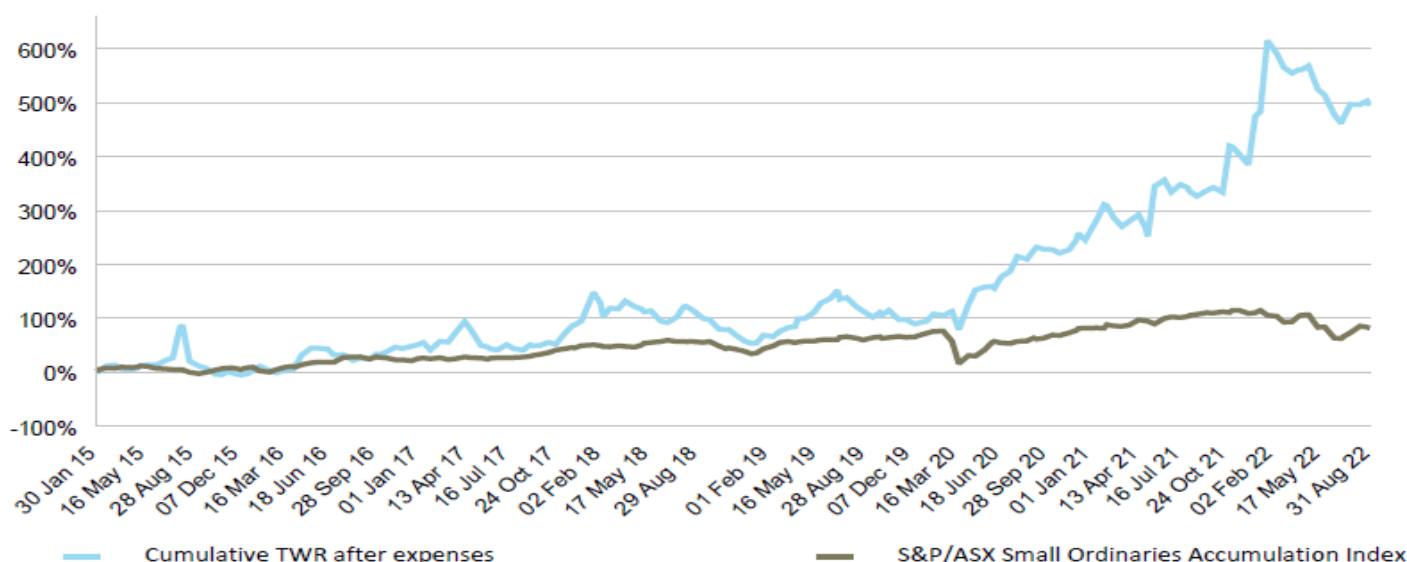
The investment objective of the Collette Capital Wholesale IMA strategy (the Strategy) is one of absolute returns irrespective of prevailing market conditions. The exposure set may skew net long or net short.

Macro-economics, fundamental research, and technical rationale (price action) are all inputs into the decision making process of the Strategy.

In all instances the client remains the beneficial owner of all positions.

An IMA or Individually Managed Account is an account service where all investment decisions are outsourced to the manager.

PERFORMANCE



Disclosure:

Performance is un-audited and is based on an actual client account which began in the IMA service on the 22 January 2015.

Percentage returns have been calculated using the Time Weighted Return (TWR) method.

The Time Weighted Return (TWR) method allows the calculation of returns according to the amount invested on any given day – excluding cash.

Please see page 3 for further information on TWR.

PERFORMANCE FIGURES

Through the month of August versus the ASX Small Ordinaries Accumulation Index (XSOAI), net of all costs.

	August	FY23	FY22	FY21	Inception p.a.
CC Wholesale IMA Strategy	-0.74%	+5.92%	+27.98%	+60.79%	+26.4%
Small Ords Accumulation Index	+0.58%	+12.08%	-19.52%	+33.23%	+8.19%

PORTFOLIO MANAGER

STEVE COLLETTE
B.COM (FINANCE) / B.A., ADA2

Steve is in his 21st year in financial markets as both a portfolio manager and advisor. Steve was a founding member of Calibre Investments in 2010, now known as Sanlam, and founded Collette Capital in 2020.

M 0413 949 272
E steve@collette.capital

COLLETTE CAPITAL PTY LTD

ABN 56645766507

P 0413 949 272

Collette Capital Pty Ltd (ABN 56645766507) is a Corporate Authorised Representative (No. 1284431) of Sanlam Private Wealth (AFS License No. 337927).

All information and advice is confidential and for the private information of the person to whom it is provided without any responsibility of liability on any account whatsoever on the part of this firm of any member or employee thereof.

PORTFOLIO MANAGER'S COMMENTS

The Strategy was down -0.74% in the month of August.

After a strong rally in July that was somewhat counter to the prevailing dogma, the market began to consolidate and then roll over in late August as volatility dropped and short covering exhausted.

The much-anticipated Jackson Hole summit at the end of the month affirmed in the minds of the participants that at the very least the Fed would be jawboning efforts to control inflation above all else.

Not only are interest rates heading higher on most tenors of import in recent times, but quantitative tightening as described has now kicked off also as of last week.

The European energy crisis also appears to be garnering more and more of the available air space, and as the weather starts to cool in that part of the world, we are about to find out just how much energy contingency relative to requirement is available.

Whereas the rally in July was more explicable in terms of market positioning, the outlook in the short term feels more convoluted.

Any meaningful evidence that employment is also starting to falter, the pillar that has thus far remained resolute, may tip sentiment further in a negative direction.

The Strategy has almost no marginal long exposure on the books at present beyond the 5 medium-term exposures and a bunch of ultra-low EV resource and biotech plays that may experience future success in their chosen endeavours provided funding remains available.

The Strategy is also currently short both the XJO and the S+P500 and is also long crude oil.

As stated previously, newer clients whom don't have the benefit of an Animoca exposure were down meaningfully in FY22 and in some cases on a horizon of over a year.

The Strategy does need to continue to generally make money under all conditions and in all environments in order to justify involvement.

As ever, the one true and explicit arbiter of performance – PRICE – remains at the forefront of the Strategy.

Whilst any number of narratives will always be available to engage in - that seek to explain what is happening in the market – at the end of the day we can only ever trade in 'price'.

Price has no knowledge of the narratives that supposedly explain it, and so rigour around this input, and the management of risk strictly thru this prism, is the foundational pillar upon which the Strategy operates.

KEY INFORMATION

Risk Rating	High
Benchmark	ASX Small Ords Accumulation Index
Inception Date	22 January 2015
Management Company	Collette Capital Pty Ltd
Portfolio Manager	Steve Collette
Management / Performance Fees	Nil
Brokerage Fees	\$75 or 0.5%, whichever the greater
Clearing Agent	FinClear Execution Limited
Reporting	Praemium Limited (\$300.00 per annum + GST)

Additional Disclosure with reference to TWR method of calculating return:

The Time Weighted Return (TWR) method allows the calculation of returns according to the amount invested on any given day – excluding cash.

In so doing it does not take into effect the amount of any cash that the client or account is holding on any given day.

This has the effect of amplifying stated positive or negative returns relative to dollar outcomes in any period where the client is not 100% invested and so is holding no cash.

In simple terms, this means that if the client offers an investment of \$300k in the Strategy and has a stated return of 15% over a given period net of all costs but has only averaged 50% drawn down (50% cash), then the return will have been +\$22,500 as opposed to +\$45k for that period.

However, the opposite would also be true if the stated return were -15% under TWR, the loss will have been -\$22,500 as opposed to -\$45k for that period.

The TWR method is used in calculating returns for Collette Capital Wholesale IMA Strategy because the client account upon which the reporting is based has historically settled to an external bank account.

Incoming clients should know that use of the TWR method in their instances will take into account any cash on deposit at CMA, as all incoming clients are required to have excess funds on deposit at CMA.

A detailed explanation of the TWR method for calculating returns is available here:

<https://au.praemium.help/home/twr-percentage-return-calculations-in-the-investment-movements-report>

All trades that have contributed to the stated return are available upon request.

Additional Disclosure with reference to the Performance Figures:

The performance figures are based on an account with \$1,525,000 in the Strategy as at the start of May 2022. The amount that this account has made available to the Strategy has changed over time and since inception. The minimum to participate in the Strategy is \$100,000. As at the start of January 2022, accounts considered to make available or be likely to make available to the Strategy an amount between \$100,000 and \$500,000, will hold a smaller position set, which may not include the same composition as that held within the account and / or position set used to calculate the performance figures, and hence the returns on those accounts will vary from those included in this report.

Incoming accounts do not have the existing position set of the Strategy replicated, rather they receive the next position the Strategy acquires from their start date. This also has the effect of varying returns on new accounts from the returns included in this report. Investment performance includes dividends (but not franking credits) and is calculated net of all fees. Past performance is not a reliable indicator of future performance. Individual IMA Strategy results will differ depending on committed funds, start date, brokerage, fees and taxes. Quoted returns are based upon a client account which has historically operated with a brokerage charge of \$75 or 0.5% whichever the greater, and no management fee. At times the manager will vary the brokerage down in the client's favour, but never up.

DISCLOSURE

This publication has been prepared on behalf of and issued by Collette Capital Pty Ltd (ABN 56645766507) Corporate Authorised Representative No. No. 1284431) of Sanlam Private Wealth (AFS License No. 337927). Corporate placements and other transactions subscribed to by Collette Capital Wholesale IMA Strategy are likely to result in fees and / or options payable to Collette Capital Pty Ltd and / or the Portfolio Manager. This product is only available to professional and sophisticated investors as defined by the Corporations Act, Section (s)708(8)C and 761G(7)C. References in this publication may rely on third parties for which Collette Capital Pty Ltd has no control nor accepts any responsibility. Whilst all the information and statements contained in this publication has been prepared with all reasonable care, no responsibility or liability is accepted by any member of Collette Capital Pty Ltd for any errors or omissions or misstatements however caused or arising.

Any opinions, forecasts or recommendations reflect the judgement and assumptions of Collette Capital Pty Ltd and its representatives on the basis of information as at the date of publication and may later change without notice. This publication is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment. Collette Capital Pty Ltd only provides general advice. This information contains unsolicited general information only, without regard to any investor's individual objectives, financial situation or needs. It is not specific for any investor. Before making any decision about the information provided, you must consider the appropriateness of the information in this document, having regard to your objectives, financial situation and needs and consult your adviser. Investment in financial products involves risk.