

# COLLETTE CAPITAL

COLLETTE CAPITAL WHOLESALE IMA STRATEGY

DECEMBER 2020

## 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.

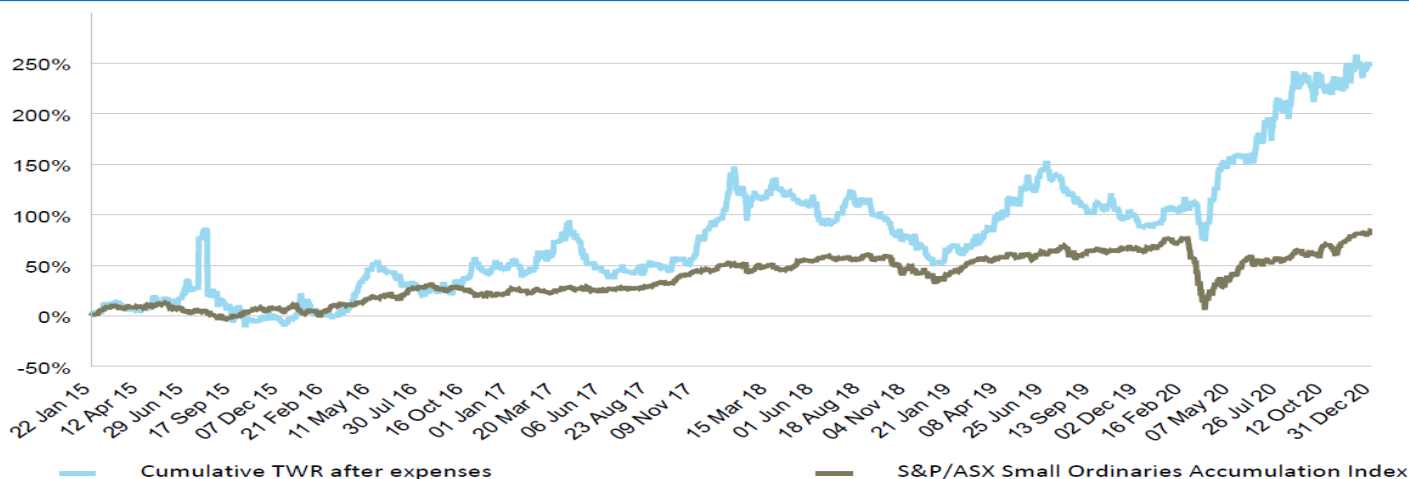
Macro-economics, fundamental research, and technical rationale ( price action ) are all inputs into the decision making process of the Strategy.

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

### Returns over time



#### 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 December versus the ASX Small Ordinaries Accumulation Index (XSOAI), net of all costs.

	Dec	FY21	FY20	FY19	Inception p.a.
CC Wholesale IMA Strategy	+1.59%	+28.14%	+8.62%	+29.83%	+23.42%
Small Ords Accumulation Index	+2.76%	+20.28%	-5.67%	+1.92%	+10.62%

#### PORTFOLIO MANAGER

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

Steve is in his 20<sup>th</sup> 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.

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## PORTFOLIO MANAGER'S COMMENTS

The Strategy recorded gains in the month of December of +1.59%.

The Strategy has now returned +23.42% per annum since inception in January 2015, net of all costs.

On a one-year basis, the Strategy has returned +82.74%, relative to an index performance of +9.21% over the same period.

These returns are all based on an actual client account that participates in the Strategy.

Equity markets globally continued to digest the U.S. election and its likely impact on economic policy in the month of December, whilst the progression of the pandemic and vaccines for its treatment also remained front of mind.

The Australian equity market continued to trade largely within a range during the month, whilst underneath that index performance, there was a continued increase in interest and performance from select emerging cap names, particularly those thought to benefit from the election outcome.

Bitcoin pushed beyond historical resistance at US\$20,000 and continued up over the course of the month, albeit with typical volatility. Gold traded sideways over the course of the month as did yields on the US 10-year treasury.

2020 will go into the books as the year in which retail money was consistently ahead of 'the Street' in terms of being first to narrative and first to performance, and even found some inventive ways to put professional money to the sword, or at least require a change in strategy.

Whilst the performance of risk assets has certainly been impressive in the last few months, most of these categories are generally overbought on technical measures. To that extent, a degree of caution, especially when putting new money to work, is warranted.

The moves that we have seen this calendar year continue to reinforce the central idea that - whilst any number of narratives will always be available to engage in that seek to explain what is happening in the market - ultimately 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.

The Strategy's most preferred exposures involve a modest starting point or EV, good management given that small starting valuation, and most importantly a business that is engaged in or aspires to engage in a pursuit with a potentially unquantifiable upside.

## 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 \$900,000 in the Strategy in the month of December. 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 calendar year 2021, accounts considered to make available or be likely to make available an amount between \$100,000 and \$250,000 to the Strategy, will hold a smaller position set which may not include the same composition as that held within the 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.

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