

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



## Datt Capital Absolute Return Fund - November 2021

To our valued investors and followers,

Thank you for entrusting your capital and co-investing with us.

For November the Fund provided a net return of -2.64% for the month.

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD
<b>FY19</b>		2.6%	-1.22%	-4.8%	3.53%	-2.07%	6.97%	1.66%	0.76%	-3.64%	-2.45%	0.79%	1.57%
<b>FY20</b>	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%
<b>FY21</b>	10.84%	11.82%	-2.05%	-0.37%	-1%	0.30%	-0.1%	3.63%	-0.98%	4.46%	6.26%	-7.17%	26.86%
<b>FY22</b>	3.21%	-6.32%	7.63%	-6.90%	-2.64%								-5.68%

November was a flat month for broader markets, whilst the Fund performed slightly negatively. This was largely as a result of a slight decline in core positions and the rebalancing of the portfolio in preparation for the upcoming holiday period in markets.

Despite the small decline for the month, the Fund's portfolio has performed very strongly into the first week of December as a couple of our core positions rerate after a prolonged period of undervaluation; one which we discuss further below.

We anticipate further bullish tailwinds for the Fund's core positions going into the new year and expect to make new investments in new growth opportunities we have identified over the course of the month, which will be shared in due course.

Fund Features		Portfolio Analytics <sup>1</sup>	
Investment Objective	To achieve absolute double digit returns over 2-year periods, irrespective of market conditions	Sortino Ratio <sup>2</sup>	1.02
Min. Investment	\$100,000	Sharpe Ratio	0.71
Management Fee (p.a.)	1.025%	Standard Deviation (annualised)	18.78%
Performance Fee (p.a.)	20.5% > benchmark	Winning Month Ratio	58%
Benchmark	RBA rate + 5%	Cumulative Return	49.75%
Fund Administrator	Fundhost	1 year rolling return	-0.08%
Auditor	Ernst & Young	3 year rolling return	14.44%
Custodian/PB	NAB Asset Services	5 year rolling return	-
Responsible Entity	Fundhost	Annual Return since Inception (Aug-2018)	12.94%

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

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

### Investment Review:

The Fund has held a core position in Metals X (MLX:ASX) since early 2021. The team identified the importance of tin as a strategic metal that would be in very short supply as the world continues its trend towards greater electrification. We expected a significant uplift in the price of tin, due to the

small price contribution of tin as a proportion of the price of finished goods and the un-substitutable nature of the commodity.

Metals X owns a 50% share in the globally significant Renison tin mine located in Tasmania. The mine produces approximately 10,000 tonnes of tin per annum, with significant scope to increase production via operational improvements and growth initiatives. The tin price has risen around 100% over the last 12 months, much of this in the past 3 months, as the fundamental supply/demand imbalance is recognised by intermediate users.

We identified in particular the scope for significant near-term improvements in the company's economics driven by a combination of commodity price increases, higher grades of ore processed and lower all-in-costs. For instance, we expect the realised price for the mine to improve by 15% this quarter driven by the rise in tin prices and the weakening of the Australian dollar; which should drop straight to the bottom line.

Incredibly, the company trades at less than 4x projected cashflow, assuming no further improvements in the commodity price nor any value attributed to its growth projects nor substantial non-core assets. In addition, MLX shareholders will receive free shares in the company's significant nickel assets which are being demerged into a separate ASX-listed entity. These were worth around \$250 million in the last nickel boom, and may provide a substantial 'free' kicker return in time.

Pleasingly, the share price has started to re-rate strongly but remains, by our reckoning, heavily undervalued on a sum-of-parts valuation.

## Media

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1. How fundies are reacting to Omicron (Livewire) – [Click Here for Link](#)
  2. Active v passive debate: Ignore 'either-or' and choose 'both' (InvestorDaily) – [Click Here for Link](#)
  3. Dissecting one of Berkshire Hathaway's greatest purchases (Livewire) – [Click Here for Link](#)
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**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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