

# Datt Absolute Return Fund

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**DATT**  
CAPITAL

This information has been prepared for wholesale/sophisticated investors only.

## INVESTMENT UPDATE - MAY 2023

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.

Unit Mid-Price	Net Return Per Annum Since Inception	Net Return Since Inception	Fund Status
<b>\$1.0304</b>	<b>15.60%</b>	<b>100.98%</b>	<b>Open</b>

## INVESTMENT PERFORMANCE

	Since Inception (p.a)	3 year p.a.	1 year	3 month	1 month
<b>Datt Absolute Return Fund</b>	<b>15.60%</b>	<b>20.23%</b>	<b>9.79%</b>	<b>1.78%</b>	<b>5.22%</b>
Benchmark	6.19%	6.15%	7.94%	2.20%	0.75%
Value Add (net)	9.41%	14.08%	1.85%	-0.42%	4.47%

Actual performance will differ for clients due to timing of their investment. Returns are calculated net of all fees, since inception. Benchmark is the RBA rate plus 5%. Inception date of the Fund is August 2018. Past performance is not an indicator of future performance

Key Fund Information		Top 3 Portfolio Holdings (alphabetical) as at May end.	
Investment Objective	To achieve absolute double digit returns over 2-year periods	Undisclosed position	
Min. Investment	\$100,000 (unless otherwise agreed)	Selfwealth (SWF)	
Management Fee (p.a.)	1.025%	WA1 Resources (WA1)	
Performance Fee (p.a.)	20.5% > benchmark	Weighted average portfolio market cap: \$251 million	
Benchmark	RBA rate + 5%	<b>Portfolio Analytics<sup>1</sup></b>	
Fund Administrator	Fundhost	Sortino Ratio	1.25
Auditor	Ernst & Young	Sharpe Ratio	0.78
Custodian/PB	NAB Asset Services	Standard Deviation	19.74%
Trustee	Fundhost		

<sup>1</sup>Sortino and Sharpe ratios assume the Australian cash rate as the applicable risk-free rate, since inception.

## COMMENTARY

For the month of May, the Fund delivered a net return of 5.22% for our investors. The greatest contributor to returns was an uplift in the value of a new core holding WA1 Resources; a previously undisclosed fund holding.

WA1 Resources is a Western Australian focused explorer that has potentially made a Tier 1 niobium discovery in the remote Arunta region of WA. Niobium is a future facing, extremely rare critical mineral where global supply is produced solely by 3 mines – the 2 major mines being in Brazil (albeit under full or partial Chinese ownership) and dominated by the giant Araxa deposit with a resource of circa 500mt @ 2.5% Nb. The 2 other niobium producers are commercialising deposits grading circa 0.5% Nb. Niobium prices are relatively high at circa US\$45,000 a tonne, reflecting the scarcity of the mineral.

The primary use of niobium is in high strength, low-alloy (HSLA) steel, where a small amount of niobium significantly reduces the required weight of steel by increasing the strength. The use of niobium in steel, has primarily (we believe) been constrained by the supply of niobium concentrated in the hands of small private companies. We believe new supply is essential to increase the penetration rate of niobium usage in steel production, which will bring significant reductions to construction costs and scope 3 emissions regarding climate change targets.

WA1 has achieved broad and consistent assay results of >2% Nb content, over a wide area at shallow depths in a carbonatite setting. In the best case, a deposit like Lynas (LYC) Mt Weld or CBMM's Araxa could be defined given the typical properties of mineralised carbonatite – the prize is potentially extremely large. Should exploration success continue, this will prove to be an **extremely** valuable strategic asset, representing the only major source of niobium supply located within a Tier 1, western mining jurisdiction.

We have an excellent relationship with the team who we find are focused, commercial, experienced, deeply aligned with shareholders and importantly recognise the uniqueness of the discovery and enormous opportunity at hand.

We believe there is enormous potential for this asset to, in time, be taken over by a major mining company – particularly amongst the iron ore producers, given existing marketing networks could be utilised to quickly increase the market penetration of niobium into the steel market. In addition, a potential 'X' factor could be the commercialisation of niobium batteries, which are demonstrating vastly superior outcomes versus present battery technologies albeit at the laboratory level.

It is an extremely rare instance where there is an opportunity to grow and **own** a market in a critical, strategic mineral – which could translate into a unreplicable, competitive advantage in the right industry player's hands.

The Fund is remains defensively positioned however, we are deploying cash prudently into new opportunities; particularly within the small cap end of the market.

We remain excited by the potential within the ASX small cap universe; with many prospective opportunities arising. Valuations in this sector have become very compelling and we believe there are strategically important assets available for a fraction of their intrinsic value.

## New Fund offering

We are examining the possibility of launching a specialist small cap fund strategy to capture potential future returns arising from this valuation mismatch and would welcome discussions with investors interested in pure exposure to ASX small cap equities.

Investors interested in a potential small cap fund offering, please contact Daniel Liptak via email at [daniel@datt.com.au](mailto:daniel@datt.com.au) or via phone on 0419 004 524.

## Returns by 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%	<b>1.57%</b>
<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%	<b>23.23%</b>
<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%	<b>26.86%</b>
<b>FY22</b>	3.21%	-6.32%	7.63%	-6.90%	-2.64%	9.42%	-6.49%	5.27%	9.28%	4.31%	-0.43%	-3.71%	<b>11.03%</b>
<b>FY23</b>	12.13%	15.40%	-3.76	-0.25%	-2.45%	-2.63%	-1.46%	-3.65%	-5.19%	2.02%	5.22%		<b>14.01%</b>

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Please click the link below to view the Fund disclosure documents and apply for an investment online.



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