

Tantalum Capital reaches 10-year mark

Flagship hedge fund achieves more than 11% annualised return since inception

Cape Town-based Tantalum Capital has reached the 10-year mark as a business, with its first fund, the Tantalum MNC Fund, achieving a successful decade since launch in June 2005.

The company now offers a broad range of investment products across most asset classes, with all its funds based on the same fundamental research process and methodology.

It has assets under management of R3.6 billion, managed by an established investment team that includes Rob Oellerman, Mike Lawrenson and Melanie Stockigt assisted by four analysts, one trader and a full operations team.

Simone Blanckenburg, Tantalum's COO and head of product strategy and development, said the team continued to see the value of the hedge fund mindset and toolkit across its product range, and would shortly be offering the flagship fund to retail investors in line with new hedge fund regulations.

The multi-strategy hedge fund has returned a net 11.1% per annum since inception with less than one-third of the market volatility and only modest market correlation, in line with its 'market non-correlated (MNC)' investment mandate. It has gained a net 6.63% so far this year to the end of May, including 0.35% in May when the market fell almost 4%.

"We are committed to this fund and believe it is a great product for the new retail hedge fund space in South Africa, given its low-volatility mindset," she said. "It's been a tough couple of years for the strategy but this year has been good so far, with the market not as momentum driven as it has been and more sector diversion coming into play with fundamentals coming to the fore."

The fund has a mid and large-cap focus, with around 40 positions on the book at any given time. The top 10 positions typically account for up to 50-60% of the portfolio although the fund's weightings are currently slightly more diversified given market conditions.

Tantalum also has a nine-year track record with the Tantalum Fusion Fund, a low-volatility fixed income hedge fund that went live in March 2006. The fund has delivered a net annualised return of 8.5% since inception.

The Tantalum Resources Fund is its third hedge fund product, a resources-focused long/short portfolio that launched in March 2013, achieving a net gain of 9% in rand terms against a difficult backdrop for the sector since inception with the JSE Resources Index being down 16%.

The company has made good strides with its long-only business, which includes balanced and multi-asset fixed income mandates. In November, it launched two unit trusts, the Tantalum BCI Cautious Fund and the Tantalum BCI Strategic Income Fund, and manages segregated accounts on the same basis. It also manages the Sanlam Select Managed Fund, as part of SMMI's programme to seed long-only mandates from boutique managers, which kicked off last year.

Blanckenburg says the investment team is finding good opportunities in the current environment and is keeping a close eye on the evolving macro picture, including the potential for an interest-rate rise from the US Federal Reserve, which would affect global markets. **Copyright. HedgeNews Africa.**

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