

COMMENTARY

The fund returned positive 8.76% for the month. Net exposure averaged 16.85% long, while gross averaged 100.77%.

Uranium was the main positive contributor to the performance. Due to COVID-19 mine closures, global uranium production has been reduced by 50%, while demand for power generation has barely fallen at all. Uranium is interesting in this context because as a baseload power generation source, demand is far more stable than other commodities such as copper, where although there has been a big cut in production due to COVID-19 there has also been a corresponding fall in demand by about the same amount. Currently, the buyers in the spot uranium market are dominated by producers whose mines are on care and maintenance, that are meeting their offtake agreements by purchasing in the spot market.

We initiated a long position in Telstra in January and mentioned at that time we would trade the position with a size of 2% to 12%. As an example of how we trade around our core thematic positions it is worth highlighting this investment idea. We quickly reduced our initial position with the market fall in late February and early March. George Soros lets price action tell him when his trade is wrong, and he will immediately exit a trade when proven wrong and keep his losses small. We follow this mantra. As the price action of Telstra has stabilised, we have increased the position to 12%. Telstra is a classic asymmetric investment opportunity - a growth stock with valuation underpinned by top tier infrastructure assets. 5G is a transformative technology, that will increase the speed with which we consume data and the way we capture data from the world around us. 5G will be a tailwind to Telstra's earnings in the coming years with multiple upside benefits.

From one of our mentors Stanley Druckenmiller - "Earnings don't move the overall market; it's the Federal Reserve Board... focus on the central banks and on the movement of liquidity... most people in the market are looking for earnings and conventional measures. It's liquidity that moves markets."

STRATEGY HISTORICAL PERFORMANCE (%)

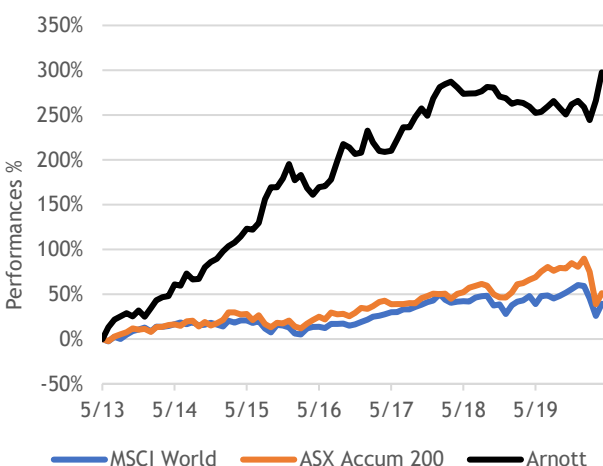
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2013						13.07	7.63	2.97	2.82	-2.69	5.23	-5.25	25.00
2014	7.61	6.56	2.43	0.77	8.87	-0.93	8.46	-3.78	0.34	7.78	3.24	1.92	51.59
2015	4.46	2.88	1.99	3.19	4.12	-0.52	3.44	11.47	5.23	0.00	3.67	5.72	55.80
2016	-6.09	2.14	-5.17	-2.83	3.30	0.40	2.69	7.49	6.29	-1.15	-2.34	0.48	4.33
2017	7.99	-4.01	-2.94	-0.34	0.43	4.08	4.21	-0.02	3.37	2.79	-2.32	5.51	19.58
2018	3.47	0.88	0.72	-1.68	-1.86	0.09	0.03	0.66	1.24	-0.18	-2.61	-0.50	0.12
2019	-1.66	0.53	-0.30	-1.16	-1.90	0.29	1.70	1.72	-2.10	-2.04	3.20	1.05	-0.82
2020	-1.90	-4.03	6.32	8.76									8.88

2013 - 2017 Data. Bondi Capital Investments Pty Ltd (managed account). Performance net of 0 & 25 fees. Currency AUD. Fund administered by Mainstream. Fund was not audited.
2018 - Current Data. Australian Unit trust. Performance net of 0 & 25 fees. Currency AUD. Fund administered by Mainstream. Fund audited by EY.

PERFORMANCE METRICS

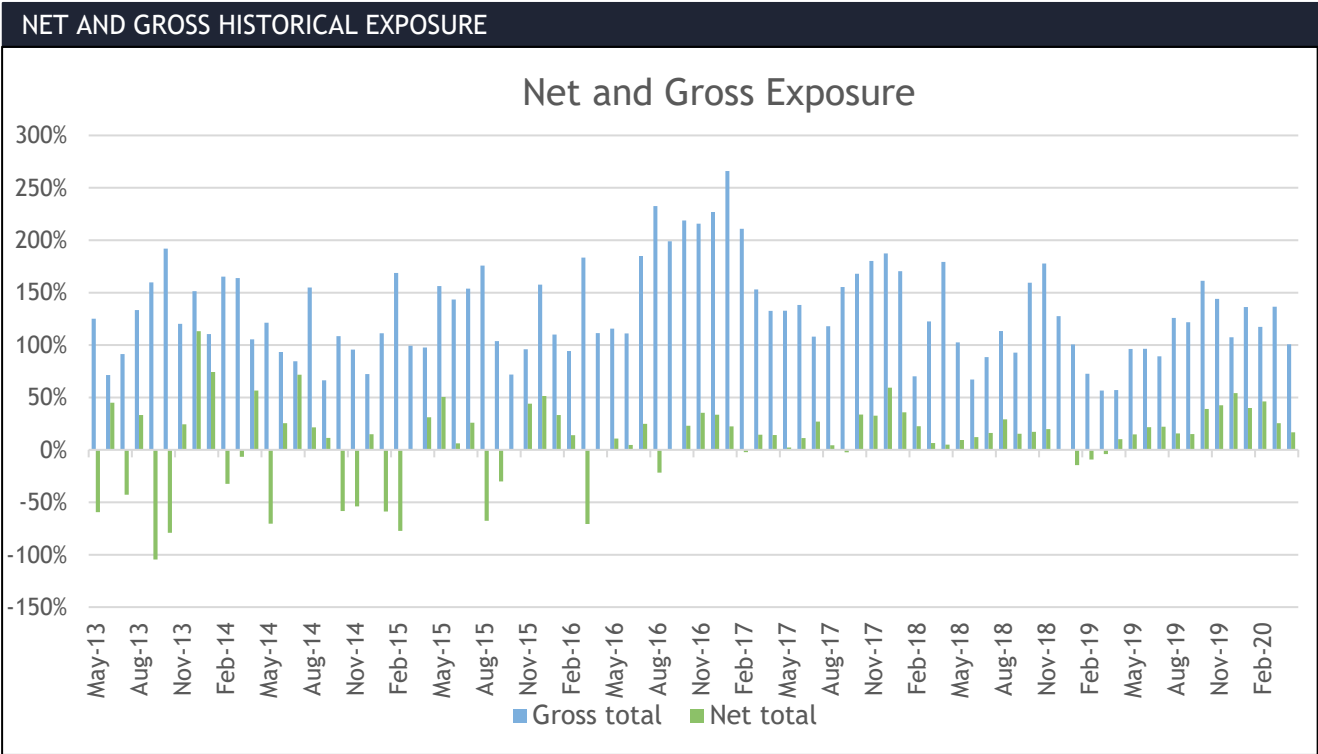
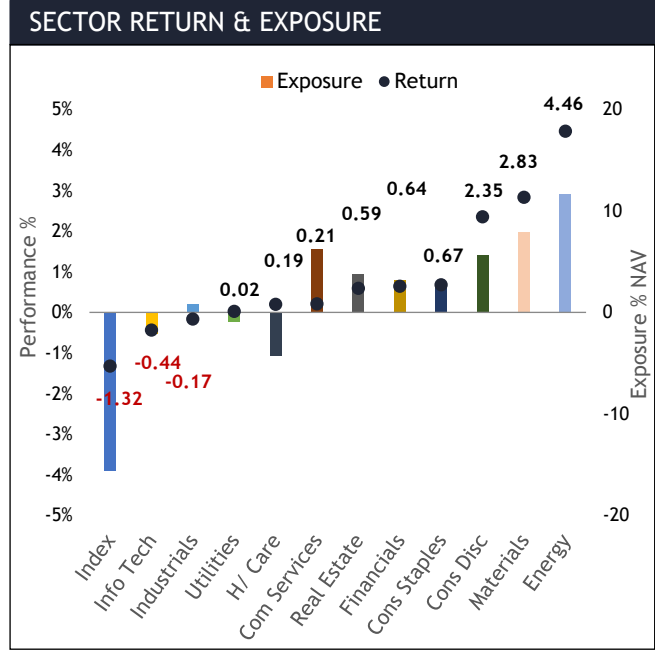
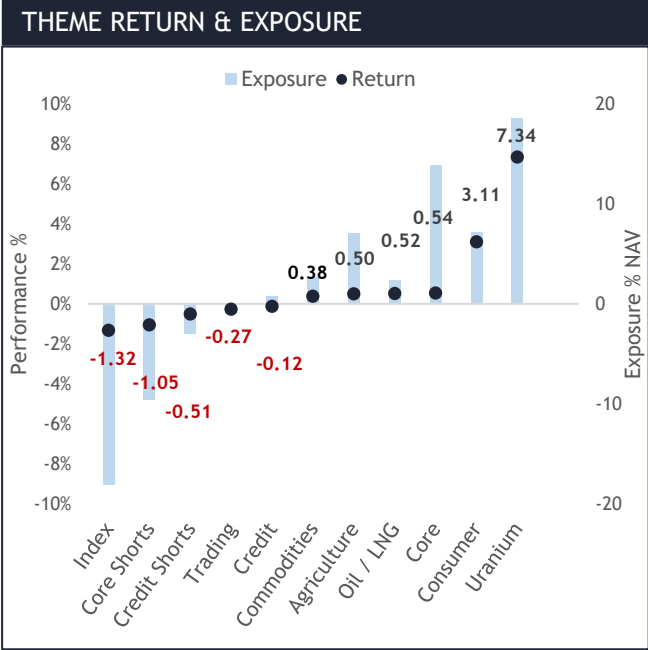
	From May 2013	
	Arnett	MSCI
Annualised returns	22.11%	4.93%
% Positive months	65.06%	63.86%
Average monthly return	1.75%	0.47%
Avg return in MSCI up months	1.37%	2.59%
Avg return in MSCI down months	2.43%	-3.27%
Best month	13.07%	10.80%
Worst month	-6.09%	-13.47%
Largest drawdown	-11.61%	-21.44%
Longest drawdown (mths)	24	20
Sortino	3.71	0.53
Sharp ratio	1.55	0.43

CUMULATIVE FUND PERFORMANCE (2013-current)



MONTHLY SUMMARY METRICS

NET RETURN	AV GROSS EXP	AV NET EXP
8.76%	100.77%	16.85%



STRATEGY SUMMARY

The investment process involves three stages:

1. Themes are identified as investment opportunities
2. Valuation screens are run to find stock opportunities within the theme
3. Market dynamics are assessed to determine entry timing

The strategy is long / short equity with a variable delta bias. The universe is global equities. The portfolio will typically contain 40 to 70 positions. Global futures and options are also actively traded from time to time.

The strategy aims to identify trends and opportunities using value investing principles and capture price oscillations around the underlying trend using trading skills.

FUND INFORMATION			
BASE CURRENCY	AUD	ARNOTT CAPITAL PTY LTD	AFSL License 233743 ABN 23086081889
STRATEGY INCEPTION	1999	CIO KENNY ARNOTT	kma@arnott.com.au
MINIMUM SUBSCRIPTIONS	AUD \$100,000	CONTACT DETAILS	investor@arnott.com.au
WITHDRAWALS	Monthly	PRIME BROKER	Morgan Stanley
PERFORMANCE FEE	25%	FUND ADMINISTRATOR	Mainstream
MANAGEMENT FEE	0%	FUND AUDITOR	Ernst and Young
SUBSCRIPTIONS	Monthly	LEGAL ADVISORS	Ernst and Young

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