

COMMENTARY

EXPOSURES AND ATTRIBUTION

Reporting season produced some big price swings. We largely managed to avoid the crowded trades and profit from some uncrowded ones. Gross exposure is at very low levels as we finish the reporting season, however this will likely increase from here.

PORTFOLIO OPPORTUNITIES AND RISKS

Our Uranium exposure remains the largest single long theme. Outside of this theme, exposures are in value opportunities and some smaller tech names.

On the short side, we continue to be exposed to names which will be affected by credit rationing in Australia, however this has been pared back given the pending federal budget.

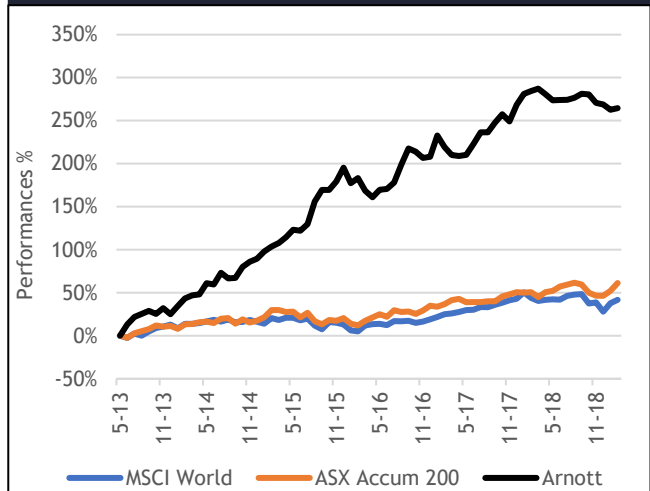
MACRO WATCH

In Australia, the federal budget which has been bought forward to April will likely provide some fiscal stimulus. This will be the first surplus budget in a decade. Given the low wages growth in recent years, a tax cut, particularly if it's geared towards lower income earners, could have a beneficial effect on spending and economic growth.

PERFORMANCE METRICS

	From May 2013
Annualised returns	25.23%
% Positive months	68.12%
Average monthly return	1.97%
Avg +ve monthly return	3.93%
Avg -ve monthly return	-2.22%
Best month	13.07%
Worst month	-6.09%
Largest drawdown	-11.61%
Longest drawdown (mths)	11
Up Capture ratio	36.3%
Down Capture ratio	-212.0%
Sortino	3.83
Sharpe ratio	1.72

CUMULATIVE FUND PERFORMANCE (2013-current)



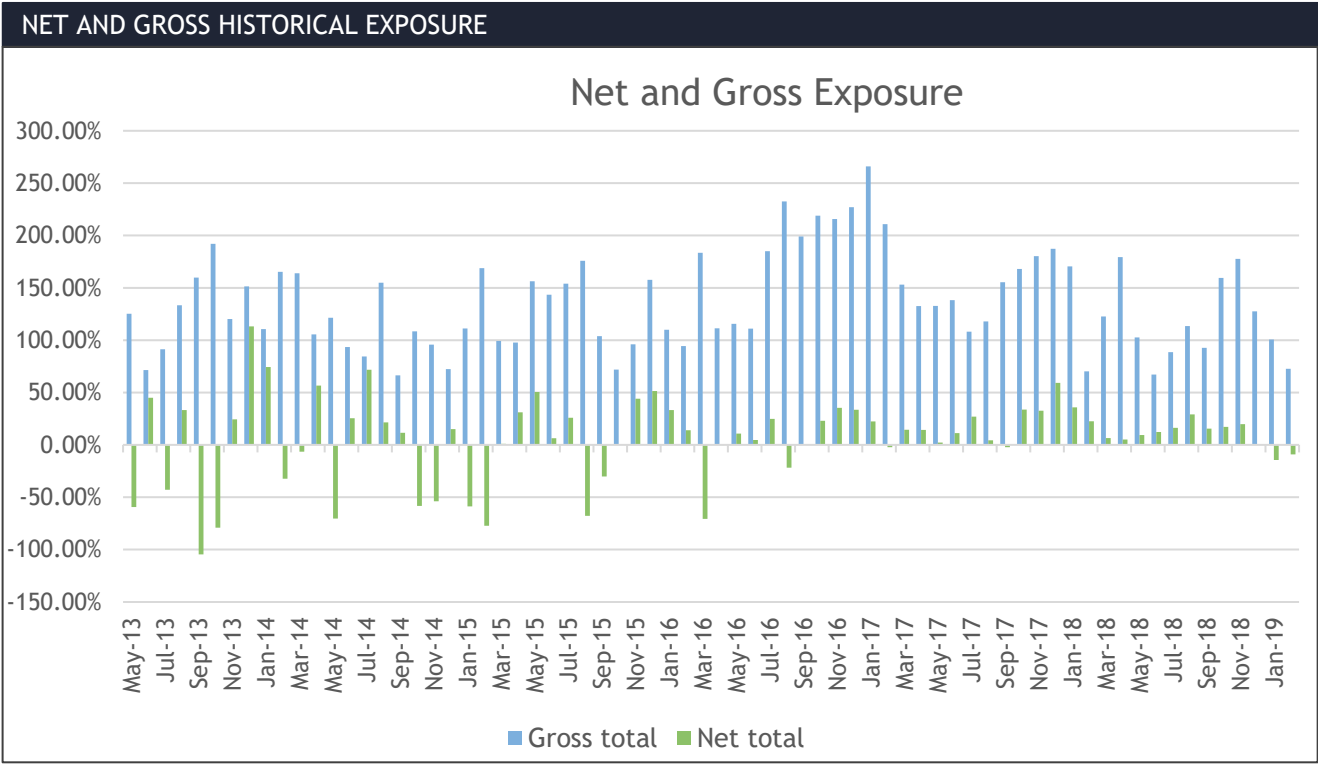
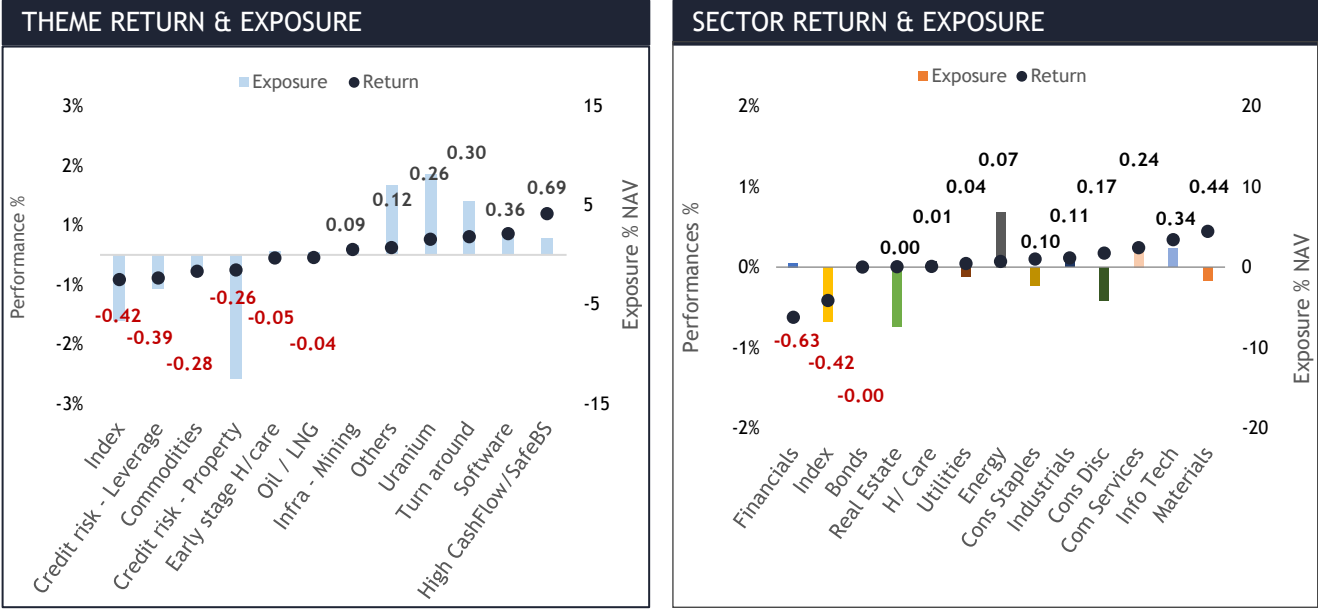
MONTHLY SUMMARY METRICS

NET RETURN	AV GROSS EXP	AV NET EXP
0.53%	72.62%	-9.13%

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											-1.14

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.



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 with a focus on Australia. The portfolio will typically contain 40 to 70 position. 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	Norton Rose Fulbright

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