

**COMMENTARY**

The fund returned positive 2.69% for the month. Net exposure averaged 58.80% long, while gross averaged 131.83%.

Our “Connecting the future” theme was the largest contributor to fund performance over the period. As global economies prepare to exit the crisis caused by Covid-19 the need to restart economies with strategic forward-looking investments in digital infrastructure is clear. It is within this context we are seeing an accelerated investment in economies globally building out their 5G wireless infrastructure to enable the technologies of tomorrow, resulting in earnings tailwinds for hardware suppliers of 5G equipment and telecommunication companies benefitting from ownership of essential infrastructure.

Another positive contributor for the month was our “Monetary Inflation” theme, as the chorus of investor concerns about rampant central bank printing grew louder. By the end of July the Money Supply (M2) year on year growth rate hit +22.9%; this is the highest level of monetary increase in recorded history. As Quantitative Easing began in 2008, after the Great Financial Crisis, M2 increased by +10% year on year setting off the bull market in gold, rising by over +150%. Gold and gold miners are how we are presently investing in this theme, however we are extensively researching other assets that are beneficiaries of this phenomena.

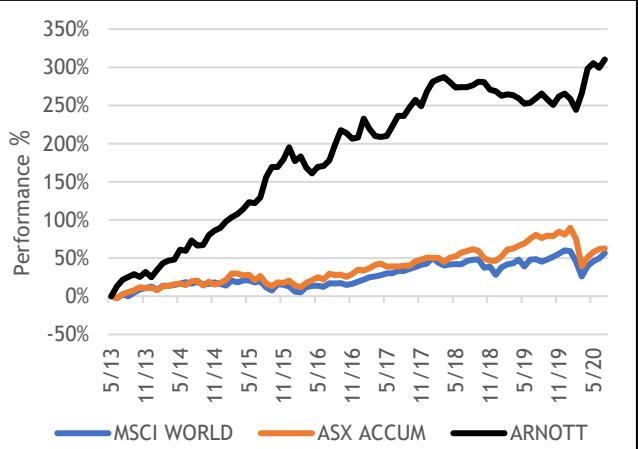
A quote fitting for the times with the gold price reaching new all time highs:

*“The desire of gold is not for gold. It is for the means of freedom and benefit” - Ralph Waldo Emerson*

**PERFORMANCE METRICS**

	From May 2013	
	Arnett	MSCI
Annualised returns	21.77%	6.46%
% Positive months	65.12%	65.12%
Average monthly return	1.73%	0.60%
Avg return in MSCI up months	1.35%	2.66%
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	3.90	0.60
Sharp ratio	1.63	0.49

**CUMULATIVE FUND PERFORMANCE (2013-current)**



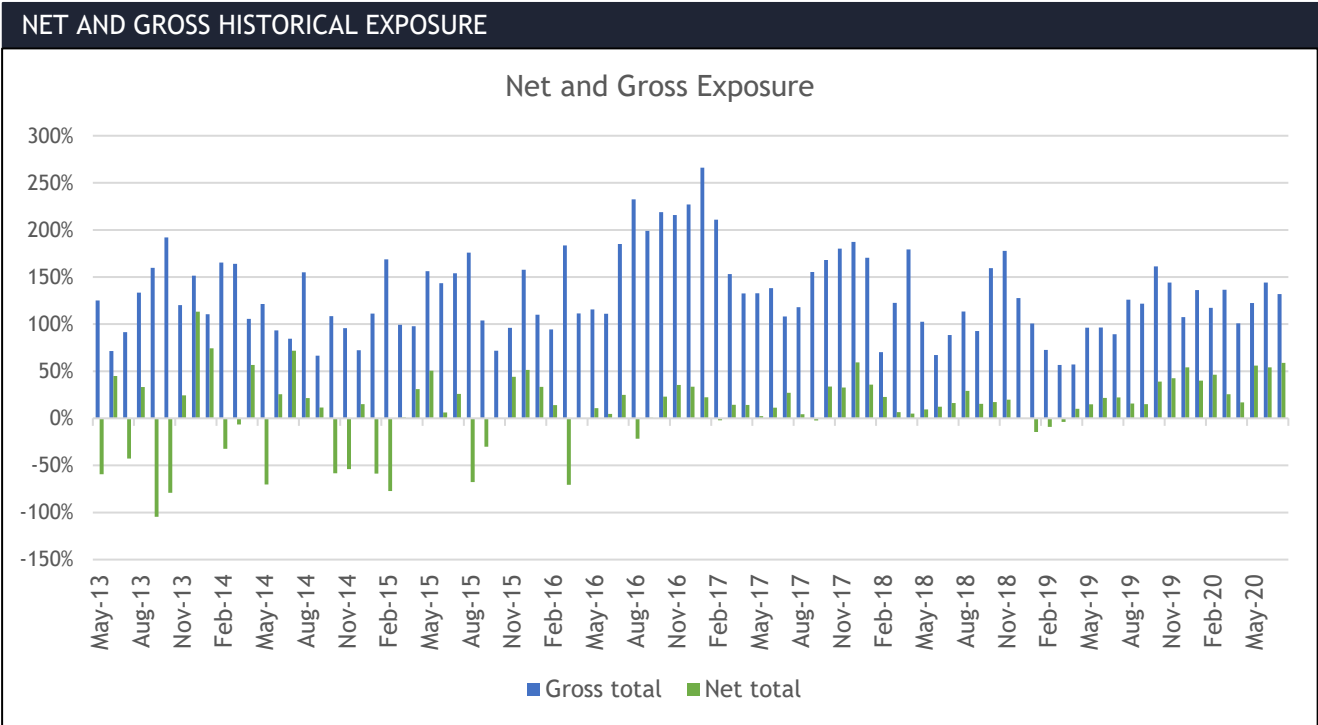
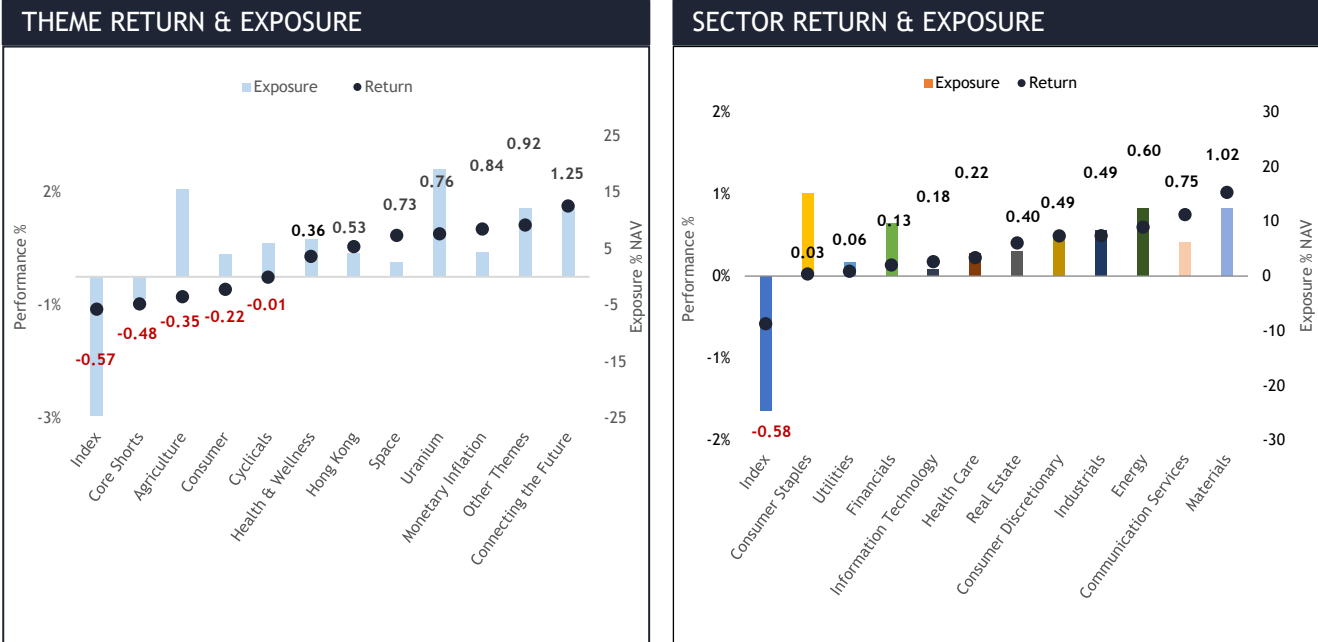
**MONTHLY SUMMARY METRICS**

NET RETURN 2.69%	AV GROSS EXP 132%	AV NET EXP 59%
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**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	1.82	-1.47	2.69						12.17

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**

**Our Investment Approach:**

1. Find asymmetric themes
2. Invest in the best stocks within those themes
3. Focus on macro drivers for risks and opportunities
4. To generate an asymmetric return profile

The strategy is global long/short equity with a variable delta bias. The portfolio will typically contain 40 to 70 positions. The fund focuses on identifying underinvested global investment themes through extensive macroeconomic research and then utilises a bottom up fundamental process to identify the highest quality securities within an investment theme to deliver Asymmetric returns for investors.

**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	<a href="mailto:investor@arnott.com.au">investor@arnott.com.au</a>
WITHDRAWALS	Monthly	PRIME BROKER	Morgan Stanley
PERFORMANCE FEE	20%	FUND ADMINISTRATOR	Mainstream
MANAGEMENT FEE	1.5%	FUND AUDITOR	Ernst and Young
SUBSCRIPTIONS	Monthly	LEGAL ADVISORS	Ernst and Young

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