

**COMMENTARY**

**EXPOSURES AND ATTRIBUTION**

Net exposure remained flat during the month. We have little on in macro positions currently. Gross exposure remains at low levels as we await better risk reward opportunities. Our Uranium exposure was the main loser in the portfolio at negative 1.1% while our theme of core value names positively contributed 1.25%.

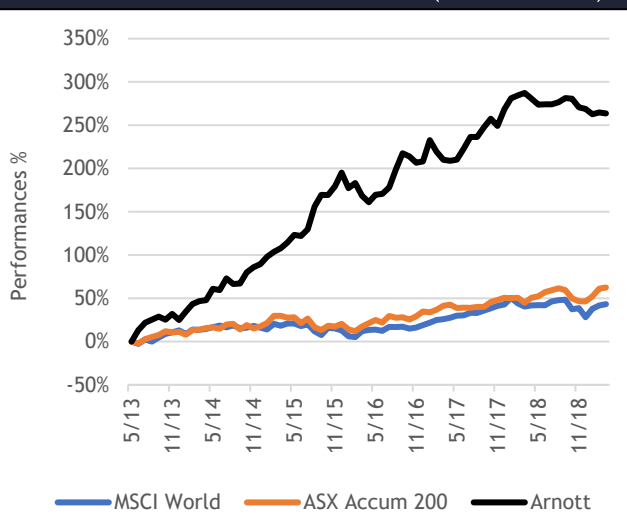
**PORTFOLIO OPPORTUNITIES AND RISKS**

The upside recovery in global markets has been driven by: (1) the impact of the Fed's dovish pivot; (2) the positive effect of the significant drop in market-based rates; and (3) the stabilization of the very weak global economic data. Additionally, China has seen huge frontloading of stimulus and is now in a much better position to deal with any difficult trade talks. US data is OK, and inflation seems under control. Volatility in the S&P500 is back at 11.5% and bonds seem stable. April is typically one the best return months for the S&P500. So it difficult to see any major risks on the horizon, however we are reminded that sometimes, extreme market pullbacks are borne from exhaustion and not a catalyst.

**PERFORMANCE METRICS**

	From May 2013
Annualised returns	24.76%
% Positive months	67.14%
Average monthly return	1.94%
Avg +ve monthly return	3.93%
Avg -ve monthly return	-2.14%
Best month	13.07%
Worst month	-6.09%
Largest drawdown	-11.61%
Longest drawdown (mths)	12
Up Capture ratio	35.7%
Down Capture ratio	-212.0%
Sortino	3.76
Sharpe ratio	1.70

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



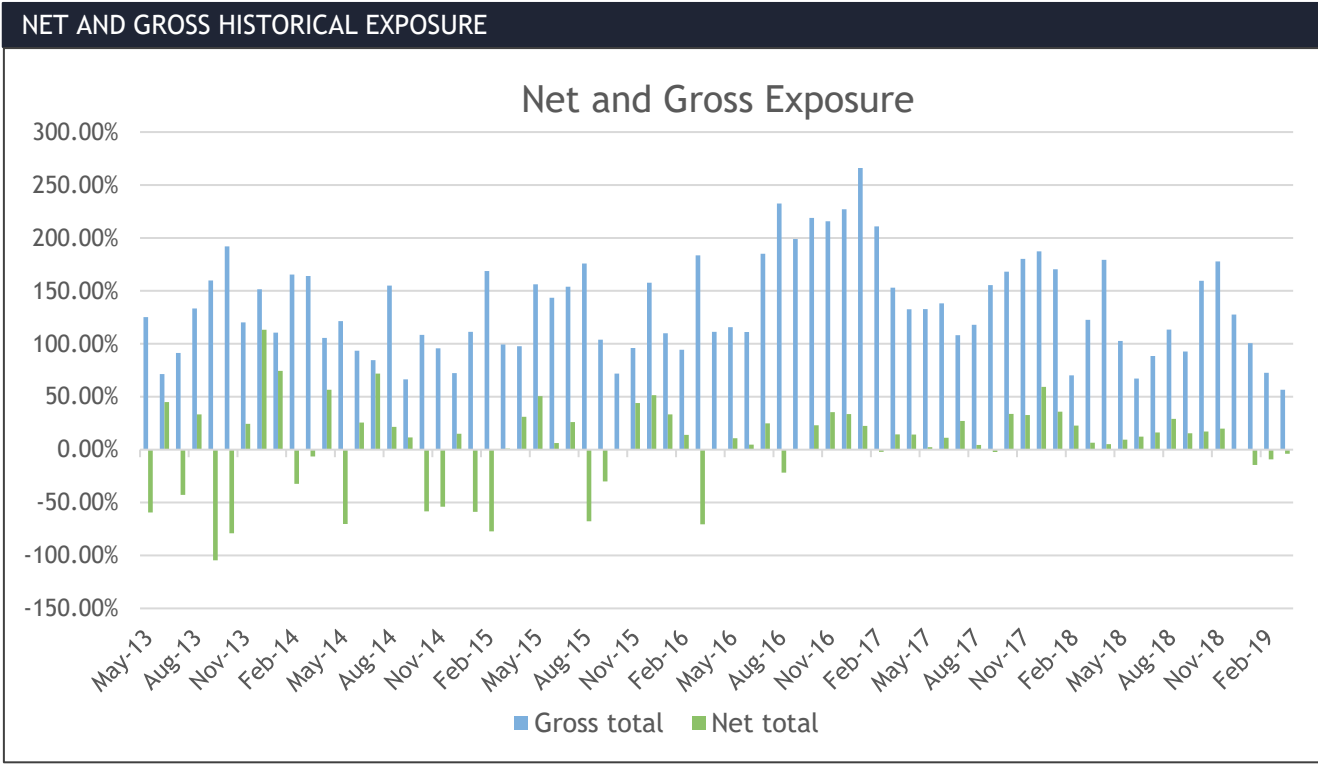
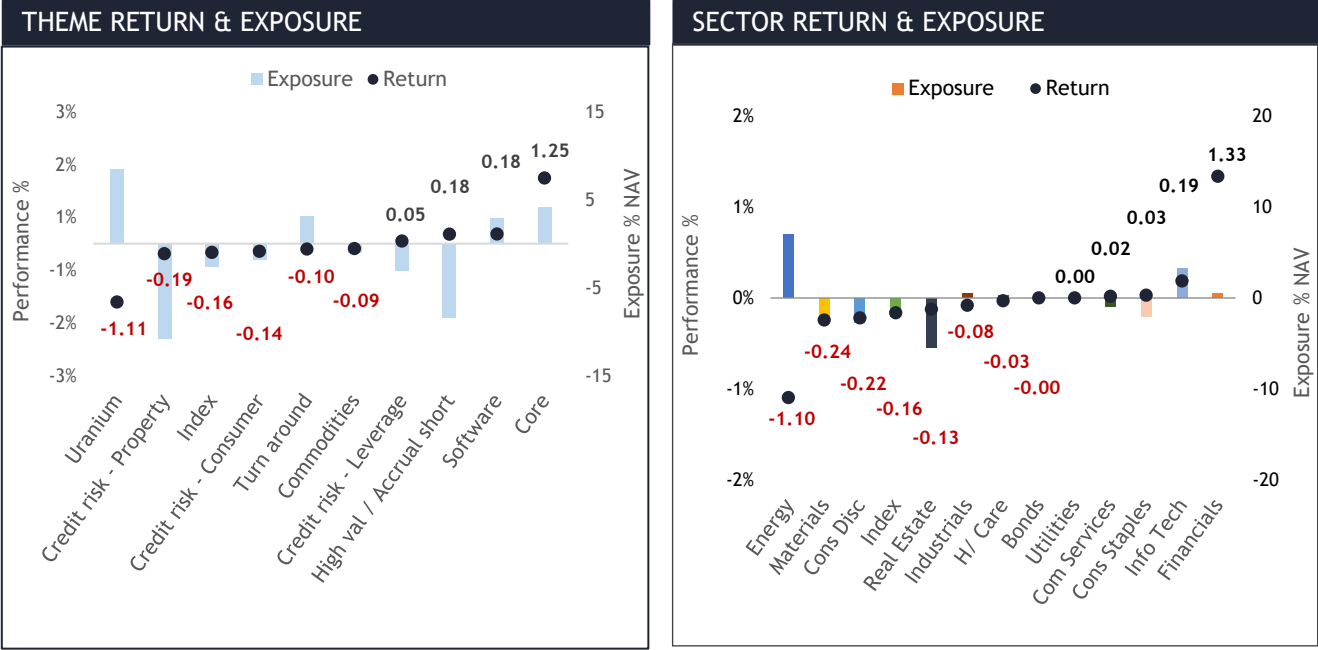
**MONTHLY SUMMARY METRICS**

NET RETURN	AV GROSS EXP	AV NET EXP
-0.30%	56.58%	-3.91%

**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										-1.43

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. Valuations 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	<a href="mailto:investor@arnott.com.au">investor@arnott.com.au</a>
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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