

COMMENTARY

The fund returned positive 7.77% for the month. Net exposure averaged 25.53% long, while gross averaged 136.53%. However, this did not tell the real story of intramonth trading positions. Net exposure varied during the month between short 8.41% and long 83.39%.

Having aggressively reduced exposure in January and February we were positioned well for the market downturn. We continued to reduce exposure throughout March but as the position of the Fed became clearer, we started putting risk back on.

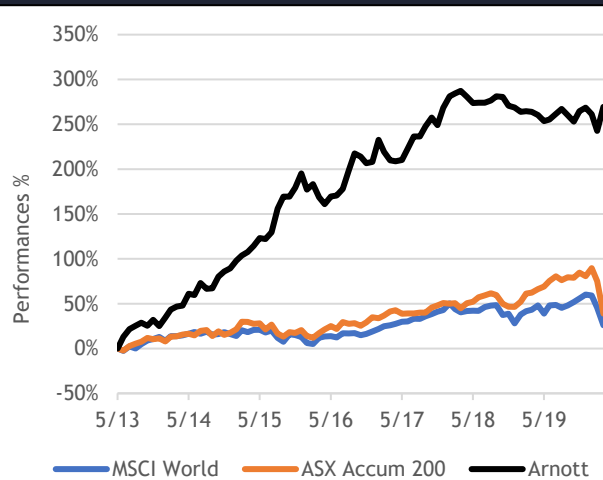
A new theme that has been added to the portfolio is Agriculture. The Agriculture sector is uncoupled from the traditional business cycle, vital to the functioning of any country and deeply unloved by the investment community. 'Green shoots' are emerging with promising rainfall through early 2020 and above median rainfall forecast for May - July '20. ABARES are forecasting a return to average winter crop production in winter '20, +35% from '19. Improved growing conditions drives earnings upgrades for agricultural equities. In this space we own Costa Group ('CGC'), Graincorp ('GNC'), Inghams Group ('ING') and Nufarm ('NUF').

From an unknown fund manager *"The Virus is like a huge sink hole in the global economy. No one knows how big/deep it is. And every day the world is in lockdown it gets bigger and deeper. Policy makers also have no clue, but they have to do something, so they have started shovelling fiscal and monetary 'dirt' into hole. If hole bigger than dirt, we get deflation. If dirt bigger than hole, you get inflation. And if by complete dumb luck, dirt=hole, back to Goldilocks."*

PERFORMANCE METRICS

	From May 2013
Annualised returns	21.07%
% Positive months	64.63%
Average monthly return	1.68%
Avg +ve monthly return	3.78%
Avg -ve monthly return	-2.16%
Best month	13.07%
Worst month	-6.09%
Largest drawdown	-11.61%
Longest drawdown (mths)	24
Up Capture ratio	26.0%
Down Capture ratio	-170.5%
Sortino	3.42
Sharpe ratio	1.49

CUMULATIVE FUND PERFORMANCE (2013-current)



MONTHLY SUMMARY METRICS

NET RETURN	AV GROSS EXP	AV NET EXP
7.77%	136.53%	25.53%

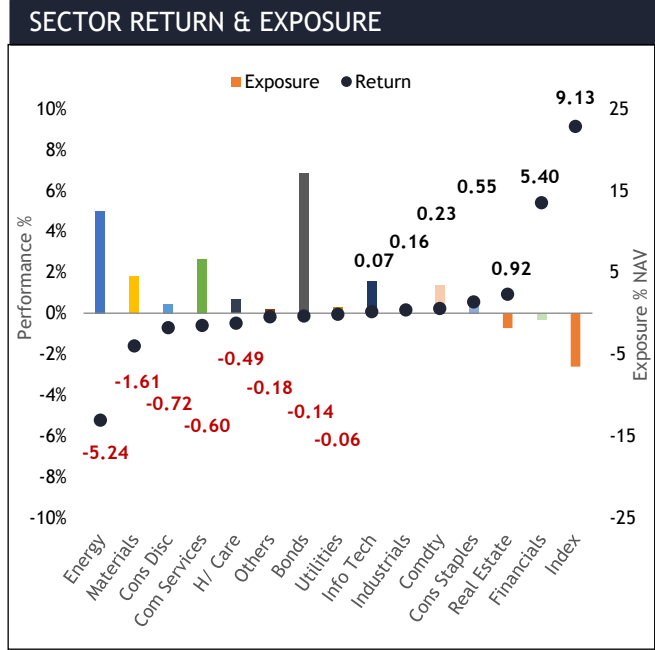
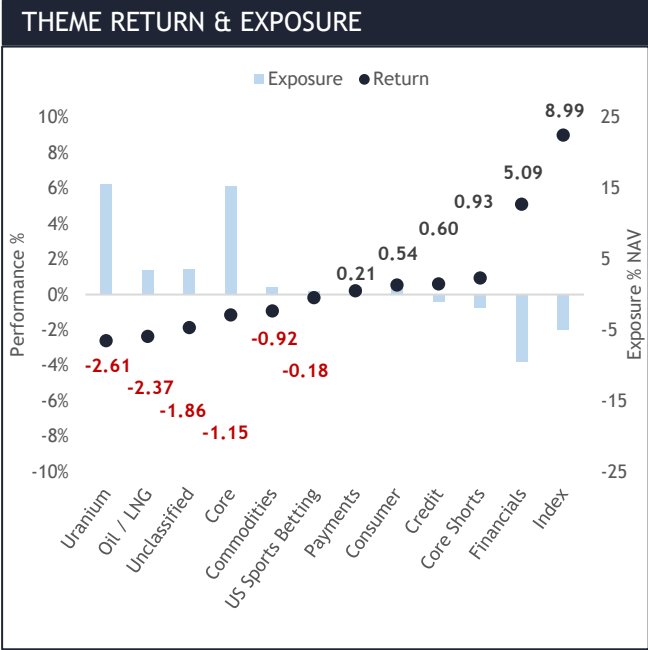
STRATEGY HISTORICAL PERFORMANCE (%)

	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	-1.33	0.20	-0.21	-0.95	-1.87	0.50	1.75	1.53	-1.91	-2.00	3.28	1.12	-0.04
2020	-2.03	-5.10	7.77										0.20

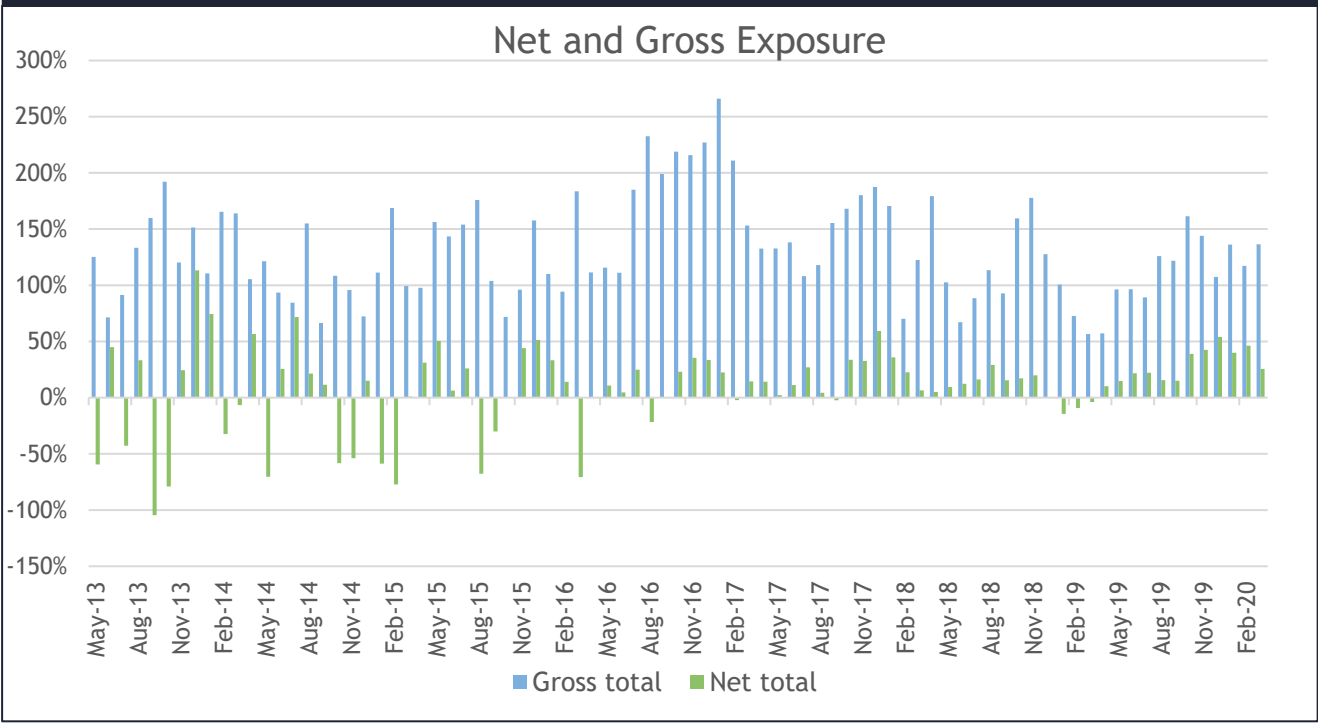
2013 - 2017 Data. Bondi Capital Investments Pty Ltd (managed account). Performance net of 0 & 25 fees. Currency AUD. Fund administered by Mainstream. Fund was not audited.

2018 - 2019 Data. Australian Unit trust. Performance net of 0 & 25 fees. Currency AUD. Fund administered by Mainstream. Fund audited by EY.

2019 - Current Data. Arnott Opportunities Fund (Cayman). Performance net of 0 & 25 fees. Currency USD. Fund administered by Mainstream. Fund audited by EY.



NET AND GROSS HISTORICAL EXPOSURE



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	USD	ARNOTT CAPITAL PTY LTD	AFSL License 233743 ABN 23086081889
STRATEGY INCEPTION	1999	CIO KENNY ARNOTT	kma@arnott.com.au
MINIMUM SUBSCRIPTIONS	USD \$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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