

COMMENTARY

EXPOSURES AND ATTRIBUTION

Net exposure averaged 42% long during the month, while gross averaged 144%.

Growth was the largest contributor to positive performance and within this group, Catapult was the most significant performer. Catapult trades on an EV/Sales of 3.2x vs other listed software peers on an average of 21.0x. This typifies what we are looking for, growth at a reasonable price. Early Stage Healthcare and Oil were also large positive contributors to performance with Karoon being the key contributor in Oil. Losses were contained on the short side which also helped the overall performance.

PORTFOLIO OPPORTUNITIES AND RISKS

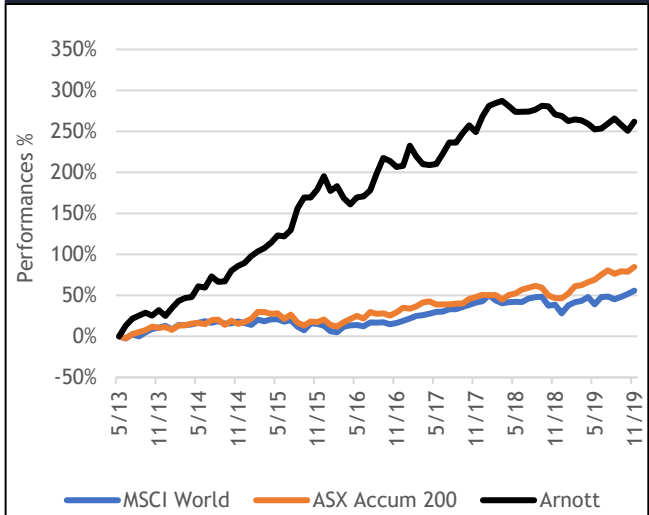
We have added a new theme on the short side we call the We Work Effect. This theme contains names that are very expensive with very high growth expectations and generally negative cashflow. Some of the names in this theme are very good businesses, however they are priced to absolute perfection. For example Pro Medicus is trading on an EV/Sales multiple of 39.9x. Most of these names rely on the capital markets to continue to fund their growth aspirations and the appetite for the market to continue to do this is waning. These positions are being actively traded depending on valuation and market dynamic factors.

We have become far more active in trading opportunities during the last month. This is an area of the portfolio that will continue to ramp up. Generally in this part of the portfolio we are running larger positions for shorter timeframes and lower profits. In other words, high turnover and lower margin, but generally lower risk.

PERFORMANCE METRICS

	From May 2013
Annualised returns	21.88%
% Positive months	65.38%
Average monthly return	1.73%
Avg +ve monthly return	3.76%
Avg -ve monthly return	-2.09%
Best month	13.07%
Worst month	-6.09%
Largest drawdown	-11.61%
Longest drawdown (mths)	20
Up Capture ratio	28.6%
Down Capture ratio	-204.8%
Sortino	3.63
Sharpe ratio	1.56

CUMULATIVE FUND PERFORMANCE (2013-current)



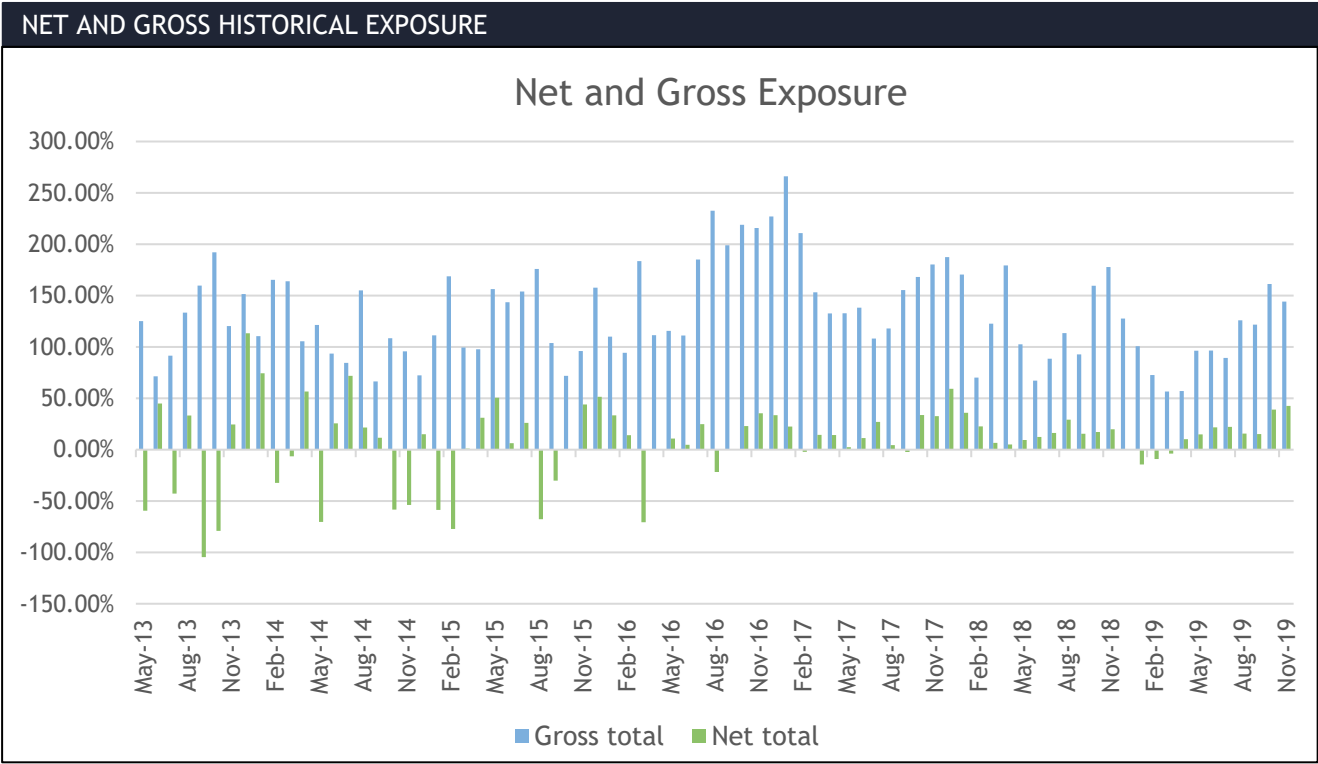
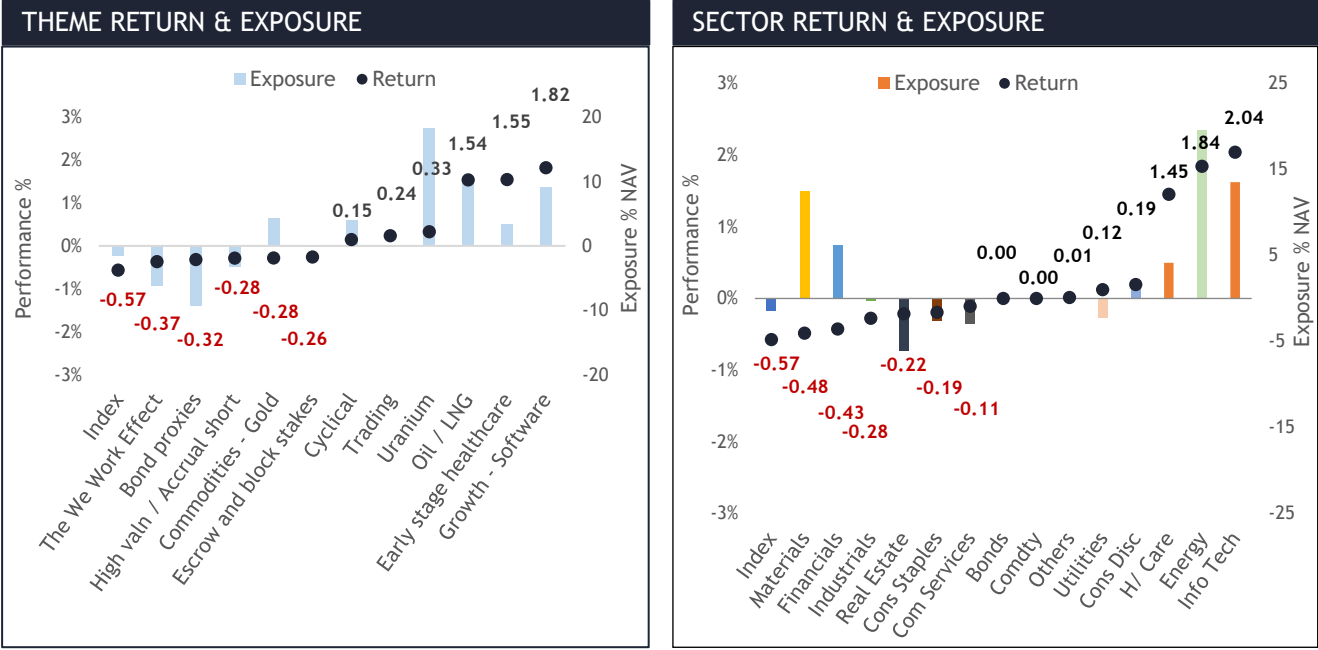
MONTHLY SUMMARY METRICS

NET RETURN	AV GROSS EXP	AV NET EXP
3.20%	144.07%	42.55%

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		-1.86

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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