

COMMENTARY

The fund returned negative 2.94% for the month. Net exposure averaged 66% long, while gross averaged 167%.

In recent months we have initiated a long position in an unloved Australian telecommunications company, Vocus Group. Vocus is a leading provider of communications and bandwidth infrastructure with a fibre network covering over 21,000km's. As the demand for data continues to grow at an exponential rate driven by the secular trends of cloud computing, remote data storage, video streaming etc, so to does the demand for bandwidth infrastructure. With a legacy voice network dragging on earnings of this business in recent years we believe the market has missed the secular growth trend Vocus is exposed to. With Vocus trading on 8x EV / EBITDA versus offshore transaction and market multiples for fibre assets trading at 15x - 20x EV / EBITDA we are tremendously excited about the prospective returns from this investment in the coming years as the market re-rates Vocus or a private suitor comes in to play the hand of the market.

As the global equity market recovery continues, we are seeing an acceleration in the divergence between two factions of equity markets. Equities perceived as 'pandemic winners' continue to make new all-time highs as market participants capitalise recent earnings trends into perpetuity and Equities perceived as 'pandemic losers' significantly lag the recent market rally and in some instances are still trading at levels seen in March of this year as market participants apply an incredibly high discount rate to earnings uncertainty. We are presently finding an increasing number of opportunities in the 'pandemic loser' fraction of the market driven by the extreme lack of interest despite improving fundamentals. For instance a waste management company offshore has guided full year EBITDA will be down 5% with the company back at FY19 run-rate and yet the share price is still down 50% from pre-crisis levels.

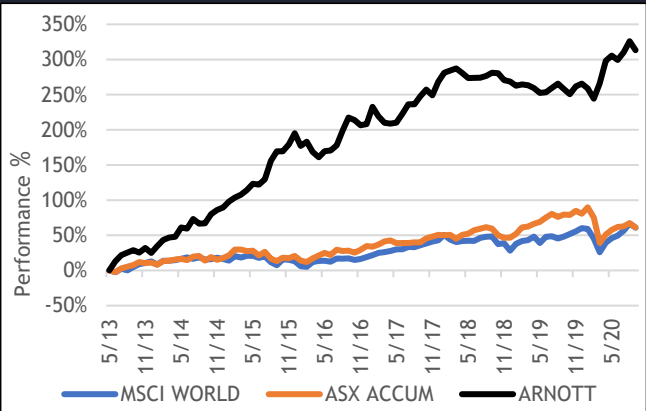
PERFORMANCE METRICS

	From May 2013	
	Arnott	MSCI
Annualised returns	21.35%	6.69%
% Positive months	64.77%	64.77%
Average monthly return	1.70%	0.62%
Avg return in MSCI up months	1.39%	2.73%
Avg return in MSCI down months	2.25%	-3.28%
Best month	13.07%	10.80%
Worst month	-6.09%	-13.47%
Largest drawdown	-11.61%	-21.44%
Longest drawdown (mths)	24	20
Sortino	3.88	0.62
Sharpe ratio	1.70	0.50

CORRELATION TO ASSETS (2013 to Current)

MSCI Index	-0.03
US Government Bond Index	-0.04
US\$ Gold	0.03
Bloomberg Commodities Index	-0.14
Hedge Fund L/S	0.02

CUMULATIVE FUND PERFORMANCE (2013-current)



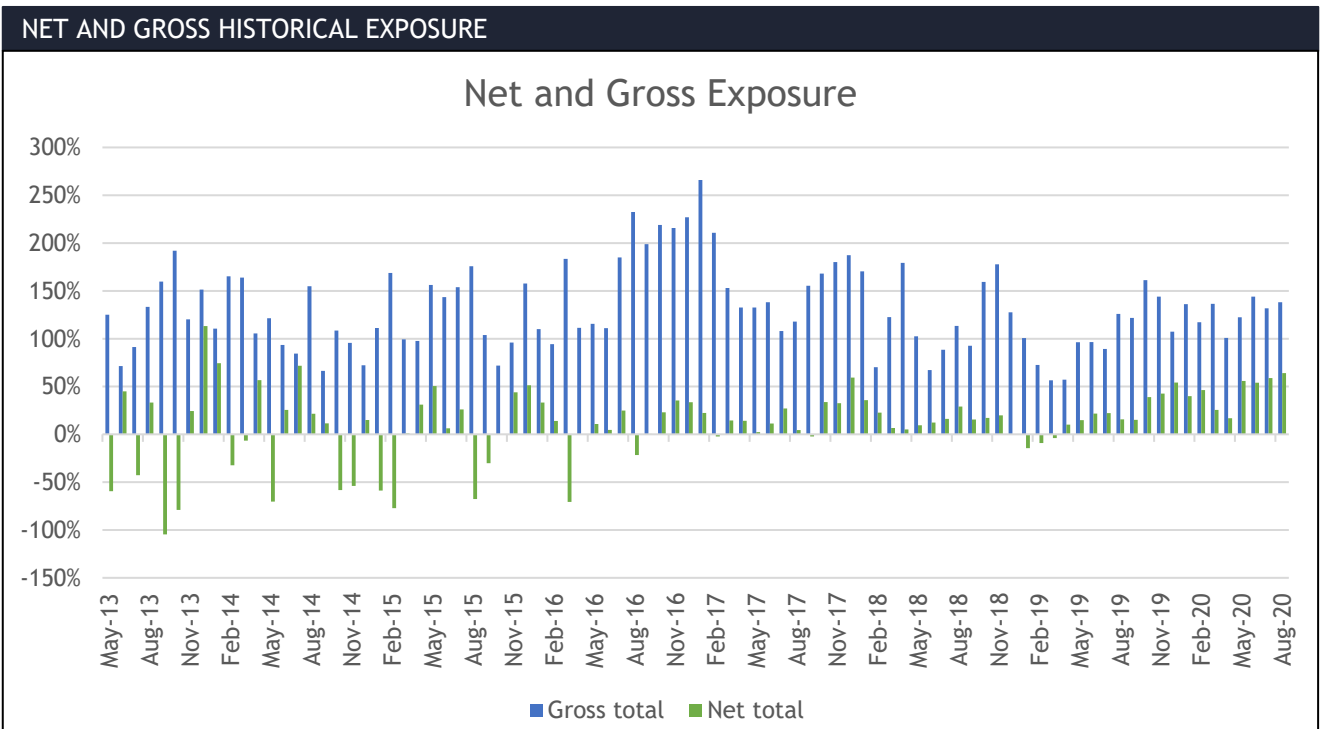
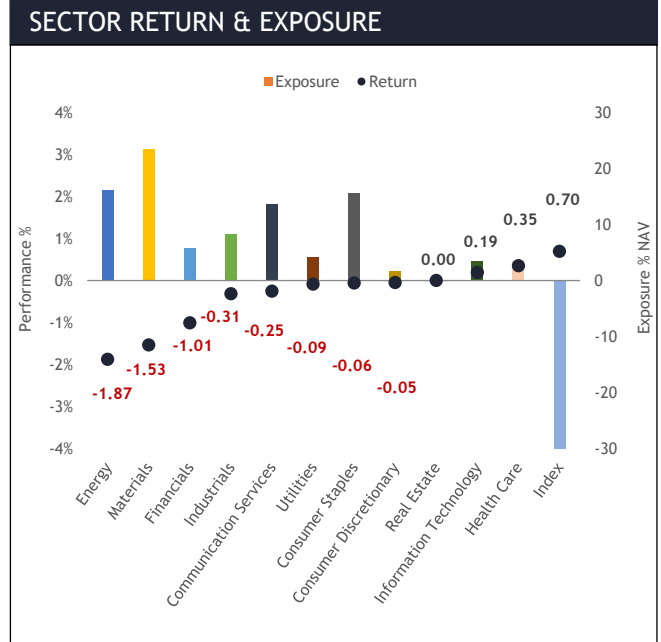
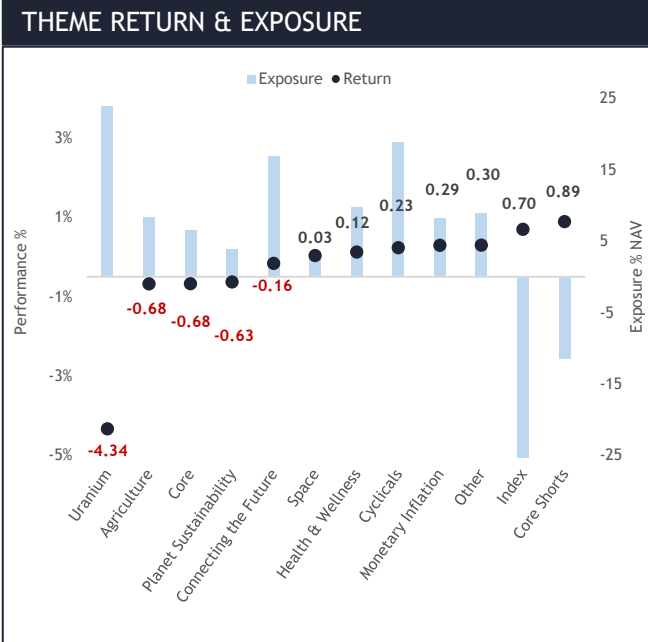
MONTHLY SUMMARY METRICS

NET RETURN	AV GROSS EXP	AV NET EXP
-2.94%	167%	66%

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	3.82	-2.94				13.03

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	investor@arnott.com.au
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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