

COMMENTARY

The fund returned negative 1.61% for the month of July 2022. Net exposure averaged 1% long, while gross averaged 154%. This brings our Calendar Year Return to positive 0.70%, Financial Year Return to negative 1.68% and since inception return to positive 22.86% p.a. net of fees.

Since the end of 2021 we have taken a cautious view on risk assets as we saw two headwinds emerging as we entered into 2022:

1. The Federal Reserve, alongside other central banks were set to commence withdrawing liquidity from global financial markets by both raising rates and Quantitative Tightening ('QT'); and
2. The tremendous pace of global growth experienced since the pandemic lows was set to moderate as the global economy commenced the processes of normalizing without the sugar hit of pandemic stimulus.

Our net portfolio exposure is primarily determined by our macro view, given this portfolio positioning has reflected our cautious stance. With growth slowing and the Federal Reserve Board only commencing QT in June, we are still of the belief that risk assets will be challenged through the back end of 2022 and are reflecting this via neutral net portfolio positioning.

Our gross and thematic exposure is determined by both our bottom up and top-down view. What is interesting is that the size and number of short themes and individual positions is growing. This is because we are building conviction in multiple short opportunities. It is pleasing to see both more risk in the portfolio and a more naturally balanced portfolio of long and short positions without the use of large short index hedges.

We recently held a webinar delving deeper into current portfolio positioning and our updated views on the market. To view the replay please click [here](#).

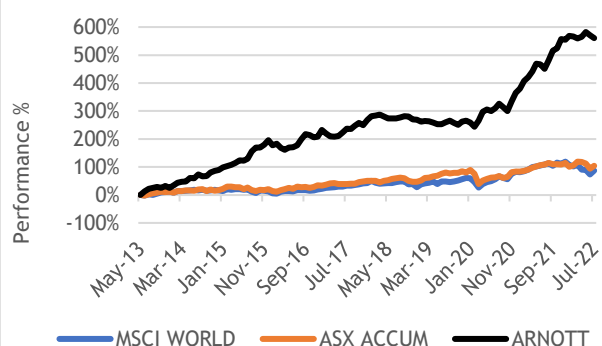
PERFORMANCE METRICS

	From May 2013	
	Arnott	MSCI
Annualised returns	22.86%	7.04%
% Positive months	64.55%	63.64%
Average monthly return	1.80%	0.65%
Avg return in MSCI up months	1.62%	2.99%
Avg return in MSCI down months	2.11%	-3.44%
Best month	13.07%	12.66%
Worst month	-6.09%	-13.47%
Largest drawdown	-11.61%	-21.44%
Longest drawdown (mths)	24	20
Sortino	4.33	0.67
Sharpe ratio	1.76	0.50

CORRELATION TO ASSETS (2013 to Current)

MSCI Index	0.06
US Government Bond Index	-0.04
US\$ Gold	0.02
Bloomberg Commodities Index	-0.04
Hedge Fund L/S	0.01

CUMULATIVE FUND PERFORMANCE (2013-current)



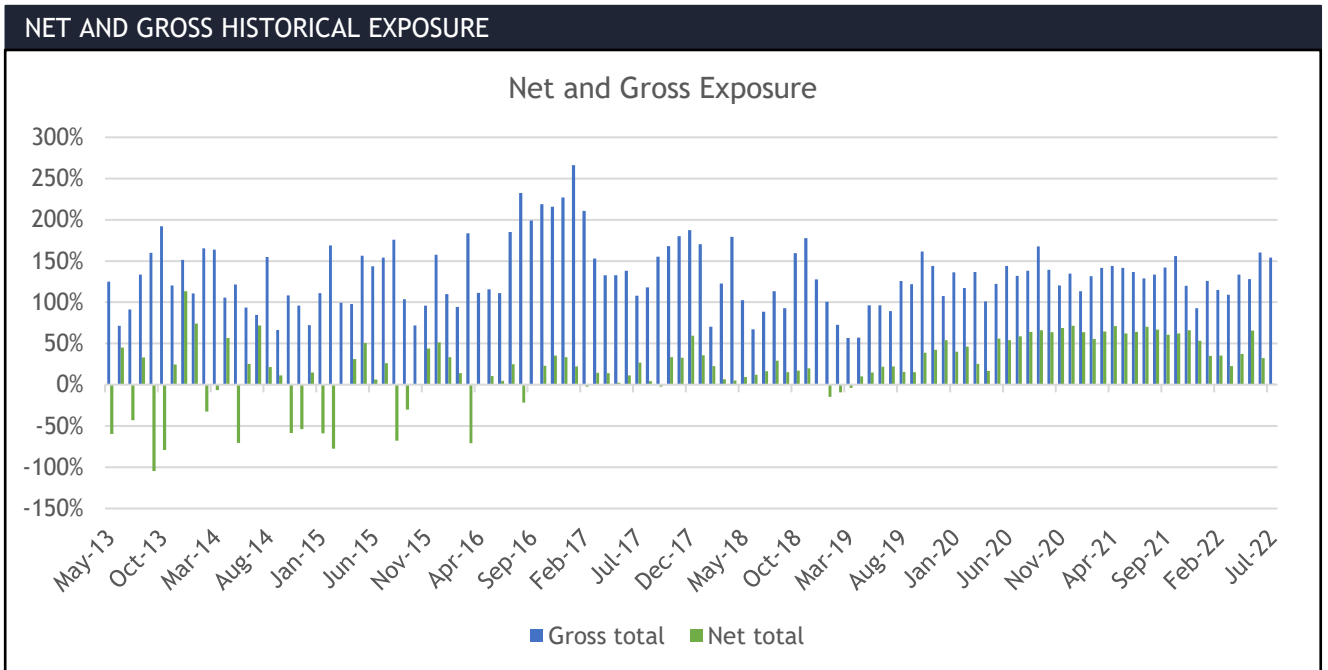
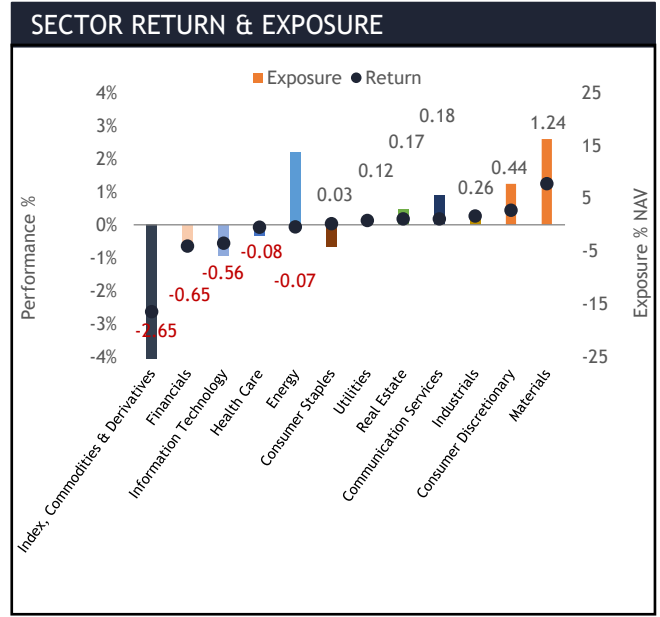
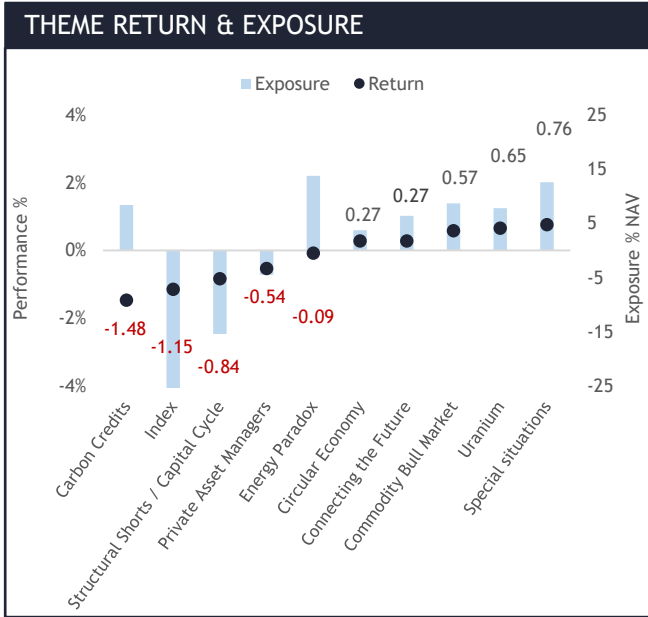
MONTHLY SUMMARY METRICS

NET RETURN	AV GROSS EXP	AV NET EXP
-1.61%	154%	1%

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	-3.32	8.59	7.22	27.23
2021	3.26	5.69	2.74	3.93	5.03	-0.40	-2.81	5.60	5.75	1.30	5.37	-0.24	40.90
2022	2.07	-0.34	-1.10	0.95	2.50	-1.68	-1.61						0.70

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.



INVESTMENT STRATEGY

The Fund adopts an absolute return strategy, focusing on thematic investment opportunities with an equity bias. We seek to achieve the investment objective through our asymmetric investment approach which includes:

1. Finding what we perceive to be good quality investments based on our analysis; and
2. Not losing money in the pursuit of realising these investments.

We strive to achieve asymmetric returns through a thematic investment process. This has four pillars.

1. Find asymmetric themes;
2. Invest in the best ideas within those themes;
3. Focus on macro drivers for risk & opportunities; and
4. Generate an asymmetric return profile.

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 International PLC J.P. Morgan Securities PLC
PERFORMANCE FEE	20%	FUND ADMINISTRATOR	Apex Group Ltd.
MANAGEMENT FEE	1.5%	FUND AUDITOR	Ernst and Young
SUBSCRIPTIONS	Monthly	LEGAL ADVISORS	Ernst and Young

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