

COMMENTARY

The fund returned negative 0.36% for the month of March 2023. Net exposure averaged 39% long, while gross averaged 96%. This brings our calendar year return to negative 2.97%, financial year return to negative 3.78% and since inception return to positive 20.89% p.a. net of fees.

In March, we saw a second mini crisis brought about by rapidly rising interest rates, this time it was the failure of multiple US regional banks and the take under of Credit Suisse by UBS AG, orchestrated by the Swiss National Bank. The reaction function of central banks, was again, to backstop the financial system by enacting various measures to pour liquidity back into it.

This was the exact playbook adopted by the Bank of England in October 2022, which was, as we see it, the first mini crisis brought about by rapidly rising interest rates.

It is clear to us more of these mini crises will continue to play out.

These crises have shown that Central Banks have learnt a lot from the Great Financial Crises and have the ability and willingness to implement a variety of tools in the attempt of averting spill over effects into the global financial system. Given this, it is clear to us that we want to hold core long positions in assets, which hold their value in the face of these mini crises, such as gold and businesses with genuine pricing power and continue to be short sectors of the market, which are feeling the aftereffects of the interest rate hiking cycle.

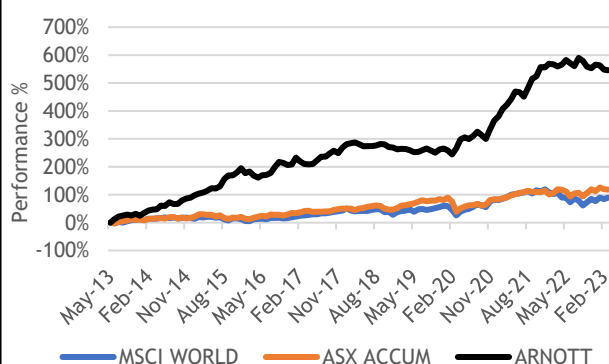
PERFORMANCE METRICS

	From May 2013	
	Arnott	MSCI
Annualised returns	20.89%	6.73%
% Positive months	61.86%	62.71%
Average monthly return	1.66%	0.63%
Avg return in MSCI up months	1.47%	3.15%
Avg return in MSCI down months	1.98%	-3.60%
Best month	13.07%	12.66%
Worst month	-6.09%	-13.47%
Largest drawdown	-11.61%	-26.39%
Longest drawdown (mths)	24	20
Sortino	4.07	0.64
Sharpe ratio	1.63	0.46

CORRELATION TO ASSETS (2013 to Current)

MSCI Index	0.05
US Government Bond Index	-0.00
US\$ Gold	0.04
Bloomberg Commodities Index	-0.02
Hedge Fund L/S	0.02

CUMULATIVE FUND PERFORMANCE (2013-current)

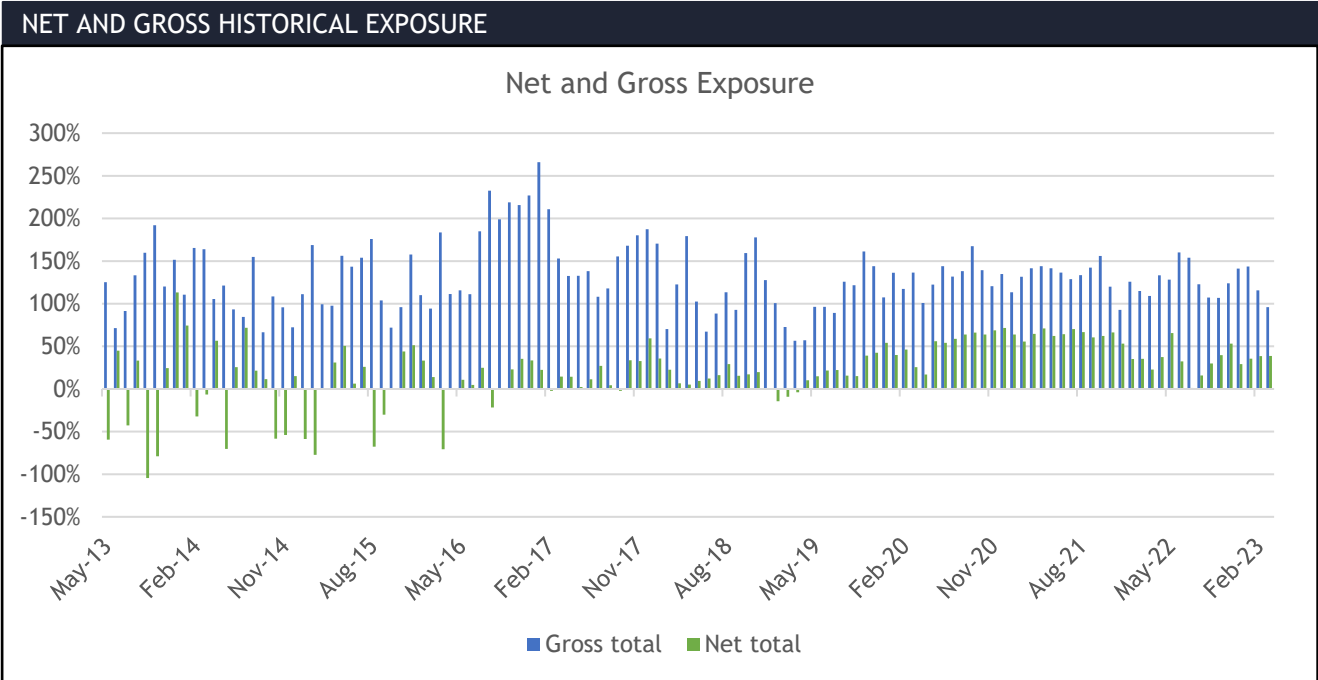
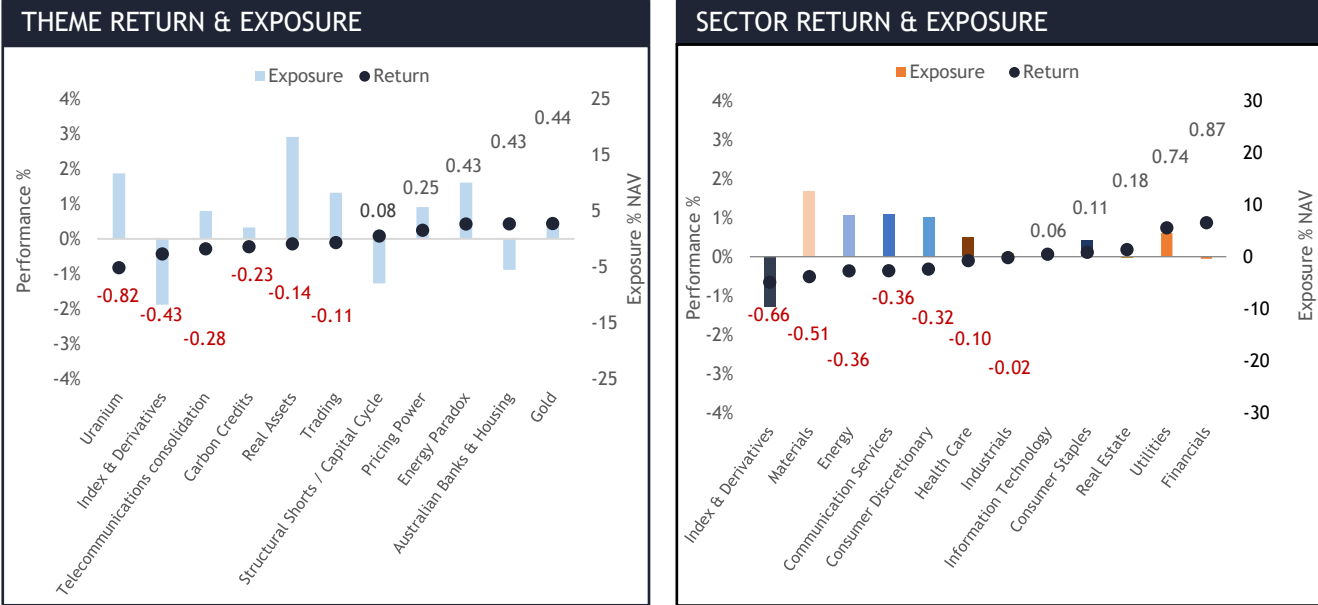


MONTHLY SUMMARY METRICS

NET RETURN	AV GROSS EXP	AV NET EXP
-0.36	96%	39%

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	4.48	-1.55	-3.07	-0.77	1.87	1.50
2023	-0.29	-2.34	-0.36										-2.97



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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