

COMMENTARY

The fund returned positive 0.88% for the month of July 2023. Net exposure averaged 40% long, while gross averaged 94%. This brings our calendar year return to positive 0.17%, financial year return to positive 0.88% and since inception return to positive 20.51% p.a. net of fees.

Through July, risk assets continued to be buoyed by continued resilience in the global consumer, tight labour markets and the knock-on effects of extremely loose fiscal policy in the United States as the trend of *near shoring* gathers increased momentum. This confluence of factors in addition to the wealth effect and rise of private credit, will likely delay an economic downturn until 2024 or beyond. This does not mean we have turned bullish risk assets, but the level of dispersion that this nuanced economic cycle brings has made us incredibly bullish the opportunity set in front of us on both the long and short side.

We have kept our commentary brief as we recently released our interim [investor letter](#) that delves deeper into current portfolio positioning and our current views.

PERFORMANCE METRICS

From May 2013

Annualised returns	20.51%
% Positive months	62.30%
Average monthly return	1.63%
Average return in MSCI up months	1.44%
Average return in MSCI down months	1.95%
Best month	13.07%
Worst month	-6.09%
Largest drawdown	-11.61%
Longest drawdown (mths)	24
Sortino	4.01
Sharpe ratio	1.62

THEME RETURN & EXPOSURE (JULY 2023)



CORRELATION TO ASSETS

Global Equity Markets	0.05
US\$ Gold	0.03
Bloomberg Commodities Index	-0.02
Hedge Fund L/S	0.02

MONTHLY SUMMARY METRICS

NET RETURN	AV GROSS EXP	AV NET EXP
0.88	94%	40%

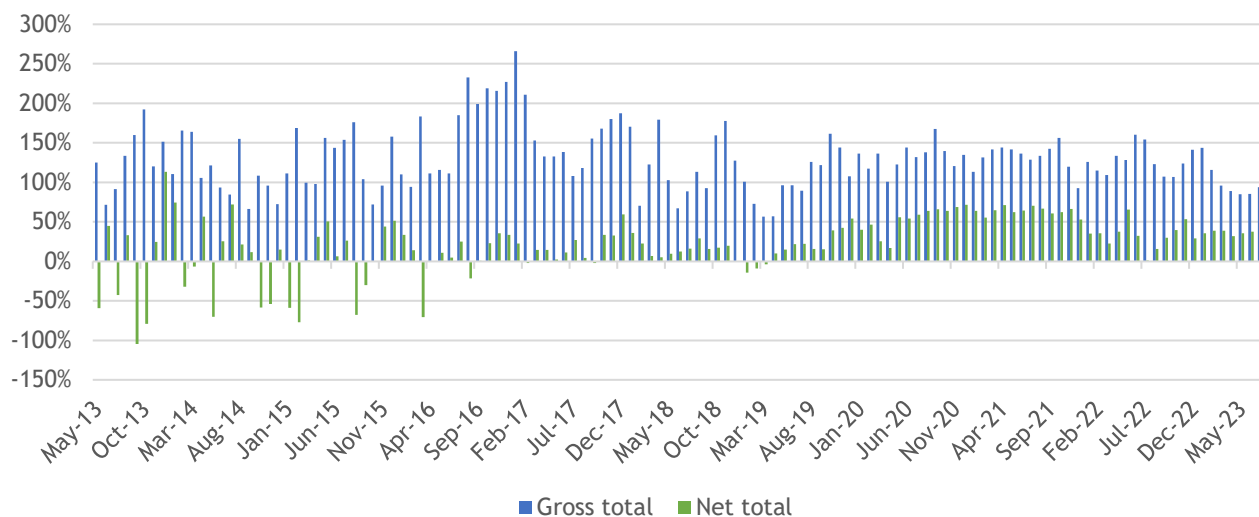
STRATEGY HISTORICAL PERFORMANCE (%)

	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	-0.75	1.07	2.02	0.88						0.17

Past performance is not necessarily an indicator of future performance.  
2013 - 2017 Data. Bondi Capital Investments Pty Ltd (managed account). Performance net of 0 & 25 fees. Currency AUD. Fund administered by Apex. Fund was not audited.  
2018 - Current Data. Australian Unit trust. Performance net of 0 & 25 fees. Currency AUD. Fund administered by Apex. Fund audited by EY.  
Above data and fees apply to the Arnott Opportunities Trust - Founder Class. Other classes will be subjected to different fees. For a copy of the Information Memorandum, please contact investor relations at [investor@arnott.com.au](mailto:investor@arnott.com.au).

NET AND GROSS HISTORICAL EXPOSURE

Net and Gross Exposure



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	CONTACT DETAILS	<a href="mailto:investor@arnott.com.au">investor@arnott.com.au</a>
MINIMUM SUBSCRIPTIONS	AUD \$100,000	WITHDRAWALS	Monthly
FUND ADMINISTRATOR	Apex Group Ltd.	PRIME BROKER	Morgan Stanley International PLC J.P. Morgan Securities PLC
LEGAL ADVISORS	Ernst and Young	FUND AUDITOR	Ernst and Young
FEE STRUCTURE	<b>Management Fee</b>	<b>Performance Fee</b>	<b>Subscriptions</b>
* Founder Class	0%	25%	Closed to new investors
Main - Post July 2020 Class	1.5%	20%	Monthly

\* All data displayed in this document is Founder Class data. For a copy of the Offering Memorandum, please contact investor relations at [investor@arnott.com.au](mailto:investor@arnott.com.au).

## **Disclaimer**

This document is given to only wholesale clients (as defined in the Corporations Act 2001 (Cth)) by representatives of Arnott Capital Pty Limited (ABN 23086081889, AFS Licence Number 233743) (**Arnott**). By viewing this document, you are representing that you are a wholesale client and agree to keep this document confidential. This document is directed at persons who are sophisticated investors with sufficient professional or other experience to properly assess the nature of the matter discussed herein. This document has been prepared for general information purposes only without taking into account any potential investors' personal objectives, financial situation or needs. It should not be relied upon by the recipient in making an investment decision. You should obtain relevant and specific professional advice and check the accuracy of all relevant information before making any investment decision. This document is intended to provide a general outline only and is not intended to be a definitive statement on the subject matter. The document is not intended to be relied upon by recipients given the contingent nature of the content matter. This is not an offer to invest in any security or financial product.

Forward-looking information in this document is provided as a general guide only and should not be relied upon as an indication of the future performance of any financial products (including the Arnott Opportunities Trust and Arnott Opportunities (Cayman) Fund ("Funds")). No representation is made as to future performance or volatility of the financial products. Persons should rely solely upon their own investigations in respect of the subject matter discussed in this document. Past performance information given in this document is given for illustrative purposes only and are as at the date of publication of this material. It should not be relied upon as (and is not) an indication of future performance.

No representations or warranties, express or implied, are made as to the accuracy or completeness of the information, opinions and conclusions contained in this document. In preparing these materials, Arnott has relied upon and assumed, without independent verification, the accuracy and completeness of all information available to Arnott. Whilst efforts have been made to ensure the information is correct, no warranty of accuracy or reliability is given, and no responsibility is accepted for errors of omissions. To the maximum extent permitted by law, neither Arnott nor its director, employees or agents accept any liability for any loss arising in relation to this document. The offer of interests in the Arnott funds will only be made in the offering document for the respective fund. For a copy of the Information Memorandum, please contact investor relations at [investor@arnott.com.au](mailto:investor@arnott.com.au).

## **Hong Kong**

This document has not been reviewed or approved by any regulatory authority in Hong Kong. This document does not constitute an offer or invitation to the public in Hong Kong to acquire the units in the Fund. Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for the purposes of issue, this document or any advertisement, invitation or document relating to the units in the Fund, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong other than in relation to the units of the Fund that are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" (as such term is defined in the Securities and Futures Ordinance of Hong Kong (Cap. 571) and the subsidiary legislation made thereunder).

## **Singapore**

This document is being furnished to you on the basis that you are an "institutional investor" (as defined in the Securities and Futures Act (Chapter 289) of Singapore) and on a confidential basis, solely for your information. This document may not be reproduced, disclosed, or distributed to any other person in Singapore. Arnott, as the responsible entity and manager for the Fund has not taken any steps to ensure that the capital markets products referred to in this document are suitable for any particular investor, and will not treat recipients as its customers by virtue of their receiving this document. This document has not been, and will not be, registered as a prospectus with the Monetary Authority of Singapore and this document is not intended to constitute an offering, and is not regulated by any financial supervisory authority pursuant to any legislation in Singapore. The investments or services referred to in this document may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investments or investment services. Nothing in this document constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise constitutes a personal recommendation to you.

## **United Kingdom**

The content of this communication has not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000 ("the Act"). Such approval is, unless an exemption applies, required by Section 21 of the Act. Reliance on this communication for the purpose of engaging in any investment activity may expose an individual to a significant risk of losing all of the property invested [or of incurring additional liability]. If you are in any doubt about the investment to which this communication relates you should consult an authorised person specialising in advising in relation to the investment(s) described herein.

This communication is exempt from the general restriction in Section 21 of the Act on the communication of invitations or inducements to engage in investment activity on the grounds that it is made to, and only directed at persons falling within [(a) article 49 of the Financial Services and Markets Act 2000 (Financial Promotion) (Order) 2005 (“the FPO”) (high net worth companies, unincorporated associations or partnerships, the trustees of high value trusts, etc.)] ; [(b) article 50 of the FPO (certified sophisticated investor) being persons who hold a current certificate in writing signed by an authorised person to the effect that they are sufficiently knowledgeable to understand the risks associated with the investment of the kind described in this communication together with a statement signed by them, within the period of 12 months ending on the day on which this communication is made, in the terms of the FPO;] [(c) persons having professional experience in matters relating to investments falling within article 19(5) of the FPO (investment professionals);] and (d) any persons to whom this communication may otherwise lawfully be made (together “Relevant Persons”)

Any investments or investment activity to which this communication relates will only be available to Relevant Persons and will be engaged in only with such persons. If you are not a Relevant Person this communication is not intended for you and you should place no reliance and should not act upon it for any purposes.

#### **United States**

This document may not be distributed in the United States and does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from the registration of the US Securities Act, the US Investment Company Act of 1940 and applicable US state securities laws.