

## COMMENTARY

The fund returned positive 2.02% for the month of June 2023. Net exposure averaged 37% long, while gross averaged 85%. This brings our calendar year return to negative 0.70%, financial year return to negative 1.53% and since inception return to positive 20.60% p.a. net of fees.

Coming into the second half of 2023, we have now upweighted our Uranium theme to the largest thematic exposure in the fund as we are now seeing all the ingredients in place for a material rise in the price of Uranium, U308 over the second half of the year. Instead of running the risk of sounding like a broken record by re-hashing our Uranium thesis, we will focus on the *why now*.

So, why now?

Firstly, the Uranium market is in a demand supply imbalance right now, with demand far outstripping supply and this is before the current 60 reactors in development in China and India come online in the coming years.

Secondly, the price of a key input into the nuclear fuel cycle, Separative Working Unit ('SWU'), has risen materially in the past year. The key implication of this, is that the demand for U308 will rise as participants in the enrichment industry go from underfeeding to overfeeding their centrifuges - adding additional demand for a market that is already undersupplied.

Thirdly, and most importantly, the uranium contracting cycle has begun in earnest - an ingredient which has been missing for the past four years. With life extension being granted for US and French reactors, in addition to the return of Japanese utilities, the scramble for supply is only just beginning.

We have kept our commentary brief in this factsheet as we will be sending out our interim investor letter in the coming weeks with more detailed information.

## PERFORMANCE METRICS

From May 2013

|                                    |         |
|------------------------------------|---------|
| Annualised returns                 | 20.60%  |
| % Positive months                  | 61.98%  |
| Average monthly return             | 1.64%   |
| Average return in MSCI up months   | 1.45%   |
| 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                            | 4.03    |
| Sharpe ratio                       | 1.62    |

## THEME RETURN & EXPOSURE (JUNE 2023)



## CORRELATION TO ASSETS

|                             |       |
|-----------------------------|-------|
| Global Equity Markets       | 0.05  |
| US\$ Gold                   | -0.01 |
| Bloomberg Commodities Index | -0.02 |
| Hedge Fund L/S              | 0.02  |

## MONTHLY SUMMARY METRICS

|            |              |            |
|------------|--------------|------------|
| NET RETURN | AV GROSS EXP | AV NET EXP |
| 2.02       | 85%          | 37%        |

## 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  |       |       |       |       |       |       | -0.70  |

Past performance is not necessarily an indicator of future performance.

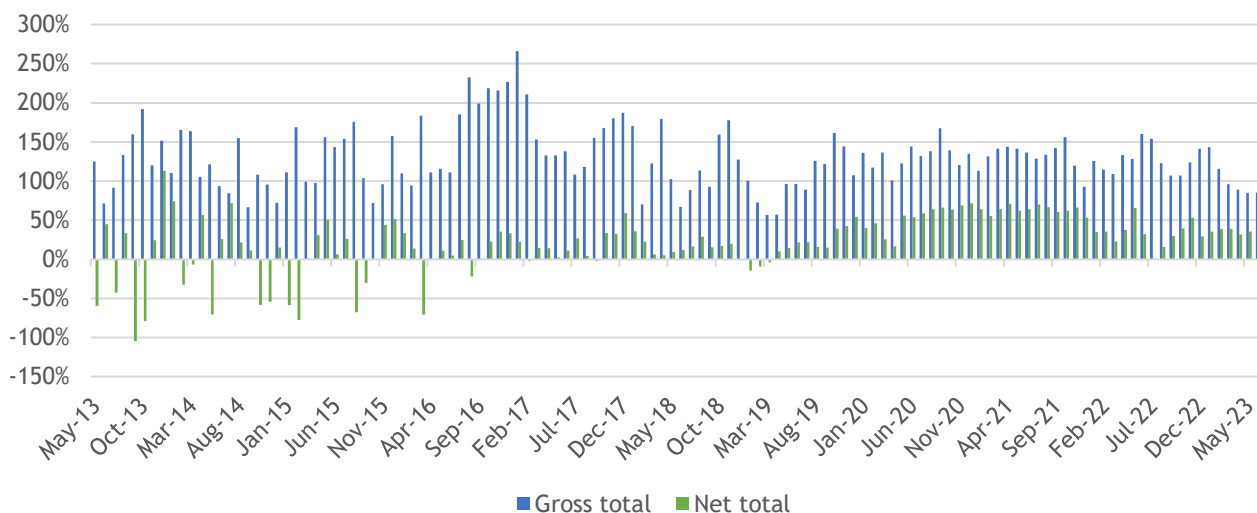
2013 - 2017 Data. Bondi Capital Investments Pty Ltd (managed account). Performance net of 0 & 25 fees. Currency AUD. Fund administered by Apex. Fund was not audited.

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<br>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<br>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).

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