

# ARNOTT OPPORTUNITIES (CAYMAN) FUND FACTSHEET

MARCH 2024

## COMMENTARY

The fund returned positive 3.67% for the month of March 2024. Net exposure averaged 28% long, while gross averaged 131%. This brings our calendar year return to positive 3.08% and since inception return to positive 20.24% p.a. net of fees.

Throughout March, key contributors to fund performance were our long *Data is the New Oil* theme and *Energy* theme, with index and derivatives being the largest detractor.

Early March saw Amazon acquire the 960 MW cumulus data centre campus from Talen Energy. On the surface this may not seem a big deal, however, if one digs a little deeper, they will discover that the data centre is set to be solely powered from Talen Energy's nuclear power reactor, at prices materially higher than current regulated electricity prices in the region. This all happened with very little focus on the understanding that a nuclear reactor power company executed a significant transaction, at a material premium to prevailing market prices, with a company (Amazon) who is likely the savviest energy purchaser in the world given the scale of their cloud business.

The opportunity for data centre operators to acquire large amounts of energy generated by nuclear power companies, shifts the nuclear renaissance into another gear, given the significant demand Artificial Intelligence is creating on data centre construction and subsequently, power demand. At a high-level, this is a positive for our *Uranium* theme, but again digging deeper, this has potential to create a new opportunity linked to the nuclear energy supply chain.

Take a company like Cameco Corporation ('CCO'), which is well known as the second largest uranium miner in the world. But, we are of the view that the nuclear fuel cycle aspect of their business is underappreciated and therefore, could drive further material share price appreciation from current levels. With their Westinghouse acquisition closing in November of 2023, CCO now has a dominant position in nuclear fuel conversion, with their Port Hope and Smithfield facilities. Through their Westinghouse business they are the OEM or technology provider for approximately half of global commercial nuclear power plants and provide services to two thirds of the world's operating fleet.

In a world with rising energy demand, we believe CCO's exposure to this trend with their downstream investments in the nuclear fuel cycle is significantly underappreciated, which should drive further share price appreciation from current levels.

In addition to CCO in the portfolio, we are leveraging our existing learnings of the nuclear fuel cycle and nuclear power generation to add companies into the portfolio that are beneficiaries of this emerging theme.

## PERFORMANCE METRICS

From May 2013

Annualised returns	20.24%
% Positive months	65.38%
Average monthly return	1.61%
Average return in MSCI up months	1.52%
Average return in MSCI down months	1.77%
Best month	13.07%
Worst month	-6.09%
Largest drawdown	-11.61%
Longest drawdown (mths)	24
Sortino	3.80
Sharpe ratio	1.61

## THEME RETURN & EXPOSURE (MARCH 2024)



## CORRELATION TO ASSETS

Global Equity Markets	0.06
US\$ Gold	0.02
Bloomberg Commodities Index	-0.02
Hedge Fund L/S	0.02

## MONTHLY SUMMARY METRICS

NET RETURN	AV GROSS EXP	AV NET EXP
3.67%	131%	28%

## 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	-1.33	0.20	-0.21	-0.95	-1.87	0.50	1.75	1.53	-1.91	-2.00	3.28	1.12	-0.04
2020	-2.03	-5.10	7.77	7.95	1.60	-1.31	3.22	4.56	-3.56	-3.90	9.33	8.24	28.38
2021	3.43	5.63	2.80	4.05	5.19	-0.48	-2.74	5.37	5.86	1.87	4.51	0.22	41.60
2022	1.61	0.17	-0.73	0.32	2.65	-1.85	-0.96	3.75	-1.79	-2.93	-0.48	2.21	1.75
2023	0.26	-2.97	-0.12	-0.77	0.99	2.39	1.12	1.03	2.37	-2.72	0.21	3.15	4.84
2024	0.97	-1.52	3.67										3.08

Past performance is not necessarily an indicator of future performance.

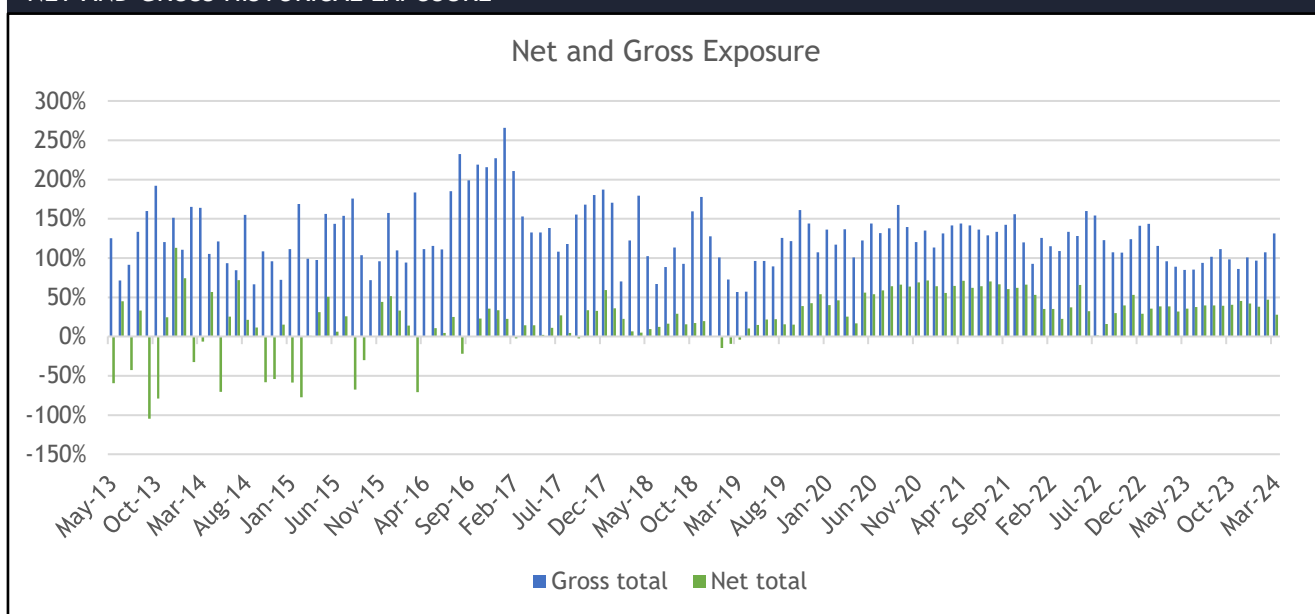
2013 - 2017 Data. Bondi Capital Investments Pty Ltd (managed account). Performance net of 0 & 25 fees. Currency AUD. Fund administered by Apex. Fund was not audited.

2018 - 2019 Data. Australian Unit trust. Performance net of 0 & 25 fees. Currency AUD. Fund administered by Apex. Fund audited by EY.

2019 - Current Data. Arnott Opportunities Fund (Cayman). Performance net of 0 & 25 fees. Currency USD. Fund administered by Apex. Fund audited by EY.

Above data and fees apply to the Arnott Opportunities (Cayman) Fund - Main Class (Founder Class). Other classes will be subjected to different fees. For a copy of the Offering Memorandum, please contact investor relations at [investor@arnott.com.au](mailto:investor@arnott.com.au).

NET AND GROSS HISTORICAL 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	USD	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	USD \$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>
* Class A (Founder Class)	0%	25%	Closed to new investors
Class C	1.5%	20%	Monthly

\* All data displayed in this document is Founder Class data. Other classes will be subjected to different fees. 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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