

COMMENTARY

The Fund returned -3.39% for the month of July 2024. Net exposure averaged 19% long, while gross exposure averaged 146%. This brings calendar year return to 1.46%. The since inception return for the Strategy* is 19.42% p.a. net of fees.

Portfolio detractors through the month of July were concentrated on the short side, with short positions in *Private Asset Managers* and *Australian Banks* moving materially against the Strategy, as the market swiftly repriced the pace of interest rate cuts likely to be seen through the back end of 2024 and 2025.

Our *Private Asset Managers* thesis centred on the view that the likelihood of a higher for longer interest rate cycle would drive downgrades through 2025 earnings, as capital recycling does not recover as fast as consensus expectations. Our thesis for this narrative is broken. Despite continued lacklustre earnings, the market is looking forward to an environment that is friendlier for capital markets and willing to bridge the earnings void, given the structural tailwinds that are arising from the democratisation of finance. We have exited this theme as we may be right on downgrades; however, it appears the market is unlikely to reward us.

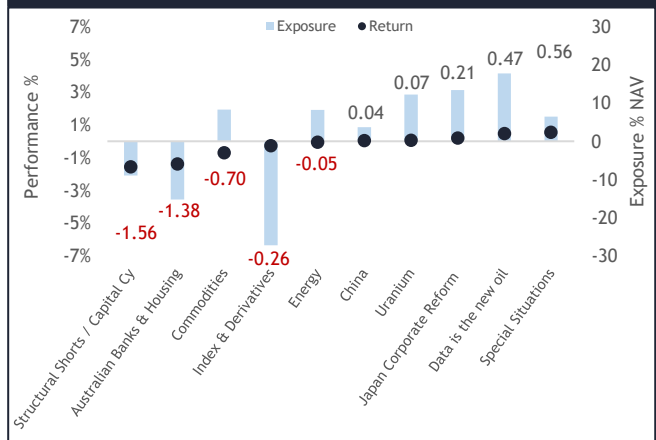
We have recently re-engaged the latter short, *Australian Banks*. The core of our thesis is not focused on the gravity and cyclical nature of markets, but on the fundamentals. Australian Banks's net interest margins have recovered after a bout of intense competition. At the margin, we are seeing this competition re-emerge, setting the stage for the next leg lower in the structural decline of the Australian Banks's net interest margins. As always, we remain pragmatic if the market seems ambivalent to this concern and will continue re-rating Australian Bank equities, we must pay respect to that and move out of the way. As was the case with *Private Asset Managers*.

STRATEGY PERFORMANCE METRICS*

From May 2013

Annualised returns	19.42%
% Positive months	64.93%
Average monthly return	1.55%
Average return in MSCI up months	1.43%
Average return in MSCI down months	1.76%
Best month	13.07%
Worst month	-6.09%
Largest drawdown	-11.61%
Longest drawdown (mths)	24
Sortino	3.66
Sharpe ratio	1.56

THEME CONTRIBUTORS TO FUND PERFORMANCE^{^*}



[^] Theme Contributors to Performance is Gross of Fees and exclusive of Cash.

CORRELATION TO ASSETS - STRATEGY*

Global Equity Markets	0.04
US\$ Gold	0.01
Bloomberg Commodities Index	-0.01
Hedge Fund L/S	0.02

MONTHLY SUMMARY METRICS - JULY 2024

NET RETURN	AV GROSS EXP	AV NET EXP
-3.39%	146%	19%

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	1.42	1.07	-0.61	-3.39						1.46

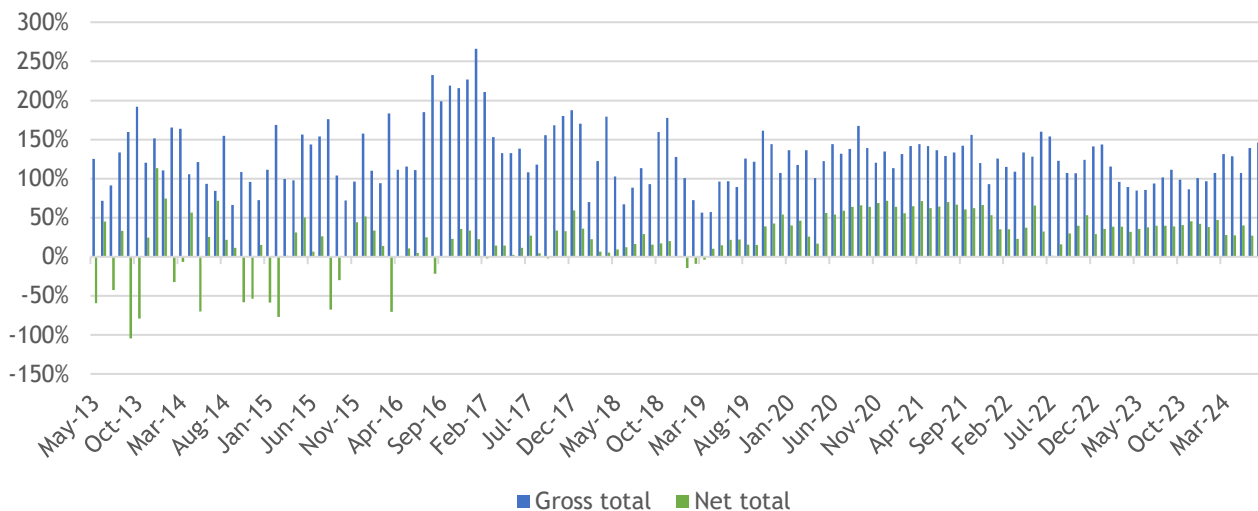
Past performance is not an indicator of future performance.

* Strategy - refers to the period from 2013 - 2017 for Bondi Capital Investments Pty Ltd ('Managed Account'), and 2018 - 2024 is for the Fund. The Managed Account was externally administered by Apex, but not externally audited. The Fund is audited by EY. Performance for the whole reported period is reported net of all fees. The currency is USD.

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 Information Memorandum, please contact investor relations at investor@arnott.com.au.

STRATEGY 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	USD	ARNOTT CAPITAL PTY LTD	AFSL License 233743 ABN 23086081889
STRATEGY INCEPTION	1999	CONTACT DETAILS	investor@arnott.com.au
MINIMUM SUBSCRIPTIONS	USD \$100,000	WITHDRAWALS	Monthly
FUND ADMINISTRATOR	Apex Group Ltd.	PRIME BROKER	Morgan Stanley International PLC
LEGAL ADVISORS	Ernst and Young	FUND AUDITOR	Ernst and Young
FEE STRUCTURE	Management Fee	Performance Fee	Subscriptions
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.

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