

COMMENTARY

The Fund returned positive 0.19% for the month of October 2024. Net exposure averaged 21% long, while gross exposure averaged 96%. This brings the calendar year return to positive 3.68% and since inception return to positive 19.18% p.a. net of fees.

Gains through the month of October were generated from long themes in Aerospace (+63 bps) and Data is the New Oil (+43 bps). Losses this month were primarily due to the long China theme (-56 bps), giving back some of the gains from the prior month.

To say the commercial aviation industry has gone through some recent turbulence would be an understatement. Within a period of less than five years, we have seen the complete shutdown of the industry, the problemed re-opening as the system could not handle the surge of activity post COVID-19 vaccinations, to now a system that is nearly operating back at 100% of pre-COVID-19.

However, we now see issues plaguing the industry that are less publicised but are at the heart of the long Aerospace theme, and that it centres on the two commercial aircraft makers, Boeing and Airbus.

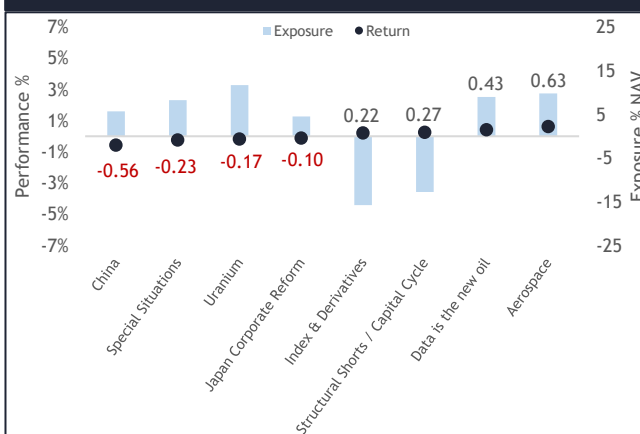
For the decade prior to COVID-19, the global commercial aviation industry was balanced with Boeing and Airbus scaling capacity to meet the growing demand of the global commercial aviation industry. However, the COVID-19 disruption and continued issues Boeing faces have thrown this balance completely off, shifting from dramatic oversupply in 2020, to a period of undersupply as Boeing and Airbus combined are delivering 30% less planes than in 2018. This is despite demand exceeding pre-COVID-19 levels in most geographies. The lack of new planes being delivered is creating an imbalance in the system as fleets age, run times diminish and servicing times increase taking capacity out of the system.

STRATEGY PERFORMANCE METRICS*

From May 2013

Annualised returns	19.18%
% Positive months	64.96%
Average monthly return	1.53%
Average return in MSCI up months	1.42%
Average return in MSCI down months	1.73%
Best month	13.07%
Worst month	-6.09%
Largest drawdown	-11.61%
Longest drawdown (mths)	24
Sortino	3.66
Sharpe ratio	1.55

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	0.00
Hedge Fund L/S	0.02

MONTHLY SUMMARY METRICS - OCTOBER 2024

NET RETURN	AV GROSS EXP	AV NET EXP
0.19%	96%	21%

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	-1.83	3.89	0.19			3.68

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.

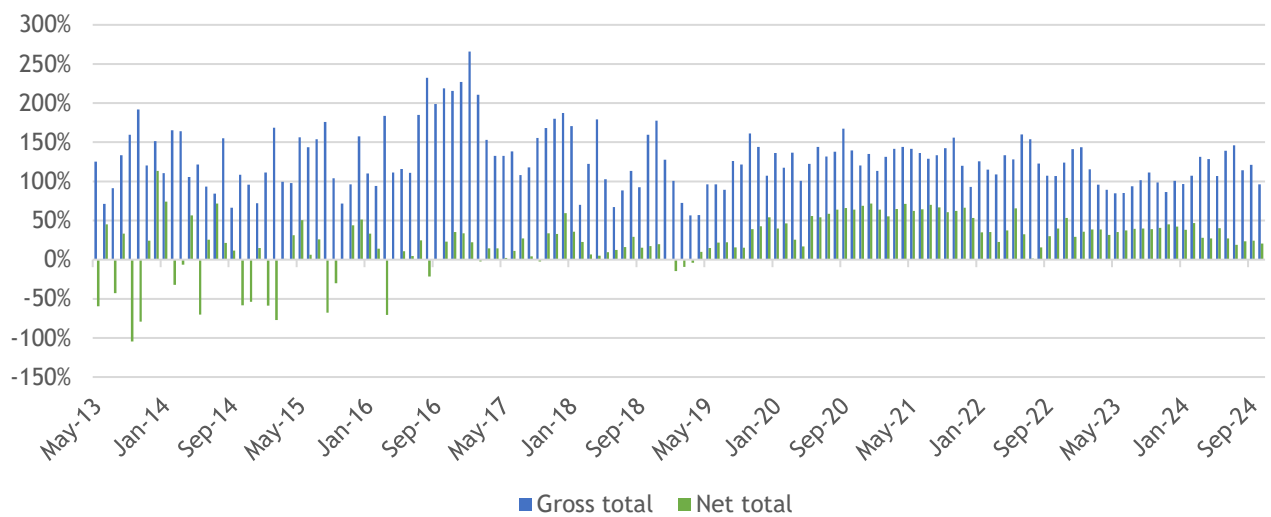
COMMENTARY CONTINUED

Without any new planes coming in to rejuvenate fleets, we are of the view that airfares are set to move higher with the opportunity for scale airline carriers, with newer technology aircrafts or queue priority for deliveries to enjoy a period of super profits.

We are acutely aware of the Buffett euphemisms on never owning airlines; however, they were predicated on an industry being easily able to dial up and down supply to quash rising prices. In every prior cycle, we had not seen COVID-19 distortions coupled with significant government oversight on a duopoly operator due to corporate maleficence in the aviation industry before. And this is where we believe the variant perception lies, supply will struggle to quell rising prices.

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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