

COMMENTARY

The Fund returned 1.09% for the month of January 2025. Net exposure averaged 33% long, while gross averaged 102%. This brings since inception return to 18.81% p.a. net of fees.

Gains through the month of January, were generated from the long themes in Aerospace (+84 bps) and Data is the New Oil (+57 bps). With losses primarily concentrated for the month from our Uranium theme (-37 bps).

Generally, the aim is to enter early with ideas. Not only do these opportunities provide considerable upside, they also typically have less downside. There are other opportunities however, that arise, that allows Arnott to achieve asymmetric returns without being at the very early stages. As an investment trend emerges, stock prices may get ahead of themselves and then disappoint. While the underlying investment trend remains intact, the share price suffers wild swings up and down. Arnott has recently initiated such a position in the incumbent GLP-1 producers.

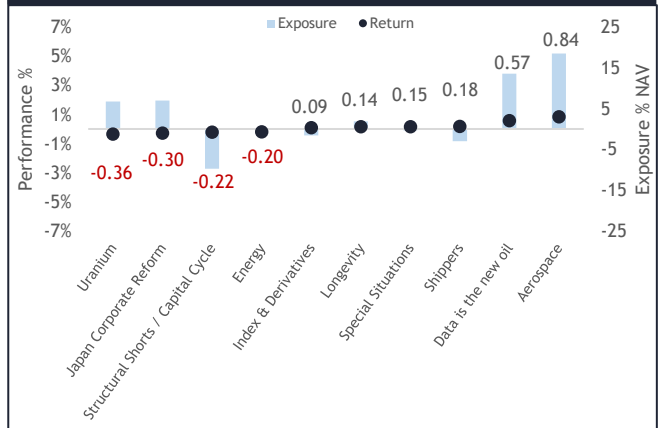
[Obesity rates in the United States](#) declined year-on-year for the first time since the turn of millennia last year (link to the research journal publications). Interestingly, this trend change comes at a point in time when glucagon like receptor drugs ('GLP-1's') have accelerated in their adoption following the blockbuster release of Wegovy in 2022. Coming from a near standing start, the GLP-1 drug category is forecast to generate greater than US\$100bn in annual sales by 2030 as GLP-1 drug adoption accelerates in the fight against obesity as well as heart disease, kidney disease, sleep apnoea and other chronic conditions currently undergoing trials for their medical benefit. With the emergence of GLP-1 drugs, Arnott believes that we are undergoing a reframing of obesity as a chronic condition rather than an aesthetic concern, reframing both societal and medical approaches to obesity.

STRATEGY PERFORMANCE METRICS*

From May 2013

Annualised returns	18.81%
% Positive months	65.00%
Average monthly return	1.51%
Average return in MSCI up months	1.40%
Average return in MSCI down months	1.70%
Best month	13.07%
Worst month	-6.09%
Largest drawdown	-11.61%
Longest drawdown (mths)	24
Sortino	3.58
Sharpe ratio	1.53

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 - JANUARY 2025

NET RETURN	AV GROSS EXP	AV NET EXP
1.09%	102%	33%

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	-0.50	0.16	3.33
2025	1.09												1.09

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

This shift in obesity trends, along with its knock-on effects, forms the foundation of our Longevity theme. These far-reaching implications have opened opportunities on both the long and short sides of the portfolio, resulting in both winners and losers.

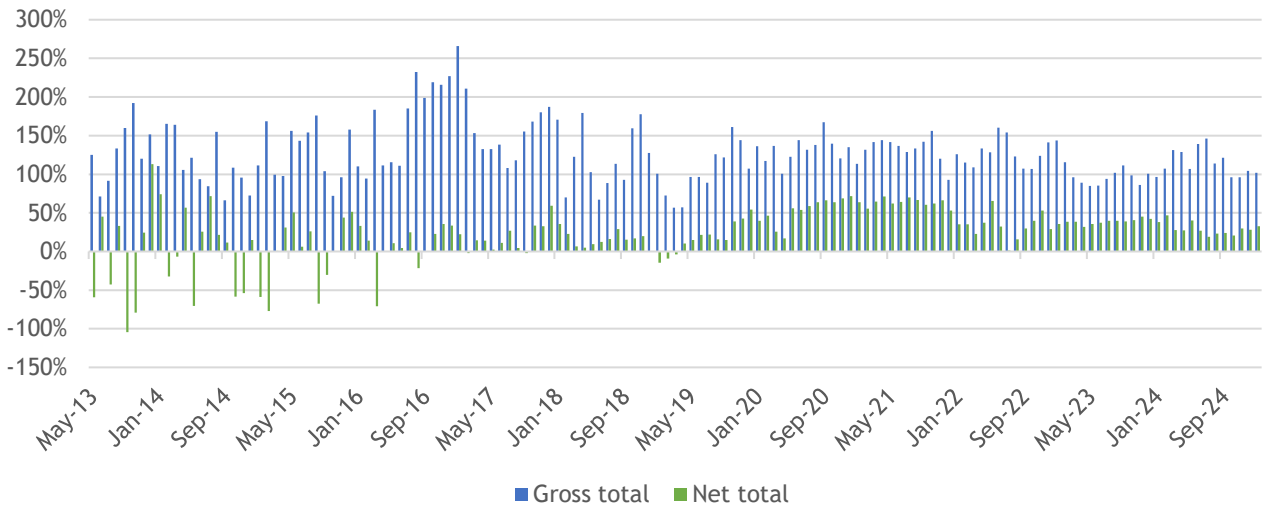
The first order winners Arnott sees is the incumbent GLP-1 drug producers Novo Nordisk and Eli Lilly, which Arnott believes will remain the two dominant players in this blockbuster drug category.

In Arnott’s view, the losers are broad reaching but the implementation at the moment has focused on companies that are most impacted from reduced caloric intake spanning industries such as snacks, beverages, alcohol and other delicacies.

Arnott believes that this is the early innings of this change and is excited about continuing to develop the pipeline of ideas deployed within this theme on both the long and short side.

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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