

ARNOTT OPPORTUNITIES (CAYMAN) FUND FACTSHEET

JANUARY 2024

COMMENTARY

The fund returned positive 0.97% for the month of January 2024. Net exposure averaged 38% long, while gross averaged 97%. This brings our calendar year return to positive 0.97% and since inception return to positive 20.36% p.a. net of fees.

Throughout January, key contributors to fund performance were our long Uranium and Japan corporate reform themes. Key detractors were our index hedges and structural short theme.

Over the last month, the theme of corporate reform accelerated in Asia. In mid-January, the Korean Government announced that they will be setting up a program to narrow the 'Korea discount' to developed markets, in a program referred to as the *Value-Up* program. Whilst limited on details at this point, the inspiration for this program appears to be rooted in the success of the corporate reform program pushed by the Japanese Government in conjunction with the Tokyo Stock Exchange. Since the Tokyo Stock Exchange released their initiatives in March 2023, we have seen a ferocious rally in Japanese equities as foreign investors looked forward to the prospect of increasing shareholder returns, enhanced corporate governance and better capital allocation decisions from corporate Japan. In Asia, corporate Japan was not an anomaly, but quite frankly, the status quo, as governance issues are rife in the region, driving a significantly higher cost of capital for corporates in the region.

Whilst we are early days in Korea with, again, limited detail, we are of the view that we may be at the beginning of a step shift in how the Asian region approaches corporate governance, which at current valuations, any narrowing of the valuation gap versus broader developed markets, will make for attractive risk adjusted returns for investors.

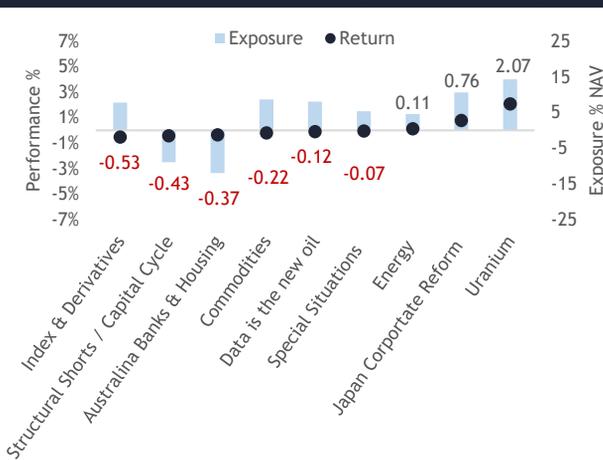
This is a trend which may fizzle out and like many of our ideas, move into the discard pile - however the opportunity set is too attractive for us to ignore.

PERFORMANCE METRICS

From May 2013

Annualised returns	20.36%
% Positive months	65.63%
Average monthly return	1.62%
Average return in MSCI up months	1.53%
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	3.79
Sharpe ratio	1.62

THEME RETURN & EXPOSURE (JANUARY 2024)



CORRELATION TO ASSETS

Global Equity Markets	0.05
US\$ Gold	0.01
Bloomberg Commodities Index	-0.02
Hedge Fund L/S	0.03

MONTHLY SUMMARY METRICS

NET RETURN	AV GROSS EXP	AV NET EXP
0.97%	97%	38%

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												0.97

Past performance is not necessarily an indicator of future performance.

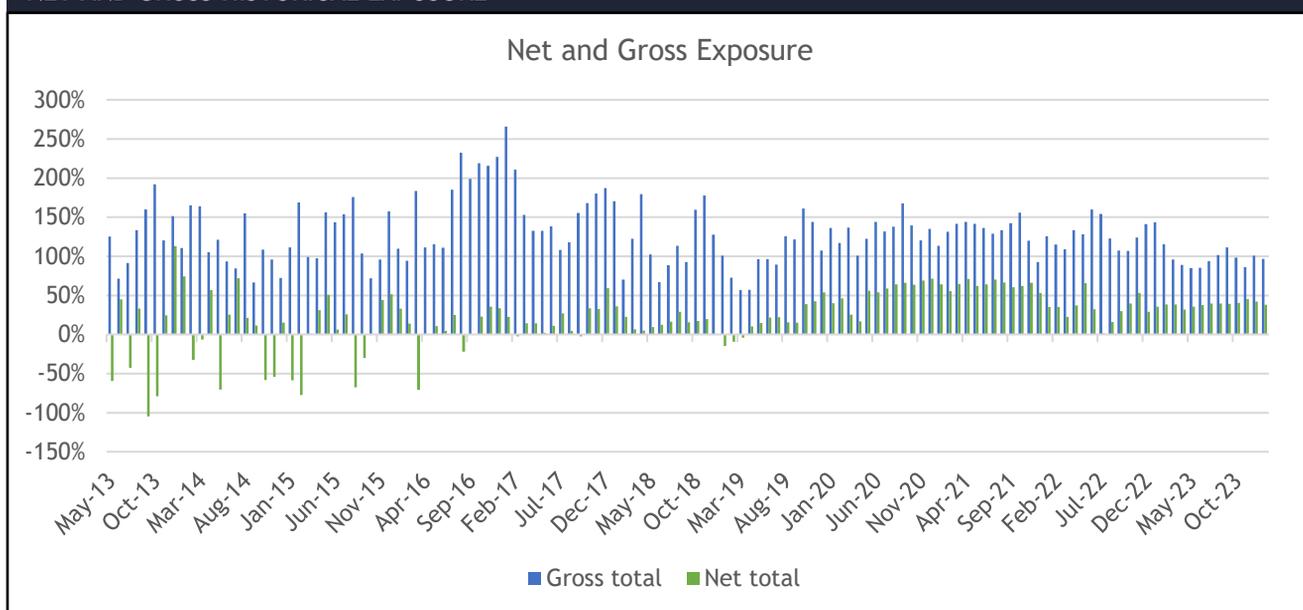
2013 - 2017 Data. Bondi Capital Investments Pty Ltd (managed account). Performance net of 0 & 25 fees. Currency AUD. Fund administered by Apex. Fund was not audited.

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.

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	investor@arnott.com.au
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	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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Additional Information for Investors in Switzerland

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