

COMMENTARY

The fund returned negative 2.72% for the month of October 2023. Net exposure averaged 40% long, while gross averaged 98%. This brings our calendar year return to positive 1.43% and since inception return to positive 20.40% p.a. net of fees.

The key detractors to performance were in our Energy and UK themes. In addition to this, we saw an unusually large ratio of losses to winners for the month. Meaning, it was a statistically unusually poor month for us. We have recently reduced some of our key short themes which have fallen significantly, including Luxury names and Battery makers.

Global equity markets face both a mix of tailwinds and headwinds. Which in turn are revealing a number of long and short thematic opportunities.

Peak interest rates, falling inflation, full employment and continued fiscal spending will support corporate profits of some sectors. Particularly those companies with exposure to onshoring and friend shoring. We are seeing some early signs of productivity growth and there are high hopes for this to continue with the advancement and rollout of AI more broadly throughout corporates globally.

On the other side, many companies are facing a number of headwinds. Higher rates are yet to take effect for many businesses. Costs are higher, so, while inflation may continue to fall, many industries face materially higher costs than only a few years ago. Where they are unable to pass this through this is real risk of margin squeeze. While employment is full there are some early signs of loosening in the employment. Should this continue, there will be some knock-on effects. There is some evidence of labour hoarding. This trend may ease. A looser labour market will lead to changing consumer spending habits.

Japan remains the last anchor for global duration. With a new Governor at the BOJ, 20+ year lows in the Yen and the likely end of the deflation era upon us, the end of NIRP, ZIRP and YCC in Japan cannot be underestimated. For a period of greater than 20 years, Japan has been the liquidity backstop for Western assets. What happens when Japanese investors can earn a yield at home? Japan is a growing area of research and portfolio exposure the us.

PERFORMANCE METRICS

From May 2013

Annualised returns	20.40%
% Positive months	64.80%
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	1.60

THEME RETURN & EXPOSURE (OCTOBER 2023)



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
-2.72%	98%	40%

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			1.43

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.

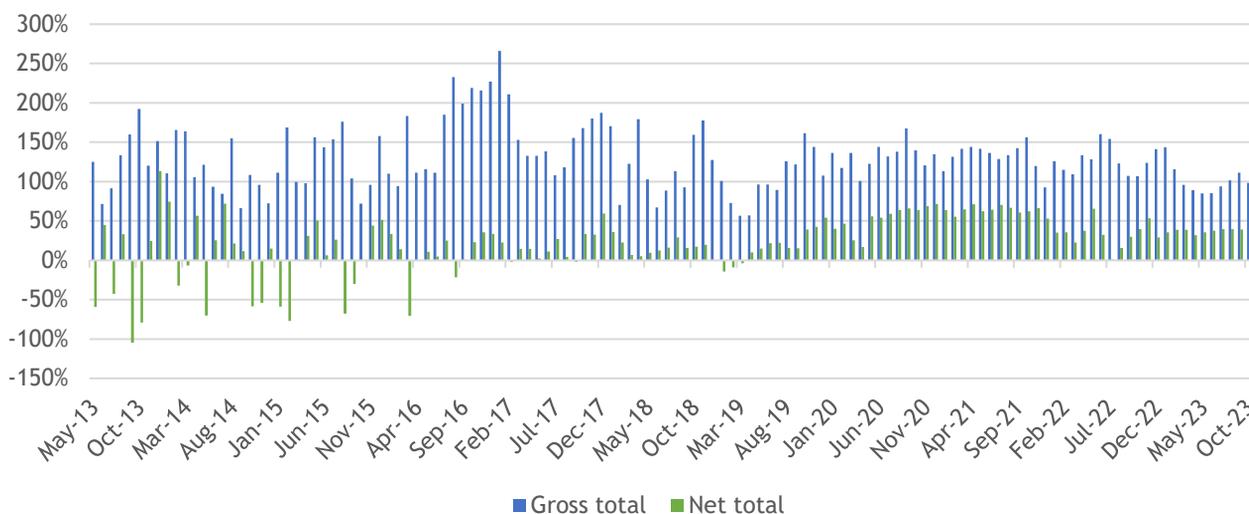
2018 - 2019 Data. Australian Unit trust. Performance net of 0 & 25 fees. Currency AUD. Fund administered by Apex. Fund audited by EY.

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

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 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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