

COMMENTARY

The fund returned positive 2.37% for the month of September 2023. Net exposure averaged 39% long, while gross averaged 111%. This brings our calendar year return to positive 4.27% and since inception return to positive 20.90% p.a. net of fees.

Key contributors to fund performance over September were long themes in Uranium and Japan, in addition to short themes focused on the luxury goods sector and the electric vehicle supply chain.

The Lollapalooza effect is a phrase that was coined by Charlie Munger to describe a situation where multiple forces or factors are moving in the same direction. Each force or factor bonds together, reinforcing one another to generate an explosive impact that yields significant results.

What we have just described is the unique opportunity we see brewing in Japan, with a confluence of factors supporting potentially outsized returns for equity investors (and more importantly for long/short investors such as ourselves, an outsized opportunity set). Japan is in a unique position to benefit from rising geopolitical tensions, as companies seek to diversify supply chains. Japanese corporates are beginning to embrace Western business practices - driving higher profitability and returns on equity. The Tokyo Stock Exchange is aggressively moving ahead with corporate governance initiatives to align Japanese corporate returns, to those in North America and Europe. The return of inflation is buoying domestic Japanese consumers, emboldening demands from wage rises as labour markets in Japan have reached their limit, due to structural demographic issues. The continuation of accommodative monetary policy is supporting corporate profitability given the high proportion of exporting firms ... quite frankly, the list goes on.

The investment landscape we are evolving into, is one that looks to be drastically different from the past and a lot of the factors which have changed are incredibly supportive for corporate Japan. Whilst our exposure to date has been focused on the Low Price to Book theme we have had on since April 23, we are beginning to see an ever-increasing opportunity set to take advantage of the tailwinds emerging in this market.

As always, our research may bear no investable opportunities, but the opportunity set we are now starting to see emerge cannot be ignored.

PERFORMANCE METRICS

From May 2013

Annualised returns	20.90%
% Positive months	65.32%
Average monthly return	1.66%
Average return in MSCI up months	1.53%
Average return in MSCI down months	1.87%
Best month	13.07%
Worst month	-6.09%
Largest drawdown	-11.61%
Longest drawdown (mths)	24
Sortino	3.85
Sharpe ratio	1.65

THEME RETURN & EXPOSURE (SEPTEMBER 2023)



CORRELATION TO ASSETS

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

MONTHLY SUMMARY METRICS

NET RETURN	AV GROSS EXP	AV NET EXP
2.37%	111%	39%

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				4.27

Past performance is not necessarily an indicator of future performance.

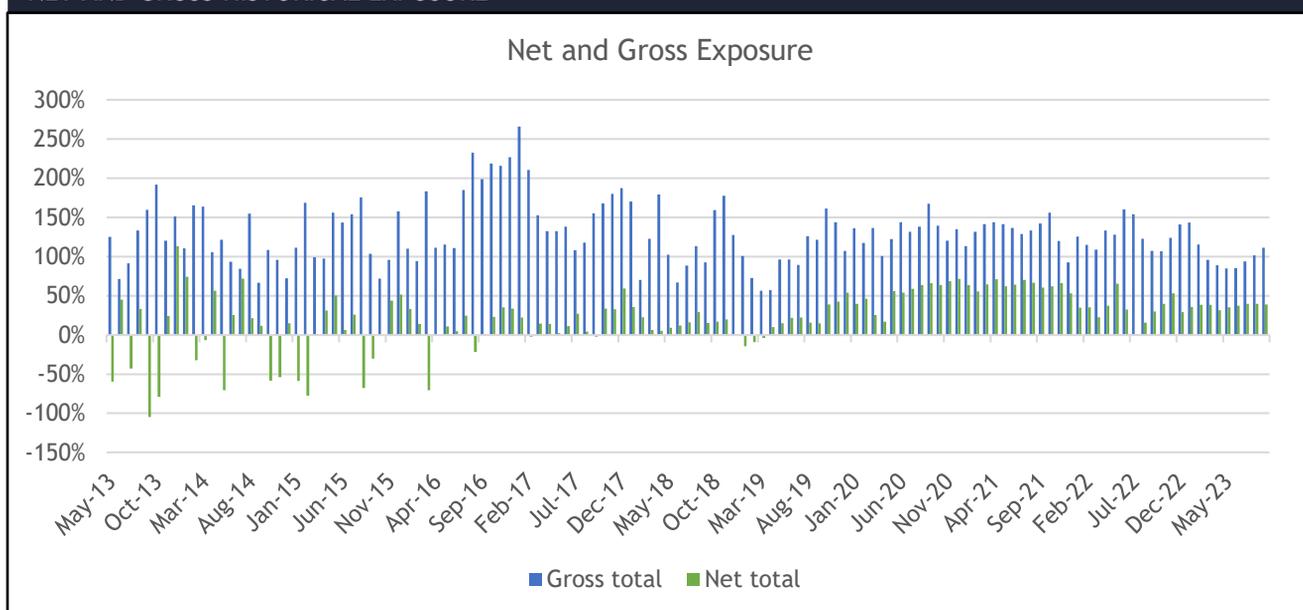
2013 - 2017 Data. Bondi Capital Investments Pty Ltd (managed account). Performance net of 0 & 25 fees. Currency AUD. Fund administered by Apex. Fund was not audited.

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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