

COMMENTARY

The fund returned positive 3.75% for the month of August 2022. Net exposure averaged 16% long, while gross averaged 123%. This brings our Calendar Year Return to positive 4.94% and since inception return to positive 23.47% p.a. net of fees.

Since 2019, we have been invested in the Uranium thematic. Our core perspective is that the end of the prolonged Uranium bear market is nearing, with demand significantly outstripping supply in the intermediate term. As part of our process, we constantly stress test our investment thesis and try to look at investment themes through a fresh set of eyes. Put simply if we had no position today, would we deploy fresh capital into this idea. With this in mind, we thought it would be instructive to update you, our fellow investors, on current thinking for our Uranium thesis and give reason why we still have extremely high conviction.

A nuclear energy renaissance is afoot, as the once shunned energy source now serves to decarbonise economies' energy supply chains. Nuclear Energy has multiple extremely attractive attributes - 24/7 availability, a small land footprint, low operating costs, and zero emissions that positions it as a growing source of energy. After more than a decade in the doldrums, these enviable attributes of nuclear energy are now being acknowledged by western policy makers, in response to the continuing energy crisis.

The most important of these western nations being Japan.

Back in 2011, in the wake of the Fukushima disaster, it was Japan that signed the death knell for the Nuclear Energy industry and started the Uranium bear market. In a recent policy pivot, Japan has not only decided to extend the life of existing reactors in operation but also restart as many as 17 idled nuclear power plants by next summer and invest in next generation reactors. The significance of this cannot be understated and is symbolic of the changing winds of fortune for uranium, bolstering demand into an already undersupplied market. *Page 2 continued.*

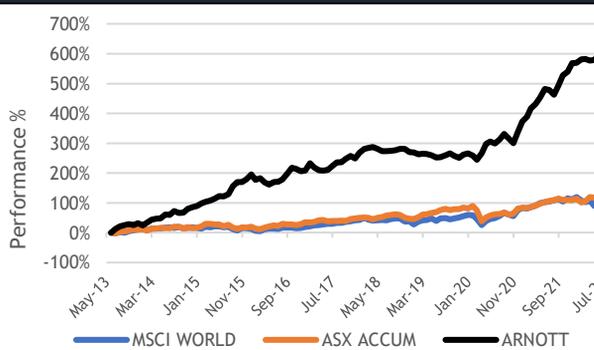
PERFORMANCE METRICS

	From May 2013	
	Arnott	MSCI
Annualised returns	23.47%	6.47%
% Positive months	66.67%	63.06%
Average monthly return	1.84%	0.61%
Avg return in MSCI up months	1.69%	2.99%
Avg return in MSCI down months	2.09%	-3.46%
Best month	13.07%	12.66%
Worst month	-6.09%	-13.47%
Largest drawdown	-11.61%	-21.44%
Longest drawdown (mths)	24	20
Sortino	4.20	0.63
Sharpe ratio	1.79	0.45

CORRELATION TO ASSETS (2013 to Current)

MSCI Index	0.06
US Government Bond Index	-0.05
US\$ Gold	0.02
Bloomberg Commodities Index	-0.04
Hedge Fund L/S	0.01

CUMULATIVE FUND PERFORMANCE (2013-current)



MONTHLY SUMMARY METRICS

NET RETURN	AV GROSS EXP	AV NET EXP
3.75%	123%	16%

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					4.94

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

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

2019 - Current Data. Arnott Opportunities Fund (Cayman). Performance net of 0 & 25 fees. Currency USD. Fund administered by Mainstream. Fund audited by EY.

COMMENTARY CONTINUED

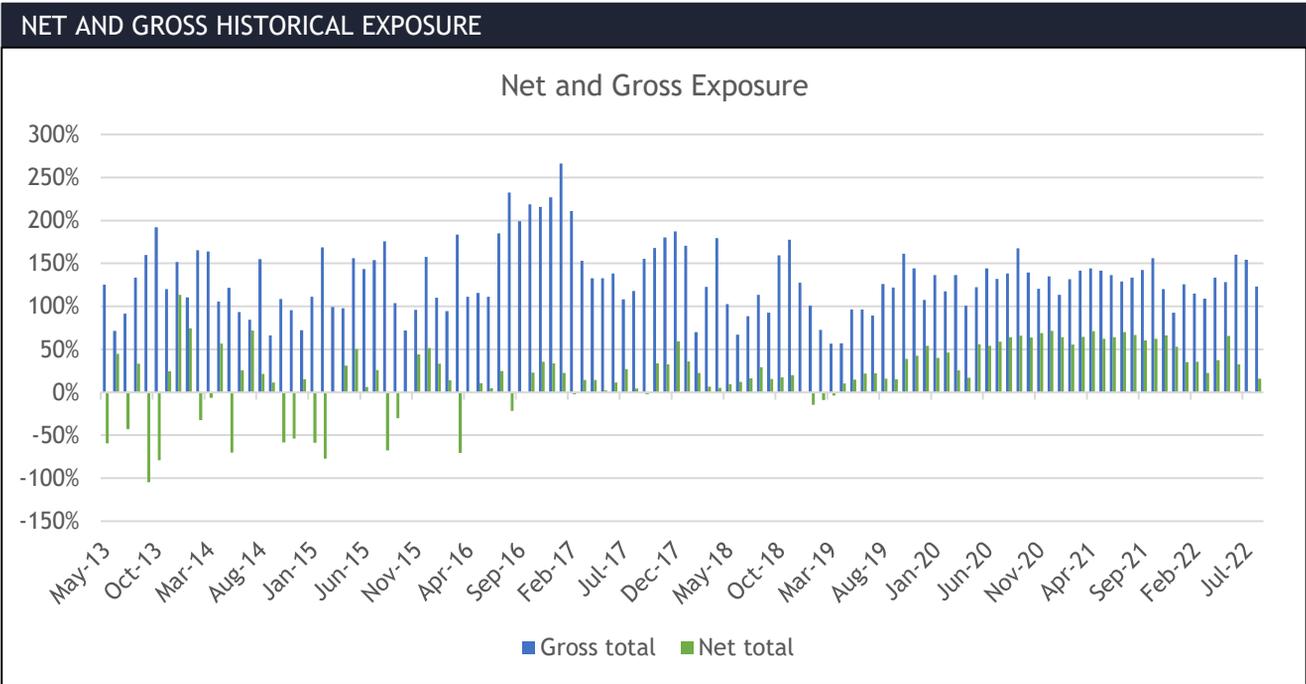
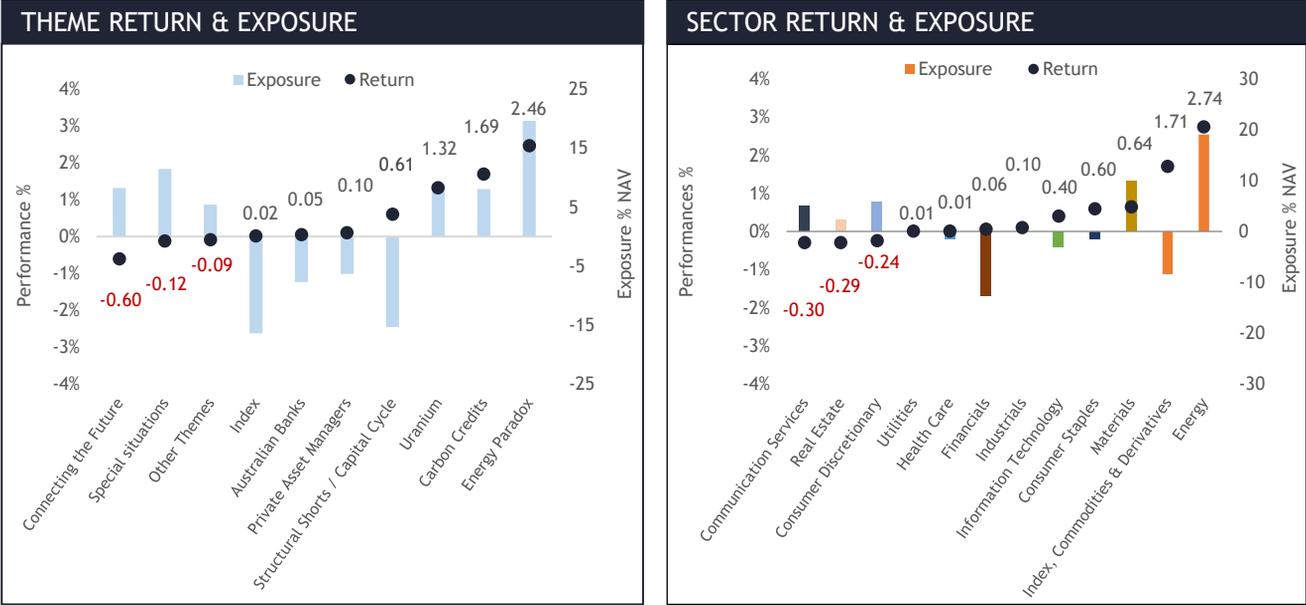
The near-term demand outlook for Uranium is going from strength to strength as significant positive developments are coming from western economies, which had previously shunned nuclear energy:

- The UK, Netherlands and France are all embarking on either new nuclear build outs or life extensions;
- The recently passed Inflation Reduction Act of 2022 in the United States has multiple positive for Nuclear Power in the United States with tax credits for existing producers and incentives for the advancement of Nuclear Energy; and
- Small Modular Reactors continue to accelerate forward with plans in the UK and Canada for deployment.

Uranium demand is outpacing production, causing a primary-supply-deficit of up to 65 million pounds this year, and estimated to continue expanding, with uranium demand forecast to grow by 150% by 2040, according to the latest Nuclear Fuel Report from the World Nuclear Association.

Uranium prices have increased by over 50% over the past 12 months. At US\$50 p/lb, uranium is still below the incentive cost to bring online new capacity. Mining companies have no incentive, nor the economic ability (especially given the current state of capital markets) to bring on new production below US\$60 - \$70 a pound.

With demand increasing, spot prices still trading below the industry incentive price and supply becoming increasingly uncertain. Barring a left tail event, we struggle to see how spot uranium prices would not continue their ascent higher in the coming months, with little to no downside, with market currently in a primary deficit and spot prices still trading well below incentive prices to bring online new production.



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	CIO KENNY ARNOTT	kma@arnott.com.au
MINIMUM SUBSCRIPTIONS	USD \$100,000	CONTACT DETAILS	investor@arnott.com.au
WITHDRAWALS	Monthly	PRIME BROKER	Morgan Stanley International PLC J.P. Morgan Securities PLC
PERFORMANCE FEE	20%	FUND ADMINISTRATOR	Apex Group Ltd.
MANAGEMENT FEE	1.5%	FUND AUDITOR	Ernst and Young
SUBSCRIPTIONS	Monthly	LEGAL ADVISORS	Ernst and Young

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