

COMMENTARY

The fund returned positive 3.43% for the month. Net exposure averaged 64% long, while gross averaged 113%.

The single largest contributor to fund performance over January was our position in Bingo Industries ('BIN'). BIN rallied +33% through the month as the company received a non-binding indicative proposal from a consortium of investors including Macquarie Infrastructure and Real Assets. The re-emergence of private equity suitors is a trend we believe is only in its infancy and is set to accelerate through 2021.

As global mobility was largely halted through 2020, so too was most Private Equity deal making. Now as we enter 2021 Private Equity 'dry powder' is sitting at record levels, well in excess of US\$1 trillion. At the same time global interest rates are sitting at record low levels, reducing the hurdle rate for this class of investor to acquire companies.

Companies with a future promise of success have been all the rage through 2020 and early 2021, leaving 'boring old-world' companies that produce cash flows from real assets in their wake. However, as we have seen in recent months, private markets are filling this void and acting as the rational buyers of these companies. As such, we are currently spending a vast majority of our research time identifying these businesses that are asset rich, cash flow positive and have been left behind by equity markets due to a perceived notion that being profitable is now 'uncool'.

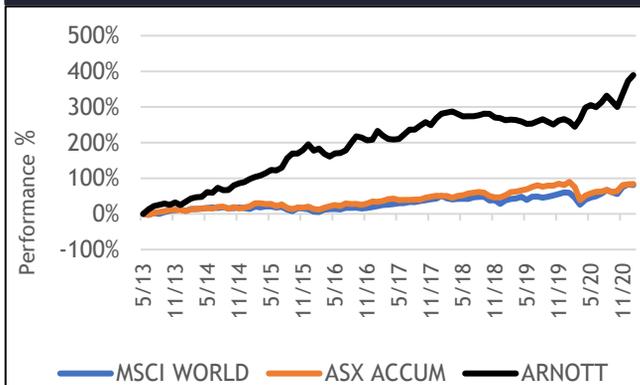
PERFORMANCE METRICS

	From May 2013	
	Arnott	MSCI
Annualised returns	23.02%	8.04%
% Positive months	65.22%	64.13%
Average monthly return	1.82%	0.73%
Avg return in MSCI up months	1.67%	2.92%
Avg return in MSCI down months	2.09%	-3.21%
Best month	13.07%	12.66%
Worst month	-6.09%	-13.47%
Largest drawdown	-11.61%	-21.44%
Longest drawdown (mths)	24	20
Sortino	3.91	0.76
Sharpe ratio	1.73	0.57

CORRELATION TO ASSETS (2013 to Current)

MSCI Index	0.06
US Government Bond Index	-0.03
US\$ Gold	0.03
Bloomberg Commodities Index	-0.08
Hedge Fund L/S	0.13

CUMULATIVE FUND PERFORMANCE (2013-current)



MONTHLY SUMMARY METRICS

NET RETURN	AV GROSS EXP	AV NET EXP
3.43%	113%	64%

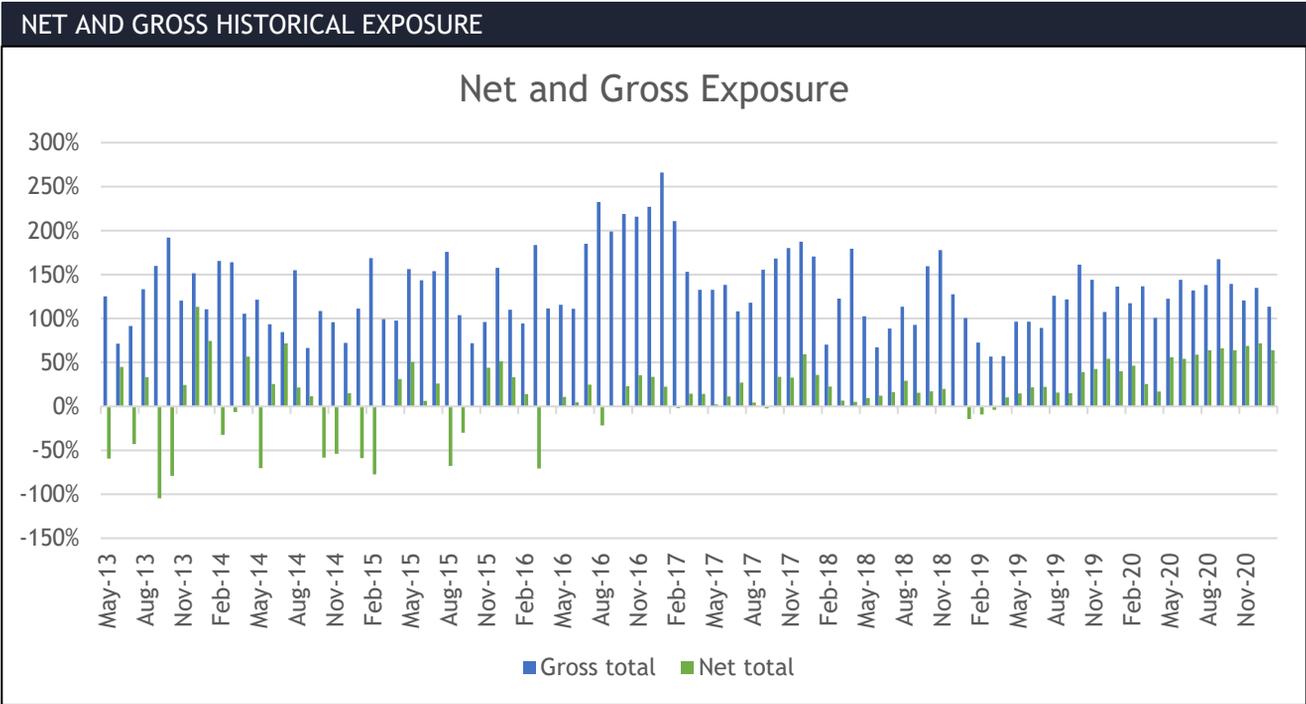
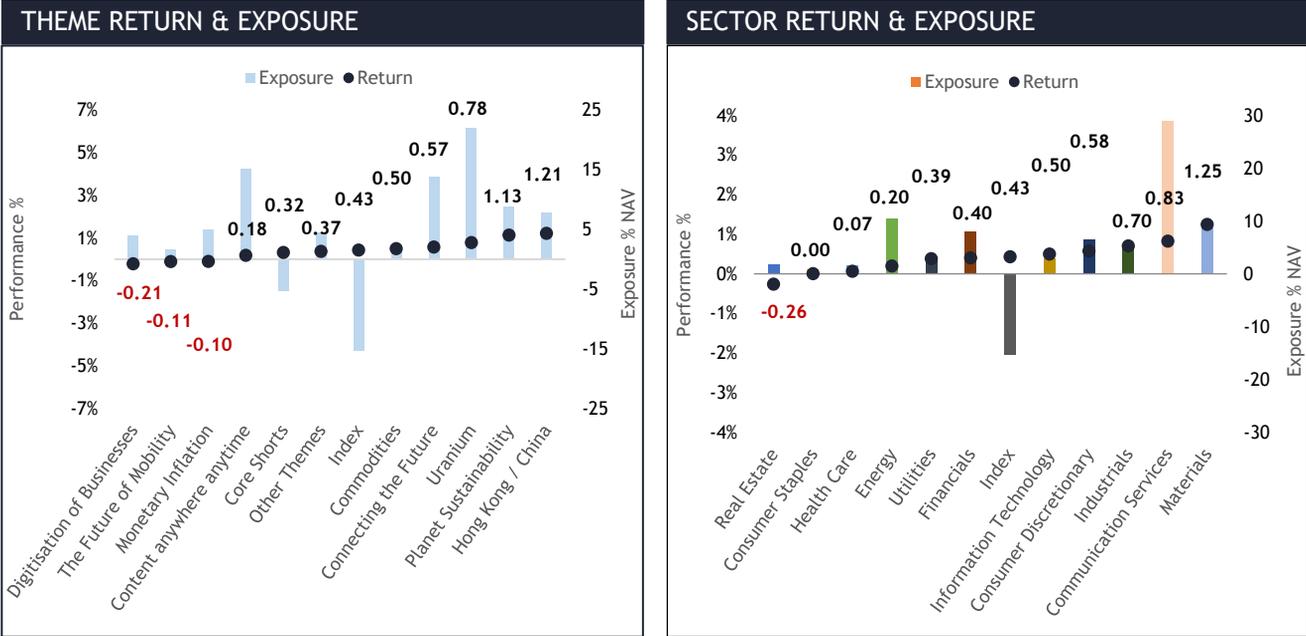
STRATEGY HISTORICAL PERFORMANCE (%)

	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												3.43

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.



STRATEGY SUMMARY

Our Investment Approach:

1. Find asymmetric themes
2. Invest in the best stocks within those themes
3. Focus on macro drivers for risks and opportunities
4. To generate an asymmetric return profile

The strategy is global long/short equity with a variable delta bias. The portfolio will typically contain 40 to 70 positions. The fund focuses on identifying underinvested global investment themes through extensive macroeconomic research and then utilises a bottom up fundamental process to identify the highest quality securities within an investment theme to deliver Asymmetric returns for investors.

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
PERFORMANCE FEE	20%	FUND ADMINISTRATOR	Mainstream
MANAGEMENT FEE	1.5%	FUND AUDITOR	Ernst and Young
SUBSCRIPTIONS	Monthly	LEGAL ADVISORS	Ernst and Young

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