

Arnott Opportunities Trust

ARSN 685 377 940

Annual report

for the year ended 30 June 2026

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These financial statements cover Arnott Opportunities Trust as an individual entity.

The Responsible Entity of Arnott Opportunities Trust is Channel Investment Management Limited (ABN 22 163 234 240, AFSL 439007). The Responsible Entity's registered office is Level 19, 1 Eagle Street, Brisbane, QLD 4000.

Directors' report

The directors of Channel Investment Management Limited (ABN 22 163 234 240, AFSL 439007), the Responsible Entity of Arnott Opportunities Trust, present their report together with the financial statements of Arnott Opportunities Trust (the "Fund") for the year ended 30 June 2026.

Principal activities

The Fund was established on 14 July 2017. The Fund operated as an unregistered managed investment scheme until 27 March 2025. Effective 27 March 2025, the fund was registered as a managed investment scheme with the Australian Securities and Investment Commission.

The Responsible Entity of the Fund is Channel Investment Management Limited (the "Responsible Entity").

The Responsible Entity has appointed Arnott Capital Pty Ltd as the Investment Manager of the Fund (the "Investment Manager").

The Fund pursues an absolute return strategy with an equity bias, targeting positive annual returns through thematic opportunities. It gains exposure through investments in: (1) listed equities; (2) derivatives linked to global equity indices, commodities, fixed income instruments and currencies; (3) fixed income securities; (4) unlisted equity securities; and (5) hybrid securities.

The Fund did not have any employees during the year.

There were no significant changes in the nature of the Fund's activities during the year.

Directors

The following persons held office as Directors of Channel Investment Management Limited during or since the year and up to the date of this report:

Glen Holding	Executive Director
Sandra Birkensleigh	Non-Executive Chair
Bede King	Non-Executive Director
Karen Prentis	Non-Executive Director

Review and results of operations

During the year, the Fund continued to invest in accordance with target asset allocations as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

The performance of the Fund, as represented by the results of its operations, was as follows:

	Year ended 30 June 2026	Year ended 30 June 2025
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	6,691	189
Founder Class		
Distribution payable (\$'000)	12	909
Distribution (cents per unit)	0.03	3.42
Post July 2020 Class		
Distribution payable (\$'000)	6	370
Distribution (cents per unit)	0.03	1.19
Main		
Distribution payable (\$'000)	4	498
Distribution (cents per unit)	0.03	3.47
Class D		
Distribution payable (\$'000)	17	1,032
Distribution (cents per unit)	0.03	1.98
Class E		
Distribution payable (\$'000)	1	99
Distribution (cents per unit)	0.03	3.67

Directors' report

Significant changes in state of affairs

In the opinion of the Directors of the Responsible Entity, there were no significant changes in the state of affairs of the Fund that occurred during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect:

- (i) the operations of the Fund in future financial years;
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Fund in future financial years.

Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Fund in regard to the insurance cover provided to either the officers of the Responsible Entity or the auditors of the Fund. So long as the officers of Channel Investment Management Limited act in accordance with the Fund's Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

The auditors of the Fund are in no way indemnified out of the assets of the Fund.

Fees paid to and interests held in the Fund by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of Fund property during the year are disclosed in Note 13 of the financial statements.

No fees were paid out of Fund property to the Directors of the Responsible Entity during the year.

There were no interest in the Fund held by the Responsible Entity or its associates at the end of the financial year.

Interests in the Fund

The movement in units on issue in the Fund during the year is disclosed in Note 9 to the financial statements.

The value of the Fund's assets and liabilities is disclosed on the statement of financial position and derived using the basis set out in Note 2 to the financial statements.

Environmental regulation

The operations of the Fund are not subject to any particular or significant environmental regulations under Commonwealth, State or Territory law.

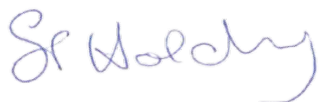
Rounding of amounts to the nearest thousand dollars

The Fund is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183* and in accordance with that instrument, amounts in the financial statements and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of the Directors of Channel Investment Management Limited, the Responsible Entity.



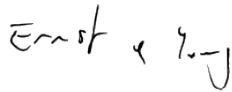
Glen Holding
Director
Channel Investment Management Limited

Brisbane
16 September 2026

Auditor's independence declaration to the directors of Channel Investment Management Limited as the Responsible Entity for Arnott Opportunities Trust

As lead auditor for the audit of the financial report of Arnott Opportunities Trust for the financial year ended 30 June 2026, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.



Ernst & Young



Rohit Khanna
Partner
16 September 2026

Arnott Opportunities Trust
Statement of comprehensive income
for the year ended 30 June 2026

Statement of comprehensive income

		Year ended 30 June 2026 \$'000	Year ended 30 June 2025 \$'000
	Notes		
Investment income			
Interest income from financial assets at amortised cost		2,264	2,038
Dividend income		5,141	7,318
Net gains/(losses) on financial instruments at fair value through profit or loss	5	9,216	(1,469)
Other income		6	19
Total net investment income		16,627	7,906
Expenses			
Dividend expense on short sold securities		1,821	1,489
Interest expense		2,595	2,723
Management fees	13	1,362	1,845
Performance fees	13	3,382	364
Professional fees		4	83
Other expenses		772	1,213
Total operating expenses		9,936	7,717
Operating profit before finance costs attributable to unitholders		6,691	189
Finance costs attributable to unitholders			
Distributions to unitholders	10	(40)	(2,908)
(Increase)/decrease in net assets attributable to unitholders	9	(6,651)	2,719
Profit/(loss) for the year		-	-
Other comprehensive income		-	-
Total comprehensive income for the year		-	-

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

	Notes	As at 30 June 2026 \$'000	As at 30 June 2025 \$'000
Assets			
Cash and cash equivalents	11(b)	82,165	54,314
Receivables		778	537
Due from brokers - receivable for securities sold		2,554	7,222
Financial assets at fair value through profit or loss	6	136,932	152,123
Total assets		222,429	214,196
Liabilities			
Payables		1,259	1,770
Distributions payable	10	40	2,908
Due to brokers - payable for securities purchased		8,632	3,121
Subscription received in advance		29	45
Financial liabilities at fair value through profit or loss	7	67,110	63,607
Total liabilities (excluding net assets attributable to unitholders)		77,070	71,451
Net assets attributable to unitholders - liability		145,359	142,745

The above statement of financial position should be read in conjunction with the accompanying notes.

Arnott Opportunities Trust
Statement of changes in equity
For the year ended 30 June 2026

Statement of changes in equity

	Year ended 30 June 2026 \$'000	Year ended 30 June 2025 \$'000
Total equity at the beginning of the year	-	-
Comprehensive income for the year		
Profit/(loss) for the year	-	-
Other comprehensive income	-	-
Total comprehensive income for the year	<u>-</u>	<u>-</u>
Transactions with unitholders in their capacity as unitholders	-	-
Total equity at the end of the year	<u>-</u>	<u>-</u>

Under Australian Accounting Standards, the net asset attributable to unitholders of the Fund are classified as a liability rather than equity. As a result, there was no equity at the beginning or end of the year. Movements in net assets attributable to unitholders are recognised in the statements of comprehensive income as finance costs attributable to unitholders. Refer to Note 9 for further details.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Arnott Opportunities Trust
Statement of cash flows
For the year ended 30 June 2026

Statement of cash flows

		Year ended 30 June 2026 \$'000	Year ended 30 June 2025 \$'000
	Notes		
Cash flows from operating activities			
Payment for purchase of financial instruments at fair value through profit or loss		(655,659)	(815,158)
Proceeds from sale of financial instruments at fair value through profit or loss		692,655	866,983
Dividends received		5,042	4,540
Interest received from financial assets at amortised cost		2,126	2,052
Other income received		3	65
Net foreign exchange gain/(loss)		(109)	44
Performance fees paid		(3,746)	(338)
Management fees paid		(1,371)	(1,834)
Dividend expense paid on short sold securities		(1,727)	(1,636)
Interest expense paid		(2,590)	(2,726)
Professional fees paid		(4)	(114)
Other expenses paid		(883)	(1,113)
Net cash inflow from operating activities	11(a)	<u>33,737</u>	<u>50,765</u>
Cash flows from financing activities			
Proceeds from applications by unitholders		45,626	32,519
Payments for redemptions by unitholders		(50,871)	(75,518)
Distributions paid to unitholders		(1,844)	(2,603)
Net cash inflow/(outflow) from financing activities		<u>(7,089)</u>	<u>(45,602)</u>
Net increase in cash and cash equivalents		26,648	5,163
Cash and cash equivalents at the beginning of the year		54,314	57,927
Effects of foreign currency exchange rate changes on cash and cash equivalents		<u>1,203</u>	<u>(8,776)</u>
Cash and cash equivalents at the end of the year	11(b)	<u>82,165</u>	<u>54,314</u>
Non-cash operating and financing activities	11(c)	1,064	4,314

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

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1 General information

These financial statements cover Arnott Opportunities Trust (the "Fund") as an individual entity. The Fund was established on 14 July 2017. The Fund operated as an unregistered managed investment scheme until 27 March 2025. Effective 27 March 2025, the Fund was registered as a managed investment scheme with the Australian Securities and Investment Commission.

The Responsible Entity of the Fund is Channel Investment Management Limited (the "Responsible Entity"). The Responsible Entity's registered office is Level 19, 1 Eagle Street, Brisbane, QLD 4000.

The Responsible Entity has appointed Arnott Capital Pty Ltd as the Investment Manager of the Fund (the "Investment Manager").

The financial statements were authorised for issue by the Directors of the Responsible Entity on 16 September 2026. The Directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of material accounting policies

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001* in Australia. The Fund is for-profit fund for the purpose of preparing the financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders.

The Fund manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at balance date.

In the case of net assets attributable to unitholders, the units are redeemed on demand at the unitholder's option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

(i) Compliance with IFRS Accounting Standards

The financial statements of the Fund also comply with IFRS Accounting Standards as issued by the International Accounting Standards Board.

(ii) New and amended standards adopted for the first time

There are no new standards or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2025 that have a material impact on the amounts recognised in prior years or will affect the current or future years.

(iii) Accounting standards, amendments and interpretations issued but not yet effective

A number of new standards, amendments and interpretations have been issued which are effective for annual reporting periods beginning after 1 July 2026, and have not been early adopted by the Fund. With the exception of the below, none of these are expected to have a material impact on the financial statements of the Fund.

AASB 18 Presentation and Disclosure in Financial Statements ("AASB 18")

AASB 18 was issued in June 2024 and will replace AASB 101 *Presentation of Financial Statements*. The new standard introduces new requirements for the statement of comprehensive income, including:

- new categories for the classification of income and expenses into operating, investing, and financing categories; and
- presentation of subtotals for "operating profit" and "profit before financing and income taxes"

Additional disclosure requirements are introduced for management-defined performance measures and new principles for aggregation and disaggregation of information in the notes and primary financial statements, as well as the presentation of interest and dividends in the statements of cash flows.

2 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

(iii) *Accounting standards, amendments and interpretations issued but not yet effective (continued)*

The new standard is effective for annual reporting periods beginning on or after 1 January 2027, and will apply to the Fund for the first time in the financial year ending 30 June 2028.

This new standard is not expected to have an impact on the recognition and measurement of assets, liabilities, income or expenses, however there will likely be changes in how the statements of comprehensive income and statements of financial position line items are presented, as well as some additional disclosures in the notes to the financial statements. The Responsible Entity is in the process of assessing the impact of the new standard.

(iv) *Investment entity*

The Fund meets the definition of "investment entity" as per AASB 10 *Consolidated Financial Statements* as the following criteria are met:

- The Fund obtains and manages funds for the purpose of providing investors of the Fund with investment management services;
- The Fund has committed to its investors that its business purpose is to invest funds solely for return from capital appreciation and investment income; and
- The Fund measures and evaluates the performance of their investments on a fair value basis. As such, the Fund does not consolidate any entities.

As such, the Fund does not consolidate any entity.

(b) Financial instruments

(i) *Classification*

- Financial assets

The Fund classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss; and
- those to be measured at amortised cost.

The Fund classifies its financial assets based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

The Fund's portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

For equity securities and derivatives, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss.

For cash and cash equivalents and receivables, these assets are held in order to collect the contractual cash flows. The contractual terms of these assets give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. Consequently, these are measured at amortised cost.

- Financial liabilities

The Fund makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are held for trading and are consequently classified as financial liabilities at fair value through profit or loss.

Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

For financial liabilities that are not classified and measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost (due to brokers, distributions payable, subscription received in advance and payables).

(ii) *Recognition/derecognition*

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Financial assets are derecognised when the right to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liabilities are discharged, cancelled or expired.

2 Summary of material accounting policies (continued)

(b) Financial instruments (continued)

(iii) Measurement

At initial recognition, the Fund measures financial assets and financial liabilities at their fair value. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income in the period in which they arise. Dividend expenses on short sales of securities, which have been classified at fair value through profit or loss, are presented as a separate line on the statement of comprehensive income.

For financial assets and financial liabilities at amortised cost, they are initially measured at fair value including directly attributable costs and are subsequently measured according to their classification.

(iv) Impairment

At each reporting date, the Fund shall measure the loss allowance on financial assets at amortised cost (cash, due from broker and receivables) at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counter party, probability that the counter party will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that the asset is credit impaired. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the net carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

The expected credit loss ("ECL") approach is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expect to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The amount of the impairment loss is recognised in the statements of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(v) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. At the end of the reporting period, there are no financial assets or liabilities offset in the statement of financial position.

(c) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The gain or loss on remeasurement to fair value is recognised in the statement of comprehensive income. The Fund does not apply hedge accounting.

(d) Net assets attributable to unitholders

Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders.

The units are carried at the redemption amount that is payable at the reporting date if the holder exercises the right to put the units back to the Fund. This amount represents the expected cash flows on redemption of these units.

Units are classified as equity when they satisfy the following criteria under AASB 132 *Financial Instruments: Presentation* :

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Fund liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Fund, and is not a contract settled in the Fund own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

As this is a multi-class fund, units are classified as financial liabilities as they do not meet the equity requirements in accordance with AASB 132 *Financial Instruments: Presentation*.

2 Summary of material accounting policies (continued)

(e) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Fund's main income generating activity.

(f) Margin accounts

Margin accounts comprise cash held as collateral for derivative transactions. The cash is held by the broker and is only available to meet margin calls.

(g) Investment income

Interest income is recognised in profit or loss for all financial statements at amortised cost using the effective interest method. Interest income on assets at fair value through profit or loss is included in the net gains/(losses) on financial instruments. Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2(b) to the financial statements.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense. The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the statement of comprehensive income.

Trust distributions are recognised on an entitlements basis.

(h) Expenses

All expenses, including Responsible Entity's fees and custodian fees, are recognised in the statement of comprehensive income on an accrual

(i) Income tax

Under current legislation, the Fund is not liable to pay income tax since the Responsible Entity elected the AMIT regime and intends that unitholders will be attributed income of the Fund.

(j) Distributions

The Fund may distribute its distributable income, in accordance with the Fund's Constitution, to unitholders by cash or reinvestment. The units in the Fund are classified as a liability in accordance with AASB 132 *Financial Instruments - Presentation*, thus, the Fund distributions to unitholders are recognised in the statement of comprehensive income as a finance cost attributable to unitholders.

(k) Increase/decrease in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in profit or loss as finance costs attributable to unitholders.

(l) Foreign currency

(i) Functional and presentation currency

Items in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the 'functional currency'). This is the Australian dollar, which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian dollar is also the Fund's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the statement of comprehensive income on a net basis within net gains/(losses) on financial instruments at fair value through profit or loss.

2 Summary of material accounting policies (continued)

(m) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. Trades are recorded on trade date, and for equities normally settled within three business days. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker. Indicators that the amount due from brokers is impaired include significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation and default in payments. These amounts are initially recognised at fair value and subsequently measured at amortised cost.

(n) Receivables

Receivables may include amounts for dividends and interest. Dividends are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in Note 2(e) above. Amounts are generally received within 30 days of being recorded as receivables.

(o) Payables

Payables include liabilities and accrued expenses owed by the Fund, which are unpaid as at the end of the reporting period.

As the Fund has a contractual obligation to distribute its distributable income, a separate distribution payable is recognised in the statement of financial position as at the end of each reporting period where this amount remains unpaid as at the end of the reporting period.

(p) Applications and redemptions

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

(q) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as custodial services have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of 55% or 75%; hence custodial fees and other expenses have been recognised in profit or loss net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the balance sheet. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

(r) Use of estimates and judgements

The Fund make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over-the-counter derivatives or unquoted securities, are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Responsible Entity, independent of the area that created them.

Valuation techniques use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain other financial instruments, including receivables, amounts due from/to brokers and payables, the carrying amounts approximate fair value due to the short-term nature of these financial instruments.

(s) Rounding of amounts

The Fund is entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183* and in accordance with that instrument, amounts in the financial statement and Directors' report have been rounded off to the nearest thousand dollars unless otherwise stated.

(t) Comparative revisions

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period.

3 Financial risk management

The Fund's activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk, and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance. The general risk factors set out in the Information Memorandum apply to the Fund and risks specific to this Fund are set out below. These risks do not purport to be an exhaustive or complete explanation of all the risks associated with an investment in the Fund.

All securities investments present a risk of loss of capital. The maximum loss of capital on long equity and debt securities is limited to the fair value of those positions. On equities sold short, the maximum loss of capital can be unlimited. The maximum loss of capital on long futures and forward currency contracts is limited to the notional contract values of those positions.

The management of these risks is carried out by the Investment Manager under policies approved by the Board of Directors of the Responsible Entity (the "Board"). The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, the use of derivative financial instruments and non-derivative financial instruments and the investment of excess liquidity.

The Fund uses different methods to measure different types of risk to which it is exposed. These methods are explained below.

The Fund's overall market positions are monitored on a periodic basis, at least monthly, by the Fund's Investment Manager. Compliance with the Fund's investment guideline is also monitored on an ongoing basis by the Investment Manager.

Throughout the period, the Fund invested in equity swaps, options, convertible note, equity securities and exchange traded funds. In undertaking equity swaps, the Fund does not have an interest in the underlying securities, however the swap positions provides the Fund with exposure to the movement in the underlying holding.

These contracts are traded through a broker. The Fund provides the broker a certain amount of "margin" for each trade and the broker provides the "loan to value" (LVR) component. These contracts are reset on a notes basis and at that date, cash will be moved from or to the Fund. This cash movement will be based on the realised gain/loss of the underlying securities within the swap, and dividend income or expenses, any interest income or expense, and commissions that must be paid.

(a) Market risk

(i) Price risk

The Fund is exposed to equity securities and derivative price risk. This arises from investments held by the Fund for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates.

The Responsible Entity mitigates price risk through diversification and a careful selection of securities and other financial instruments within specified limits set by the Board.

At 30 June 2026 and 30 June 2025, the fair value of equities and related derivatives exposed to price risk were as follows:

	As at 30 June 2026	As at 30 June 2025
	Fair value \$'000	Fair value \$'000
Financial assets at fair value through profit or loss		
Australian equity securities	112,206	108,742
Foreign equity securities	24,514	43,337
Forward contract currency	5	-
Foreign futures contracts	207	44
Total financial assets at fair value through profit or loss	<u>136,932</u>	<u>152,123</u>
Financial liabilities at fair value through profit or loss		
Australian equity securities	48,789	25,273
Foreign equity securities	17,754	38,334
Forward contract currency	10	-
Foreign currency derivatives	557	-
Total financial liabilities at fair value through profit or loss	<u>67,110</u>	<u>63,607</u>

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Price risk (continued)

The table at Note 3(b) summarises the sensitivities of the Fund's assets and liabilities to price risk. The analysis is based on the reasonably possible shift that the investment portfolio in which the Fund invests move by +/- 10% (2025: +/-10%).

For investments in international assets, a rise in the Australian dollar relative to other currencies, may negatively impact investment values and returns. The Fund will have exposure to fluctuations in currency exchange rates where it invests directly or indirectly in securities denominated in currencies other than Australian dollars. This will apply directly to foreign securities listed on any foreign public securities exchanges and, indirectly, to Australian Stock Exchange (ASX) securities and Cboe Australia listed securities that conduct their primary economic activities in countries other than Australia.

(ii) Foreign exchange risk

Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Fund has assets and liabilities denominated in currencies other than the Australian dollar, the Fund's functional and presentation currency. The Fund is therefore exposed to foreign exchange risk as the value of the monetary and non-monetary assets and liabilities denominated in other currencies fluctuate due to exchange rates.

No more than 10% of net asset value will be invested in securities denominated in a currency other than Australian dollar without being fully hedged - whether that be through matching long and short positions denominated in the same currency or buying currency swaps.

The table below summarises in Australian dollars the Fund's financial assets and liabilities, monetary and non-monetary, which are denominated in a currency other than the Australian dollar.

30 June 2026	GBP British Pound \$'000	JPY Japanese Yen \$'000	USD US Dollar \$'000	CAD Canadian Dollar \$'000	EUR Euro \$'000	All other foreign currencies \$'000
Monetary						
Cash and cash equivalents	(234)	10,168	(5,095)	(205)	6	(11,724)
Receivables	149	12	77	-	-	19
Due from brokers - receivable for securities sold	629	-	1,488	2	309	2
Due to brokers - payable for securities purchased	(1,549)	-	(3,387)	(358)	(22)	(2,427)
Payables	-	(11)	(10)	-	-	(24)
Total monetary	(1,005)	10,169	(6,927)	(561)	293	(14,154)
Non-monetary						
Financial assets at fair value through profit or loss	-	6,745	6,711	-	-	11,280
Financial liabilities at fair value through profit or loss	-	(17,030)	(1,291)	-	-	-
Total non-monetary	-	(10,285)	5,420	-	-	11,280
Net exposure before forward currency contracts	(1,005)	(116)	(1,507)	(561)	293	(2,874)
Net exposure from the forward currency contracts	-	(6)	5	-	-	(4)
Net exposure after forward currency contracts	(1,005)	(122)	(1,502)	(561)	293	(2,878)

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

	GBP British Pound \$'000	JPY Japanese Yen \$'000	USD US Dollar \$'000	CAD Canadian Dollar \$'000	EUR Euro \$'000	All other foreign currencies \$'000
30 June 2025						
Monetary						
Cash and cash equivalents	2,050	(284)	(108)	481	618	(2,915)
Receivables	88	-	-	1	1	45
Due from brokers - receivable for securities sold	1,381	2,987	-	1,420	747	-
Due to brokers - payable for securities purchased	-	-	-	-	-	(385)
Payables	-	(67)	(21)	-	-	(11)
Total monetary	3,519	2,636	(129)	1,902	1,366	(3,266)
Non-monetary						
Financial assets at fair value through profit or loss	44	13,311	20,567	5,928	-	3,531
Financial liabilities at fair value through profit or loss	-	(13,486)	(24,849)	-	-	-
Total non-monetary	44	(175)	(4,282)	5,928	-	3,531
Net exposure from forward currency contracts	3,563	2,461	(4,411)	7,830	1,366	265
Net exposure from forward currency contracts	-	-	-	-	-	-
Net exposure after forward currency contracts	3,563	2,461	(4,411)	7,830	1,366	265

The table at Note 3(d) summarises the sensitivities of the Fund's monetary assets and liabilities to foreign exchange risk. The analysis is based on the reasonable possible shift that the Australian dollar weakened and strengthened by 10% (2025: 10%) against the material foreign currencies to which the Fund is exposed.

(iii) Interest rate risk

The Fund's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The Fund's main interest rate exposure arises from its cash and cash equivalents.

The table below summarises the Fund's exposure to interest rate risk at the end of the year.

	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
As at 30 June 2026				
Financial assets				
Cash and cash equivalents	82,165	-	-	82,165
Receivables	-	-	778	778
Due from brokers - receivable for securities sold	-	-	2,554	2,554
Financial assets at fair value through profit or loss	-	-	136,932	136,932
Total financial assets	82,165	-	140,264	222,429
Financial liabilities				
Payables	-	-	1,259	1,259
Distributions payable	-	-	40	40
Due to brokers - payable for securities purchased	-	-	8,632	8,632
Subscription received in advance	-	-	29	29
Financial liabilities at fair value through profit or loss	-	-	67,110	67,110
Total financial liabilities	-	-	77,070	77,070
Net exposure	82,165	-	63,194	145,359

3 Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
As at 30 June 2025				
Financial Assets				
Cash and cash equivalents	54,314	-	-	54,314
Receivables	-	-	537	537
Due from brokers - receivable for securities sold	-	-	7,222	7,222
Financial assets at fair value through profit or loss	-	-	152,123	152,123
Total Financial Assets	54,314	-	159,882	214,196
Financial Liabilities				
Distributions payable	-	-	2,908	2,908
Payables	-	-	1,770	1,770
Due to brokers - payable for securities purchased	-	-	3,121	3,121
Subscription received in advance	-	-	45	45
Financial liabilities at fair value through profit or loss	-	-	63,607	63,607
Total Financial Liabilities	-	-	71,451	71,451
Net exposure	54,314	-	88,431	142,745

The table at Note 3(b) summarises the impact of an increase/decrease in interest rates on the Fund's operating profit/(loss) and net assets attributable to unitholders through changes in fair value or changes in future cash flows. The analysis is based on the assumption that the interest rates changed by +/- 100 basis points ("bps") (2025: +/- 100 basis points) from the year end rates with all other variables held constant.

(b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit/(loss) and net assets attributable to unitholders to market risks. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in the historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variances in the risk variables.

Impact on operating profit/(loss) / net assets attributable to unitholders							
	Price risk		Foreign exchange risk				
	+10%	-10%	+10%	-10%	+10%	-10%	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
As at 30 June 2026	6,982	(6,982)	(101)	101	(12)	12	
As at 30 June 2025	8,852	(8,852)	356	(356)	246	(246)	
	USD		CAD				
	+10%	-10%	+10%	-10%	+10%	-10%	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
As at 30 June 2026	(150)	150	(56)	56	29	(29)	
As at 30 June 2025	(441)	441	783	(783)	137	(137)	
	All other foreign currencies		Interest rate risk				
	+10%	-10%	+100 bps	-100 bps			
	\$'000	\$'000	\$'000	\$'000			
As at 30 June 2026	(288)	288	822	(822)			
As at 30 June 2025	27	(27)	543	(543)			

3 Financial risk management (continued)

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk primarily arises from cash and cash equivalents. The Fund is also exposed to counterparty credit risk on futures contracts, amounts due from brokers and other receivables.

For this reason, the Fund engages with counterparties believed to exhibit suitable creditworthiness at the time of execution. In addition, such transactions are appropriately documented; this may include provision for credit protection measures.

(i) Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is low as deposits are held with financial institutions with a minimum credit rating of A- as determined by Standard and Poor's.

(ii) Settlement of securities transactions

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment. Payment is made once purchase on the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

(iii) Maximum exposure to credit risk

The maximum exposure to credit risk before any credit enhancements at the end of each reporting period is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

(d) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Effective 28 March 2025, the Fund offered daily redemption of redeemable units. To manage liquidity risk, the Fund primarily invested in assets traded in active markets that could be readily realised, with only a limited portion of the portfolio invested in assets that were not listed or actively traded on an exchange.

The majority of the Fund's listed securities are considered readily realisable, as they are listed on the ASX and Cboe Australia.

In order to manage the Fund's overall liquidity, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unitholders.

(i) Maturity of non-derivative financial liabilities

The table below analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Net assets attributable to unitholders has been included below as units are redeemed on demand at the unitholder's option. However, the Responsible Entity does not envisage that the contractual maturity disclosed in the table below will be representative of the actual cash outflows, as holders of these units typically retain them for the medium to long term.

	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	Total \$'000
30 June 2026				
Payables	1,259	-	-	1,259
Distributions payable	40	-	-	40
Due to brokers - payable for securities purchased	8,632	-	-	8,632
Subscription received in advance	29	-	-	29
Financial liabilities at fair value through profit or loss	66,543	-	-	66,543
Net assets attributable to unitholders - liability	145,359	-	-	145,359
Contractual cash flows (excluding derivatives)	221,862	-	-	221,862
30 June 2025				
Payables	1,770	-	-	1,770
Distribution payables	2,908	-	-	2,908
Due to brokers - payable for securities purchased	3,121	-	-	3,121
Subscription received in advance	45	-	-	45
Financial liabilities at fair value through profit or loss	63,607	-	-	63,607
Net assets attributable to unitholders - liability	142,745	-	-	142,745
Contractual cash flows (excluding derivatives)	214,196	-	-	214,196

At 30 June 2026, there was cash collateral of \$51,000 (2025: \$163,000) held by Morgan Stanley & Co. International Plc to support performance swaps entered into by the Fund. This amount is included in cash and cash equivalents within the statement of financial position.

3 Financial risk management (continued)

(d) Liquidity risk (continued)

(ii) *Maturities of net settled derivative financial instruments*

The table below analyses the Fund's net settled derivative financial instruments based on their contractual maturity. The Fund may, at its discretion, settle financial instruments prior to their original contractual settlement date, in accordance with its investment strategy, where permitted by the terms and conditions of the relevant instruments.

	Less than 1 month \$'000	1 to 6 months \$'000	6 to 12 months \$'000	Over 12 months \$'000	Total \$'000
As at 30 June 2026					
Forward contract currency	10	-	-	-	10
Foreign futures contracts	557	-	-	-	557
Total net settled derivatives	567	-	-	-	567

There were no derivative financial instruments for the year ended 30 June 2025.

4 Fair value measurement

The Fund measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets / liabilities at fair value through profit or loss (FVTPL)

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(i) *Fair value in an active market (Level 1)*

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The Fund values its investments in accordance with the accounting policies set out in Note 2 to the financial statements. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

(ii) *Fair value in an inactive or unquoted market (Level 2 and Level 3)*

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

4 Fair value measurement (continued)

(ii) Fair value in an inactive or unquoted market (Level 2 and Level 3) (continued)

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

(a) Recognised fair value measurements

The tables below detail financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
At 30 June 2026				
Financial assets				
Financial assets at fair value through profit or loss				
Australian equity securities	110,964	-	1,242	112,206
Foreign equity securities	24,514	-	-	24,514
Forward contract currency	-	5	-	5
Foreign futures contracts	-	207	-	207
Total financial assets at fair value through profit or loss	135,478	212	1,242	136,932

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
At 30 June 2026				
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Australian equity securities	48,789	-	-	48,789
Foreign equity securities	17,754	-	-	17,754
Forward contract currency	-	10	-	10
Foreign futures contracts	-	557	-	557
Total financial liabilities at fair value through profit or loss	66,543	567	-	67,110

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
At 30 June 2025				
Financial assets				
Financial assets at fair value through profit or loss				
Australian equity securities	107,500	-	1,242	108,742
Foreign equity securities	43,337	-	-	43,337
Foreign futures contracts	-	44	-	44
Total financial assets at fair value through profit or loss	150,837	44	1,242	152,123
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Australian equity securities	25,273	-	-	25,273
Foreign equity securities	38,334	-	-	38,334
Total financial liabilities at fair value through profit or loss	63,607	-	-	63,607

Management's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels in the fair value hierarchy at the end of the reporting period.

(b) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the movement in level 3 financial assets during the reporting period:

	Year ended 30 June 2026 \$'000	Year ended 30 June 2025 \$'000
Movements in Level 3 assets		
Opening balance	1,242	1,612
Net change in unrealised gains at fair value through profit or loss	-	(370)
Closing balance	1,242	1,242

4 Fair value measurement (continued)

(c) Basis for determining fair value (level 3)

Level 3 financial assets consist of an equity investment in Australian private company which is not actively traded. In absence of readily observable market values, the Responsible Entity determined the fair value of the unlisted equity using the latest share price reported by the investment manager of the investee company, along with consideration whether significant events or circumstances have occurred since last valuation date which would likely to result in a material change in the fair value of the investment.

(d) Level 3 fair value measurements unobservable input and sensitivity analysis

Particulars of Level 3 investment including valuation technique is provided below:

Type of investment	Fair value \$'000	Valuation Technique	Unobservable input	Range	Sensitivity
30 June 2026					
Unlisted equity	1,242	Recent transaction method	Share price	\$10.65	Increase/(decrease) in share price of 10% would increase/(decrease) fair value by \$124,200.
30 June 2025					
Unlisted equity	1,242	Recent transaction method	Share price	\$10.65	Increase/(decrease) in share price of 10% would increase/(decrease) fair value by \$124,200.

5 Net gains/(losses) on financial instruments at fair value through profit or loss

	Year ended 30 June 2026 \$'000	Year ended 30 June 2025 \$'000
Financial assets at fair value through profit or loss		
Net realised gains/(losses) on financial assets at fair value through profit or loss	18,713	985
Net unrealised gains/(losses) on financial assets at fair value through profit or loss	(1,835)	4,796
Net gains/(losses) on financial assets at fair value through profit or loss	16,878	5,781
Financial liabilities at fair value through profit or loss		
Net realised gains/(losses) on financial liabilities at fair value through profit or loss	(7,712)	(6,528)
Net unrealised gains/(losses) on financial liabilities at fair value through profit or loss	50	(722)
Net gains/(losses) on financial liabilities at fair value through profit or loss	(7,662)	(7,250)
Total net gains/(losses) on financial instruments at fair value through profit or loss	9,216	(1,469)

6 Financial assets at fair value through profit or loss

	Year ended 30 June 2026 \$'000	Year ended 30 June 2025 \$'000
Financial assets at fair value through profit or loss		
Australian equity securities	112,206	108,742
Foreign equity securities	24,514	43,337
Forward contract currency	5	44
Foreign futures contracts	207	-
Total financial assets at fair value through profit or loss	136,932	152,123

An overview of the risk exposures and fair value measurements relating to financial assets at fair value through profit or loss is included in Note 3 and Note 4 to the financial statements.

7 Financial liabilities at fair value through profit or loss

	Year ended 30 June 2026 \$'000	Year ended 30 June 2025 \$'000
Financial liabilities at fair value through profit or loss		
Australian equity securities	48,789	25,273
Foreign equity securities	17,754	38,334
Forward contract currency	10	-
Foreign futures contracts	557	-
Total financial liabilities at fair value through profit or loss	67,110	63,607
Total financial instruments at fair value through profit or loss	69,822	88,516

An overview of the risk exposures and fair value measurements relating to financial liabilities at fair value through profit or loss is included in Note 3 and Note 4 to the financial statements.

8 Derivative financial instruments

In the normal course of business, the Fund enters into transactions in various derivative financial instruments which have certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include many different instruments such as forwards, futures and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Fund's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Fund against a fluctuation in market values, foreign exchange risk or to reduce volatility;
- a substitution for trading of physical securities; and
- adjusting asset exposures within the parameters set in the investment strategy and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

The Fund holds the following derivatives:

(a) Foreign currency forward contracts

Forward currency contracts are primarily used by the Fund to economically hedge against foreign currency exchange rate risks on its non-Australian dollar denominated trading securities. The Fund agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Forward currency contracts are valued at the prevailing bid price at the end of each reporting period. The Fund recognises a gain or loss equal to the change in fair value at the end of each reporting period.

The Fund's derivative financial instruments measured at fair value at year end are detailed below:

	Contractual/ notional \$'000	Assets \$'000	Contractual/ notional \$'000	Liabilities \$'000
As at 30 June 2026				
Forward contract currency	700	5	1,000	10
Foreign futures contracts	-	207	-	557
Total derivatives	700	212	1,000	567

	Contractual/ notional \$'000	Assets \$'000	Contractual/ notional \$'000	Liabilities \$'000
As at 30 June 2025				
Foreign futures contracts	-	44	-	-
Total derivatives	-	44	-	-

9 Net assets attributable to unitholders

Movements in the net assets attributable to unitholders during the year were as follows:

	Year ended 30 June 2026		Year ended 30 June 2025	
	Units '000	Amount \$'000	Units '000	Amount \$'000
Class A - Main				
Opening balance	14,317	17,822	21,128	26,090
Applications	-	-	1	1
Redemptions	(2,552)	(3,163)	(7,442)	(8,713)
Units issued upon reinvestment of distribution	352	415	630	751
Increase/(decrease) in net assets attributable to unitholders	-	661	-	(307)
Closing balance	12,117	15,735	14,317	17,822
Class B - Post July 2020 Class				
Opening balance	31,216	32,226	57,525	60,936
Applications	-	-	3	3
Redemptions	(12,307)	(14,056)	(26,580)	(28,344)
Units issued upon reinvestment of distribution	143	159	268	299
Increase/(decrease) in net assets attributable to unitholders	-	1,039	-	(668)
Closing balance	19,052	19,368	31,216	32,226
Class C - Founder Class				
Opening balance	26,560	32,414	33,691	41,089
Applications	15,730	20,060	-	-
Redemptions	(6,660)	(7,838)	(7,640)	(8,705)
Units issued upon reinvestment of distribution	341	397	509	599
Increase/(decrease) in net assets attributable to unitholders	-	1,962	-	(569)
Closing balance	35,971	46,995	26,560	32,414
Class D				
Opening balance	52,173	57,749	52,367	58,782
Applications	22,507	25,582	26,553	28,712
Redemptions	(22,323)	(25,310)	(26,747)	(28,628)
Units issued upon reinvestment of distribution	10	11	-	-
Increase/(decrease) in net assets attributable to unitholders	-	2,857	-	(1,117)
Closing balance	52,367	60,889	52,173	57,749
Class E				
Opening balance	2,714	2,535	-	-
Applications	-	-	4,784	4,649
Redemptions	(375)	(377)	(2,070)	(2,056)
Units issued upon reinvestment of distribution	83	82	-	-
Increase/(decrease) in net assets attributable to unitholders	-	132	-	(58)
Closing balance	2,422	2,372	2,714	2,535
Total				
Opening balance	126,980	142,746	164,711	186,896
Applications	38,237	45,642	31,341	33,365
Redemptions	(44,217)	(50,744)	(70,479)	(76,446)
Units issued upon reinvestment of distribution	929	1,064	1,407	1,649
Increase/(decrease) in net assets attributable to unitholders	-	6,651	-	(2,719)
Closing balance	121,929	145,359	126,980	142,745

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are five separate classes of units (2025: five) and each unit within the same class has the same rights attaching to it as all other units within the same class. Founder, Post July 2020, Main and Class E units are closed to new and additional investments. Class D units are open to new and additional investments.

9 Net assets attributable to unitholders (continued)

Capital risk management

For the purposes of the Fund's capital management, capital comprises net assets attributable to unitholders. The Fund's objective when managing capital is to preserve its ability to continue as a going concern and to deploy capital in accordance with its investment objective.

The Responsible Entity manages the Fund's capital having regard to the Fund's investment strategy, liquidity profile, and anticipated distributions from underlying investments. The Responsible Entity regularly monitors, available cash resources and forecast liquidity requirements to ensure the Fund can meet its obligations as they fall due.

Applications and redemptions are processed in accordance with the Fund's Constitution and Product Disclosure Statement. The Responsible Entity monitors the liquidity of the Fund's assets to manage redemption obligations and may reject applications or defer, suspend or otherwise manage redemptions where permitted under the Fund's Constitution and where considered to be in the best interests of unitholders.

The Fund is not subject to any externally imposed capital requirements.

There were no changes in the Fund's capital management objectives, policies or processes during the reporting period.

10 Distribution to unitholders

The distributions declared during the year were as follows:

	Year ended 30 June 2026		Year ended 30 June 2025	
	\$'000	Cent Per Units	\$'000	Cent Per Units
Distributions - Founder Class				
June (payable)	12	0.03	909	3.42
Total distributions	12	0.03	909	3.42
Distributions - Post July 2020 Class				
June (payable)	6	0.03	370	1.19
Total distributions	6	0.03	370	1.19
Distributions - Main				
June (payable)	4	0.03	498	3.47
Total distributions	4	0.03	498	3.47
Distributions - Class D				
June (payable)	17	0.03	1,032	1.98
Total distributions	17	0.03	1,032	1.98
Distributions - Class E				
June (payable)	1	0.03	99	3.67
Total distributions	1	0.03	99	3.67
Total distributions	40		2,908	

11 Reconciliation of profit/(loss) to net cash (outflow)/inflow from operating activities

	Year ended 30 June 2026 \$'000	Year ended 30 June 2025 \$'000
(a) Cash flows from operating activities:		
Operating profit/(loss)	6,691	189
Net losses/(gains) on financial instruments at fair value through profit or loss	(9,216)	1,469
Payment for purchase of financial instruments at fair value through profit or loss	(655,659)	(815,158)
Proceeds from sale of financial instruments at fair value through profit or loss	692,655	866,983
Net foreign exchange gain/(loss)	(109)	44
Dividend income reinvested	-	(2,665)
(Increase)/decrease in receivables	(241)	(9)
Increase/(decrease) in payables	(384)	(88)
Net cash flows used in operating activities	33,737	50,765
(b) Cash and cash equivalents		
Cash at bank	82,165	54,314
Total cash and cash equivalents	82,165	54,314

11 Reconciliation of profit/(loss) to net cash (outflow)/inflow from operating activities (continued)

	Year ended 30 June 2026 \$'000	Year ended 30 June 2025 \$'000
(c) Non-cash operating and financing activities:		
Distributions reinvested under the distribution reinvestment plan	1,064	1,649
Dividend income reinvested	-	2,665
Total non-cash operating and financing activities	1,064	4,314

12 Auditor's Remuneration

During the year the following fees were paid or payable for services provided by the auditors of the Fund, Ernst & Young (EY), and its related network firms:

	Year ended 30 June 2026 \$	Year ended 30 June 2025 \$
Ernst & Young		
<i>Audit and other assurance services</i>		
Audit of financial statements	18,186	17,489
Half year review of financial statements	5,366	5,175
Audit of compliance plan	6,487	6,256
Total remuneration for audit and other assurance services	30,039	28,920

The fees for audit and other assurance services are included within other expenses within the statement of comprehensive income.

13 Related party transactions

(a) Responsible Entity

The Responsible Entity of the Fund is Channel Investment Management Limited, whose ultimate holding company is Channel Capital Pty Ltd.

(b) Key management personnel

(i) Responsible Entity

The Directors of Channel Investment Management Limited during the financial year are as follows:

Glen Holding	Executive Director
Sandra Birkenleigh	Non-Executive Chair
Bede King	Non-Executive Director
Karen Prentis	Non-Executive Director

The Fund does not employ personnel in their own right. However, the Fund is required to have an incorporated Responsible Entity to manage the activities and this is considered to be key management personnel. Key management personnel include persons who were directors of Channel Investment Management Limited during the financial year and up to the date of this report. The Directors were in office for this entire period except where stated otherwise.

There were no other persons with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year.

(c) Key management personnel compensation

Key management personnel do not receive any remuneration directly from the Fund. They receive remuneration from Channel Capital Pty Ltd (the ultimate parent company of the Responsible Entity), in their capacity as Directors of Channel Investment Management Limited or employees of Channel Capital Pty Ltd. Consequently, the Fund does not pay any compensation to its key management personnel. Payments made from the Fund to the Responsible Entity do not include any amounts attributable to the compensation of key management personnel.

(d) Transactions with key management personnel

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

13 Related party transactions (continued)

(e) Responsible Entity fees

(i) Management fees

Under the terms of the Fund's Constitution, the Responsible Entity is entitled to receive management fees. Management fees, calculated by reference to the net asset value ("NAV") of the Fund are as follows:

(i) Management fees (continued)

- Post July 2020 Class: 1.50% (plus GST) per annum of the NAV of the Fund referable to Post July 2020 Class units
- Class D: 1.5375% per annum of the NAV of the Fund referable to Class D units
- Class E: 0.00% per annum (plus GST) of the NAV of Class E units until 1 July 2027, then 1.50% (plus GST) of the NAV of Class E units from 1 July 2027.

Founder Class and Main Class are not subject to management fees.

The amount of the above fee can be negotiated or rebated for wholesale clients who invest in Class D.

The management fee is calculated and accrued daily and paid monthly in arrears from the assets of the Fund. The Responsible Entity pays the Investment Manager, Arnott Capital Pty Ltd, from the management fee received.

Normal operating expenses of the Fund (other than the above, abnormal or extraordinary expenses, indirect costs and transaction costs) are accrued in the NAV of the Fund and payable from the assets of the Fund as and when they occur.

(ii) Performance fees

Under the terms of the Fund's Constitution, the Responsible Entity is also entitled to a performance fee of 20% (plus GST net of reduced input tax credits) of any increase in the net asset value of the relevant series above the high water mark. This is applicable to investors who subscribe after 31 July 2020. Other investors who subscribe before this period will be charged quarterly performance fee of 25% (plus GST net of reduced input tax credits) of any increase in the net asset value of the Fund above the Fund's high water mark. The performance fee is payable to the Responsible Entity out of the Fund's assets and subsequently paid in full to Arnott Capital. The performance fee is calculated daily against the relevant class of units and paid in arrears at the end of each month.

(iii) Application and redemption fees

Under the Fund's Constitution, the Responsible Entity is entitled to be paid out of the assets of the Fund an application fee any time applications are accepted by the Responsible Entity and a Redemption fee upon redemption of units.

(iv) Summary of fees incurred and outstanding

The transactions during the year and amounts payable at year end between the Fund and the Responsible Entity were as follows:

	Year ended 30 June 2026	Year ended 30 June 2025
	\$	\$
Management fees for the year incurred by the Fund with Channel Investment Management Limited	1,361,701	1,844,665
Management fees payable by the Fund to Channel Investment Management Limited at the end of the year	115,372	124,223
Performance fees for the year incurred by the Fund with Channel Investment Management Limited	3,381,852	364,327
Performance fees payable by the Fund to Channel Investment Management Limited at the end of the year	382	364,327

(f) Related party unitholdings

Parties related to the Fund (including Channel Investment Management Limited and Channel Capital Pty Ltd), their related parties and other schemes managed by Channel Investment Management Limited, do not hold units in the Fund at 30 June 2026 and 30 June 2025 and have not undertaken transactions with the Fund during the year.

(g) Related party Investments

As at 30 June 2026 and 30 June 2025, the Fund held no investments in the schemes which are also managed by Channel Investment Management Limited or its related parties.

14 Events occurring after the reporting period

No significant events have occurred since the end of the reporting period which would have an impact on the financial position of the Fund disclosed in the statement of financial position as at 30 June 2026 or on the results and cash flows of the Fund for the period ended on that date.

15 Contingent assets, liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2026 (2025: Nil).

Directors' declaration

In the opinion of the directors of Channel Investment Management Limited, the Responsible Entity of Arnott Opportunities Trust (the "Fund"):

- (a) the financial statements and notes set out on pages 6 to 27 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Fund's financial position as at 30 June 2026 and of its performance for the year ended on that date.
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.
- (c) Note 2(a) confirms that the financial statements also comply with IFRS Accounting Standards as issued by the International Accounting Standards Board.

This declaration made in accordance with a resolution of the Directors of Channel Investment Management Limited, the Responsible Entity.



Glen Holding
Director
Channel Investment Management Limited

Brisbane
16 September 2026

Independent Auditor's report to the unitholders of the Arnott Opportunities Trust

To be provided by the auditors

Independent auditor's report to the unitholders of Arnott Opportunities Trust

Opinion

We have audited the financial report of Arnott Opportunities Trust (the "Fund"), which comprises the statement of financial position as at 30 June 2026, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information and the directors' declaration.

In our opinion, the accompanying financial report of the Fund is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the Fund's financial position as at 30 June 2026 and of its financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial report and auditor's report thereon

The directors of Channel Investment Management Limited ("Responsible Entity") are responsible for the other information. The other information is the Directors' Report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the Responsible Entity are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

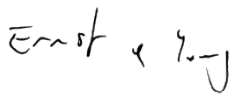
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors of the Responsible Entity regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Ernst & Young



Rohit Khanna
Partner
Sydney
16 September 2026