

**ARNOTT OPPORTUNITIES TRUST**

CLASS D (APIR: ANC6332AU)

OCTOBER 2025

**COMMENTARY**

The Fund returned 0.91% net of fees for the month of October 2025.<sup>1</sup> Net exposure averaged 23% long, while gross averaged 144%. This brings the calendar year return to 9.20% net of fees and the Strategy since inception return to 17.81% p.a. net of fees.<sup>2</sup>

Gains through the month of October were generated from the long themes in Housing (+101 bps) and Data is the new oil (+65 bps), alongside Structural Shorts (+62 bps) short theme. Losses stemmed from the short themes in Index & Derivatives (-70 bps) and Shippers (-41 bps).

During the month, the portfolio's exposure to Artificial Intelligence (AI) was meaningfully reduced by exiting the long position in SoftBank, trimming Uranium to a mid-single-digit weight, and initiating short positions in several retail-favoured AI names. The view remains that AI is a transformative technology, that the current demand is real and the supply chain implications are deep and likely to last for an extended period. However, the concerns are more tactical in nature and believed to stem from the following:

- widening credit default swap spreads on Oracle debt;
- continuation of the circular revenue deals - it is difficult to gauge when demand may begin to soften, given that Neoclouds are raising capital with NVIDIA as a shareholder under terms that guarantee NVIDIA will purchase any excess compute capacity - effectively backstopping demand even when it may not be real;
- companies reaching tens of billions of market capitalisation with no real product or proven economics from deals they are signing;
- a researcher worth US\$1 billion.

*Commentary continues next page...*

**STRATEGY METRICS - FROM MAY 2013<sup>1,2</sup>**

Annualised returns	17.81%
% Positive months	61.74%
Average monthly return	1.44%
Average return in MSCI up months	1.32%
Average return in MSCI down months	1.65%
Best month	13.07%
Worst month	-6.09%
Largest drawdown	-11.61%
Longest drawdown (mths)	24
Sortino	3.66
Sharpe ratio	1.45

**THEME CONTRIBUTORS TO PERFORMANCE<sup>1,3</sup>****CORRELATION SINCE MAY 2013<sup>1,2</sup>**

Global Equity Markets	0.04
US\$ Gold	0.01
Bloomberg Commodities Index	0.02
Hedge Fund L/S	0.04

**MONTHLY SUMMARY METRICS<sup>1</sup>**

<b>NET RETURN</b>	<b>AV GROSS EXP</b>	<b>AV NET EXP</b>
0.91%	144%	23%

**STRATEGY<sup>2</sup> PERFORMANCE FROM MAY 2013 (NET RETURN %)<sup>1</sup>**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2013</b>						13.07	7.63	2.97	2.82	-2.69	5.23	-5.25	<b>25.00</b>
<b>2014</b>	7.61	6.56	2.43	0.77	8.87	-0.93	8.46	-3.78	0.34	7.78	3.24	1.92	<b>51.59</b>
<b>2015</b>	4.46	2.88	1.99	3.19	4.12	-0.52	3.44	11.47	5.23	0.00	3.67	5.72	<b>55.80</b>
<b>2016</b>	-6.09	2.14	-5.17	-2.83	3.30	0.40	2.69	7.49	6.29	-1.15	-2.34	0.48	<b>4.33</b>
<b>2017</b>	7.99	-4.01	-2.94	-0.34	0.43	4.08	4.21	-0.02	3.37	2.79	-2.32	5.51	<b>19.58</b>
<b>2018</b>	3.47	0.88	0.72	-1.68	-1.86	0.09	0.03	0.66	1.24	-0.18	-2.61	-0.50	<b>0.12</b>
<b>2019</b>	-1.66	0.53	-0.30	-1.16	-1.90	0.29	1.70	1.72	-2.10	-2.04	3.20	1.05	<b>-0.82</b>
<b>2020</b>	-1.90	-4.03	6.32	8.76	1.82	-1.47	2.69	4.29	-4.08	-3.45	9.76	7.61	<b>27.97</b>
<b>2021</b>	3.38	5.98	2.81	4.09	5.28	-0.67	-2.93	5.88	6.04	1.29	5.63	-0.45	<b>42.34</b>
<b>2022</b>	2.20	-0.57	-1.61	1.14	2.78	-2.37	-1.74	5.23	-2.20	-3.20	-1.19	1.74	<b>-0.15</b>
<b>2023</b>	-0.42	-2.45	-0.50	-0.87	0.94	1.87	0.75	1.45	3.06	-2.83	-0.35	3.07	<b>3.59</b>
<b>2024</b>	1.06	-2.01	3.88	1.35	0.73	-1.02	-3.49	-2.06	3.32	0.57	-0.67	0.33	<b>1.75</b>
<b>2025</b>	0.92	-0.14	-2.90	-2.05	3.22	4.44	-1.57	2.58	3.72	0.91%			<b>9.20</b>

1. Past performance is not an indicator of future performance. This is historical performance data. Class D is based on month end unit prices in Australian dollars. Net return is calculated after management fees and operating costs. Individual investor level taxes are not taken into account when calculating net returns. Fund inception date: 31 July 2020. 2. To provide a longer-term view of our performance, we have shown returns for the Arnott Opportunities Strategy (shaded). Performance is calculated using monthly returns (after fees) from Jun-13 to Dec-17 for Bondi Capital Investments Pty Ltd (managed account) which is net of 0% management fee & 25% performance fee. From Jan-18 to Jul-20 is the performance of the Fund (Founder Class - closed to new & additional investments). Performance is net of 0% management fee & 25% performance fee. 3. Theme contributors to performance is gross of fees and exclusive of Cash for the Strategy.

## COMMENTARY CONTINUED

Given the potential risks, Arnott believes the speculative excess needs to wash off for the trend to continue which then allows for meaningful re-engagement from the long side.

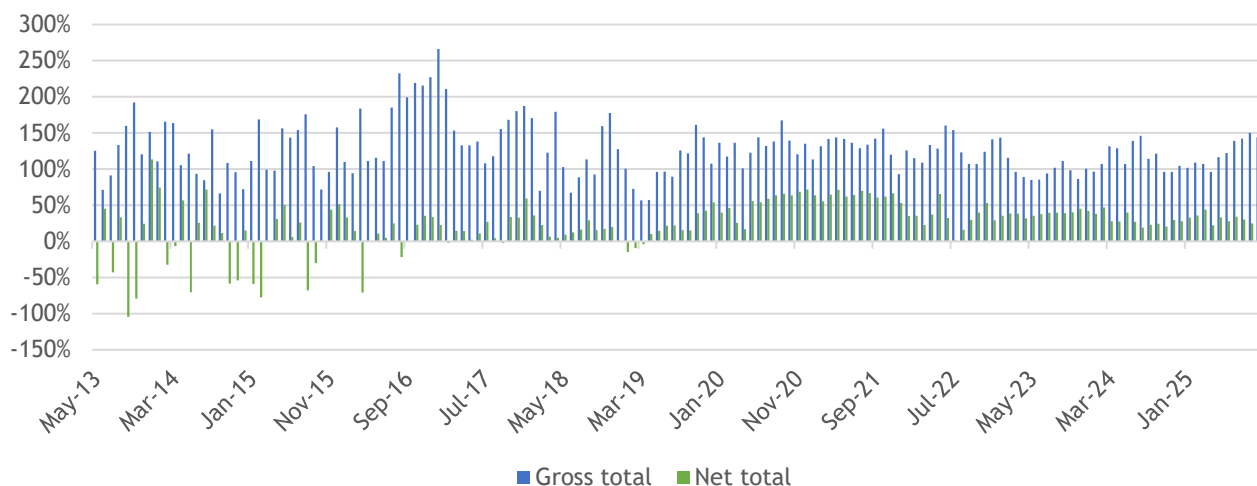
As always, Arnott remains nimble. The team believe the fundamentals for Uranium have never looked better. Furthermore, there is genuine tightness in the AI capital expenditures supply chain which is expected to last for years, despite pockets of speculative froth, much of the market appears mispriced given the potential upside of AI and data within these businesses.

As one of the greatest money managers to have ever lived, Paul Tudor Jones, recently put it:

*“If you just think about bull markets, the greatest price appreciations always [occurs] the 12 months preceding the top... It kind of doubles whatever the annual averages, and before then, if you don’t play it, you’re missing out on the juice; if you do play it, you have to have really happy feet...”*

STRATEGY NET AND GROSS HISTORICAL EXPOSURE<sup>2</sup>

Net and Gross Exposure



Source: Arnott Capital. For illustrative purposes only.

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**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.

**IMPORTANT INFORMATION**

Arnott Capital Pty Ltd	AFS License 233743 ABN 23086081889	<b>CONTACT DETAILS</b>	<a href="mailto:clientservices@channelcapital.com.au">clientservices@channelcapital.com.au</a>
<b>STRATEGY INCEPTION<sup>4</sup></b>	1999		
<b>FUND NET ASSET VALUE<sup>5</sup></b>	A\$137.4m	<b>REDEMPTION PRICE</b>	\$1.1572
<b>FEE STRUCTURE</b>	<b>Management Fee</b>	<b>Performance Fee</b>	<b>Availability</b>
<b>Class A (Founder Class)</b>	0%	25%	Closed to new investors
<b>Class D</b>	1.5375% <sup>6</sup>	20% <sup>7</sup>	Applications/Redemptions - Daily

4. The same investment approach has been utilised since 1999, from 1999 to 2005, leverage used during this period was much higher than later periods.

5. Net Asset Value is calculated as Fund assets less Fund liabilities.

6. Including the net effect of GST less any RITC payable monthly in arrears on the Net Asset Value and excludes expense recoveries of 0.1241%.

7. Performance fee of 20% (plus GST) based on outperformance above the High Water Mark, accruing daily and payable monthly in arrears. Refer to the PDS for further information on the performance fee.

**Fund Disclosures**

- Key service provider changes - nil
- Key individual changes - nil
- Risk profile or investment strategy material changes - nil

**Definitions**

**Sharpe ratio:** The Fund's annualised average monthly excess return (net of fees) divided by Fund volatility.

**Sortino ratio:** A risk-adjustment measurement which determines the additional return for each unit of downside risk.

**Volatility:** Annualised standard deviation of monthly returns (net of fees) since inception.

**Disclaimer**

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