

COMMENTARY

The Fund returned 3.72% net of fees for the month of September 2025.¹ Net exposure averaged 25% long, while gross averaged 150%. This brings the calendar year return to 8.22% net of fees and the Strategy since inception return to 17.86% p.a. net of fees.²

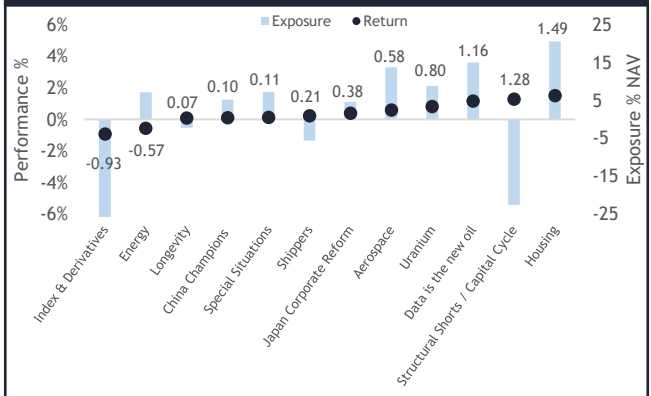
Gains through the month of September were generated from the *Housing* (+149 bps) and *Data is the new oil* (+116 bps) long themes, alongside the *Structural Shorts* (+128 bps) short theme. Losses stemmed from the *Index & Derivatives* (-93 bps) short theme and the *Energy* (-57 bps) long theme.

UK homebuilders began the month with a continuation of their long-dated share price capitulation as headlines moved from bad to worse with respect to the UK Government's fiscal predicament. This created an opportunity to continue building the UK homebuilders exposure (a material part of the risk in the *Housing* theme) given the attractive opportunity to own a sector trading on depressed multiples, and on depressed forward earnings expectations, while market participants remained focused on the 'woes of the UK'. Pleasingly, the stocks then saw a strong turnaround in performance over the course of the month, resulting in being the top contributor to the portfolio.

In terms of outlook, the current market environment presents an exceptionally attractive risk/reward profile, supported by a structural undersupply of housing in the UK - a shortfall the UK Government itself estimates to exceed one million homes. Heading into 2026, Arnott sees cyclical tailwinds with demand likely to be buoyed through continued rate cuts in the UK and planning system changes enabling homebuilders to increase supply of housing stock, driving both multiple and earnings growth. *Commentary continues next page...*

STRATEGY METRICS - FROM MAY 2013^{1,2}

Annualised returns	17.86%
% Positive months	61.49%
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	3.67
Sharpe ratio	1.45

THEME CONTRIBUTORS TO PERFORMANCE^{1,3}CORRELATION SINCE MAY 2013^{1,2}

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

MONTHLY SUMMARY METRICS¹

NET RETURN	AV GROSS EXP	AV NET EXP
3.72%	150%	25%

STRATEGY² PERFORMANCE FROM MAY 2013 (NET RETURN %)¹

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013						13.07	7.63	2.97	2.82	-2.69	5.23	-5.25	25.00
2014	7.61	6.56	2.43	0.77	8.87	-0.93	8.46	-3.78	0.34	7.78	3.24	1.92	51.59
2015	4.46	2.88	1.99	3.19	4.12	-0.52	3.44	11.47	5.23	0.00	3.67	5.72	55.80
2016	-6.09	2.14	-5.17	-2.83	3.30	0.40	2.69	7.49	6.29	-1.15	-2.34	0.48	4.33
2017	7.99	-4.01	-2.94	-0.34	0.43	4.08	4.21	-0.02	3.37	2.79	-2.32	5.51	19.58
2018	3.47	0.88	0.72	-1.68	-1.86	0.09	0.03	0.66	1.24	-0.18	-2.61	-0.50	0.12
2019	-1.66	0.53	-0.30	-1.16	-1.90	0.29	1.70	1.72	-2.10	-2.04	3.20	1.05	-0.82
2020	-1.90	-4.03	6.32	8.76	1.82	-1.47	2.69	4.29	-4.08	-3.45	9.76	7.61	27.97
2021	3.38	5.98	2.81	4.09	5.28	-0.67	-2.93	5.88	6.04	1.29	5.63	-0.45	42.34
2022	2.20	-0.57	-1.61	1.14	2.78	-2.37	-1.74	5.23	-2.20	-3.20	-1.19	1.74	-0.15
2023	-0.42	-2.45	-0.50	-0.87	0.94	1.87	0.75	1.45	3.06	-2.83	-0.35	3.07	3.59
2024	1.06	-2.01	3.88	1.35	0.73	-1.02	-3.49	-2.06	3.32	0.57	-0.67	0.33	1.75
2025	0.92	-0.14	-2.90	-2.05	3.22	4.44	-1.57	2.58	3.72				8.22

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.

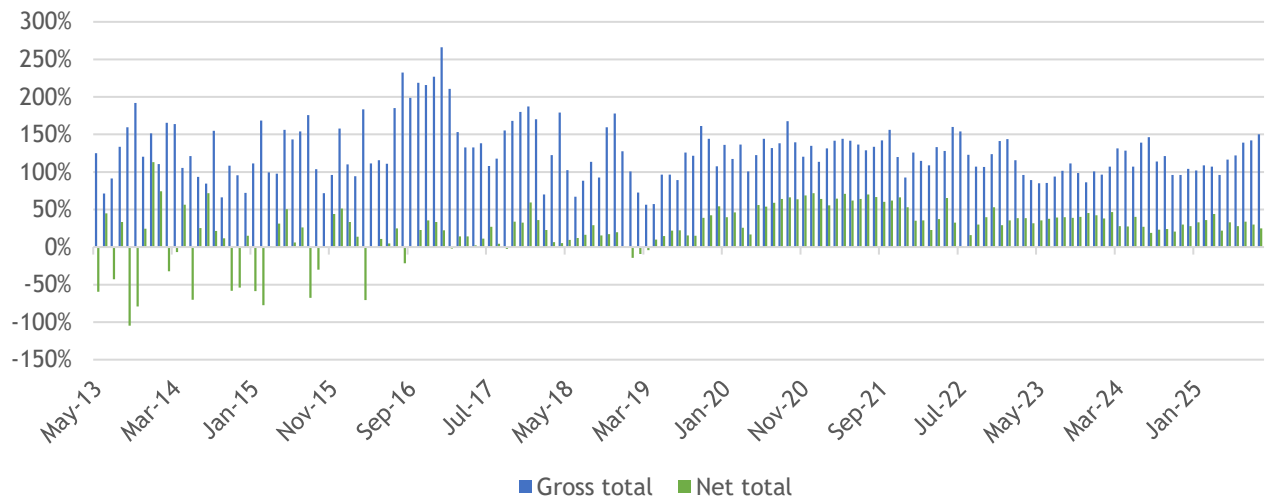
COMMENTARY CONTINUED

While being aware of the macro risk that the impending UK budget poses to the current UK economy, in Arnott's view, UK homebuilders are reflecting a materially adverse budget outcome, and continue to trade at severely depressed levels, ahead of the budget announcement on 26 November.

The core detractor to performance was the short theme *Index & Derivatives* exposure. The short index exposure was gradually raised via futures and options during September to position the portfolio for what has historically been a seasonally tough period in equity markets. With the additional headwinds of full equity positioning, pockets of 'exuberance' in equity markets, and a general level of complacency that had commenced creeping into the investor community, it was considered prudent to reduce the net exposure. The intent is to hold this positioning until at least the end of October, with all else being equal.

STRATEGY NET AND GROSS HISTORICAL EXPOSURE²

Net and Gross Exposure



Source: Arnott Capital. For illustrative purposes only.

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	CONTACT DETAILS	clientservices@channelcapital.com.au
STRATEGY INCEPTION ⁴	1999		
FUND NET ASSET VALUE ⁵	A\$136.9m	REDEMPTION PRICE	\$1.1468
FEE STRUCTURE	Management Fee	Performance Fee	Availability
Class A (Founder Class)	0%	25%	Closed to new investors
Class D	1.5375% ⁶	20% ⁷	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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