FOR PROFESSIONAL / WHOLESALE INVESTORS ONLY

ARNOTT OPPORTUNITIES TRUST

CLASS D (APIR: ANC6332AU)
APRIL 2025

ARNOTT CAPITAL EST. 1999

COMMENTARY

The Fund returned -2.05% for the month of April 2025.[1] Net exposure averaged 22% long, while gross exposure averaged 96%. This brings the calendar year return for the Fund to -4.14% and since inception return for the Strategy to 17.34% p.a. net of fees.[2]

The lone material contributor to performance through the month of April was generated from the short theme in Shippers (+34 bps). Losses stemmed from the Special Situations theme (-85 bps) and Structural Shorts theme (-78 bps).

The Trump administration's 'Liberation Day' tariff announcements set off the worst four-day sell off in the S&P 500 since March 2020. This reverberated through global risk assets in early April, seeing nearly every major equity index fall by greater than 10% through this period as everyone quickly repriced what the economic implications were of tariffs set to be imposed on the United States global trading partners at levels not seen since the 1930's.

One month later, after a pause in tariff hikes and despite some regrettable tweets, risk assets have risen above their levels before 'Liberation Day.' Much has been said about the potential paths ahead for tariffs, their impact on the U.S. economy, and the broader global implications. Rather than revisiting these forecasts, Arnott will focus on the opportunities emerging from this point.

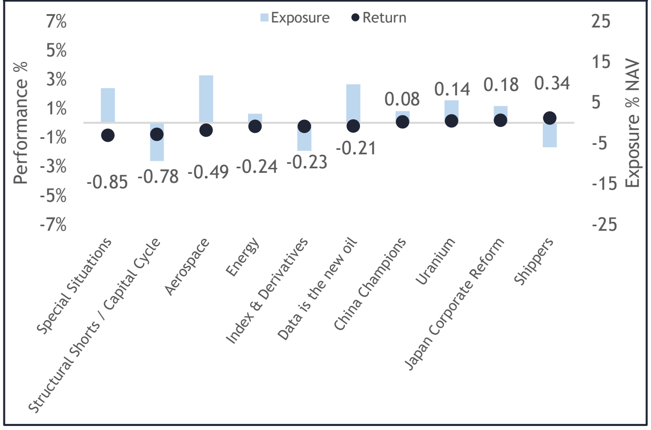
Firstly, while the final tariff rates remain uncertain, one thing is clear: imports into the United States will be subject to some level of tariffs. The first order implication will likely be higher prices of goods in the United States.

Commentary continues on next page.

STRATEGY METRICS – FROM MAY 2013[1,2]

Annualised returns	17.34%
% Positive months	60.84%
Average monthly return	1.42%
Average return in MSCI up months	1.26%
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	3.53
Sharpe ratio	1.39

THEME CONTRIBUTORS TO PERFORMANCE[1,3]



CORRELATION SINCE MAY 2013[1,2]

Global Equity Markets	0.05
US$ Gold	-0.02
Bloomberg Commodities Index	0.01
Hedge Fund L/S	0.03

MONTHLY SUMMARY METRICS[1]

NET RETURN	AV GROSS EXP	AV NET EXP
-2.05%	96%	22%

STRATEGY[2] 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									**-4.14**

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

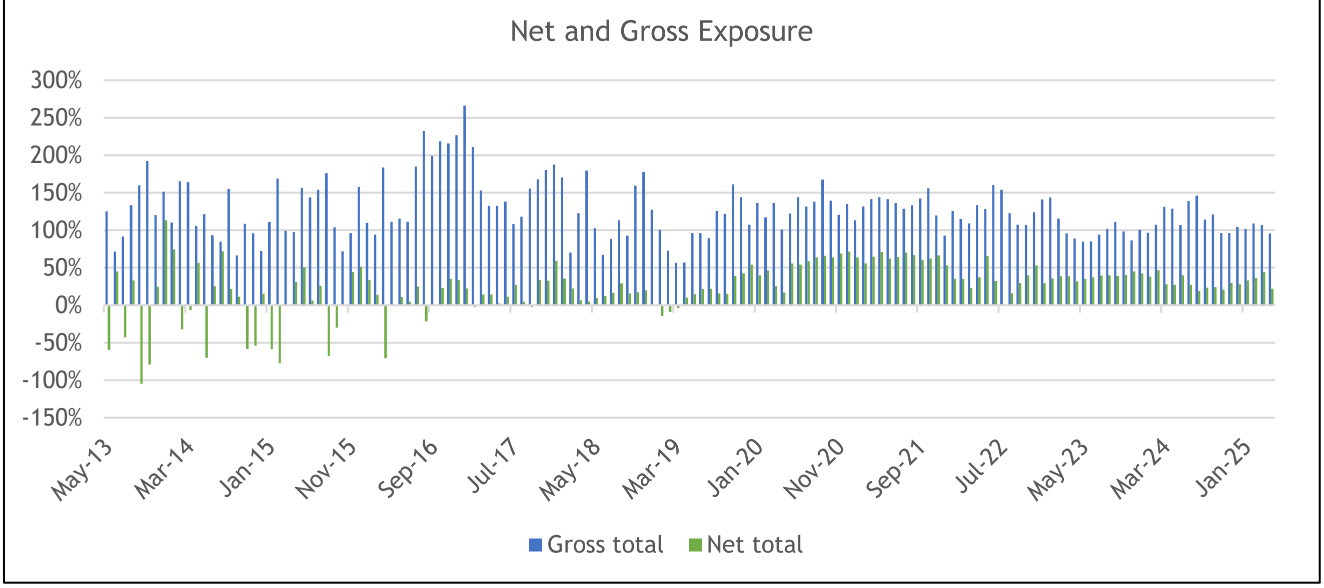
The second order implication from this will likely be deflation for the rest of the world, as the global economy (ex-United States) continues to benefit from the virtues of globalisation. The beginning of this trend was already evident in April as Chinese exports significantly exceeded expectations, as the decline in trade with the United States was more than offset by strong exports to the rest of the world. With goods deflation working its way through the global economy in coming months Arnott believes that developed market nations (ex-United States) will continue their rate cutting cycles. With a backdrop of easing mortgage rates, genuine structural undersupply of housing and robust labour markets Arnott is positioning the portfolio for a housing cycle in developed market nations, increasing exposure to homebuilders, and domestic cyclicals leveraged to hosing activity.

Secondly, Arnott has been redeploying capital into China, gaining exposure to companies perceived to be *'China Champions'*. These are companies being viewed as technology leaders in their respective fields, with minimal or no exposure to the United States, and are beginning to expand their exports to global markets. As communicated within the November fund update, Arnott has not changed its view on the overall Chinese economy, and still believes it will be choppy as China continues to feel the impacts from its housing bubble burst. Despite this, Arnott believes companies like BYD can be winners as they commence exporting their high-quality low-priced vehicles to the rest of the world.

From Arnott's perspective, the bottom-up enthusiasm is tempered by the top-down risk management. All China exposure carries the low probability but high impact event risk of some China related country risk. Particularly, the risk of forced Taiwan unification with China. For this reason, the exposure to this theme is currently capped.

Though it may echo the consensus view, it seems increasingly likely that United States capital markets could encounter headwinds in the period ahead. Trading at over 21x forward earnings, with a rising sovereign risk profile and increasing probabilities of a stagflationary environment in the coming months, it's uncertain whether the U.S. equity market moves materially higher from here. While U.S. President Trump's agenda may ensure the United States remains atop the global economy in the long term, there must be a short-term cost. On 21x forward earnings and pockets of euphoria bubbling in 'junky' parts of the market, this does not appear priced.

STRATEGY NET AND GROSS HISTORICAL EXPOSURE[2]



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 though 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$156.0m	**REDEMPTION PRICE**	$1.0341
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.

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