

COMMENTARY

The Fund returned -2.00% for the month of April 2025.¹ Net exposure averaged 22% long, while gross exposure averaged 96%. This brings the calendar year return to -3.75% and since inception return to 17.89% p.a. net of fees.¹

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.

STRATEGY PERFORMANCE METRICS^{1,2}

Annualised returns	17.89%
% Positive months	63.64%
Average monthly return	1.44%
Average return in MSCI up months	1.36%
Average return in MSCI down months	1.58%
Best month	13.07%
Worst month	-6.09%
Largest drawdown	-11.61%
Longest drawdown (mths)	24
Sortino	3.45
Sharpe ratio	1.46

THEME CONTRIBUTORS TO FUND PERFORMANCE^{1,3}



CORRELATION TO ASSETS - STRATEGY²

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

MONTHLY SUMMARY METRICS¹

NET RETURN	AV GROSS EXP	AV NET EXP
-2.00%	96%	22%

STRATEGY HISTORICAL PERFORMANCE (%)^{1,2}

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2013						13.07	7.63	2.97	2.82	-2.69	5.23	-5.25	25.00
2014	7.61	6.56	2.43	0.77	8.87	-0.93	8.46	-3.78	0.34	7.78	3.24	1.92	51.59
2015	4.46	2.88	1.99	3.19	4.12	-0.52	3.44	11.47	5.23	0.00	3.67	5.72	55.80
2016	-6.09	2.14	-5.17	-2.83	3.30	0.40	2.69	7.49	6.29	-1.15	-2.34	0.48	4.33
2017	7.99	-4.01	-2.94	-0.34	0.43	4.08	4.21	-0.02	3.37	2.79	-2.32	5.51	19.58
2018	3.47	0.88	0.72	-1.68	-1.86	0.09	0.03	0.66	1.24	-0.18	-2.61	-0.50	0.12
2019	-1.33	0.20	-0.21	-0.95	-1.87	0.50	1.75	1.53	-1.91	-2.00	3.28	1.12	-0.04
2020	-2.03	-5.10	7.77	7.95	1.60	-1.31	3.22	4.56	-3.56	-3.90	9.33	8.24	28.38
2021	3.43	5.63	2.80	4.05	5.19	-0.48	-2.74	5.37	5.86	1.87	4.51	0.22	41.60
2022	1.61	0.17	-0.73	0.32	2.65	-1.85	-0.96	3.75	-1.79	-2.93	-0.48	2.21	1.75
2023	0.26	-2.97	-0.12	-0.77	0.99	2.39	1.12	1.03	2.37	-2.72	0.21	3.15	4.84
2024	0.97	-1.52	3.67	1.42	1.07	-0.61	-3.39	-1.83	3.89	0.19	-0.50	0.16	3.33
2025	1.09	-0.03	-2.82	-2.00									-3.75

1. Past performance is not an indicator of future performance.

2. Strategy - refers to the period from 2013 - 2017 for Bondi Capital Investments Pty Ltd ('Managed Account'), and 2018 - 2024 is for the Fund. The Managed Account was externally administered by Apex, but not externally audited. The Fund is audited by EY. Performance for the whole reported period is reported net of all fees. The currency is USD.

Above data and fees apply to the Arnott Opportunities (Cayman) Fund - Main Class (Founder Class). Other classes will be subjected to different fees. For a copy of the Information Memorandum, please contact investor relations at investor@arnott.com.au.

3. Theme Contributors to Performance is Gross of Fees and exclusive of Cash.

COMMENTARY CONTINUED

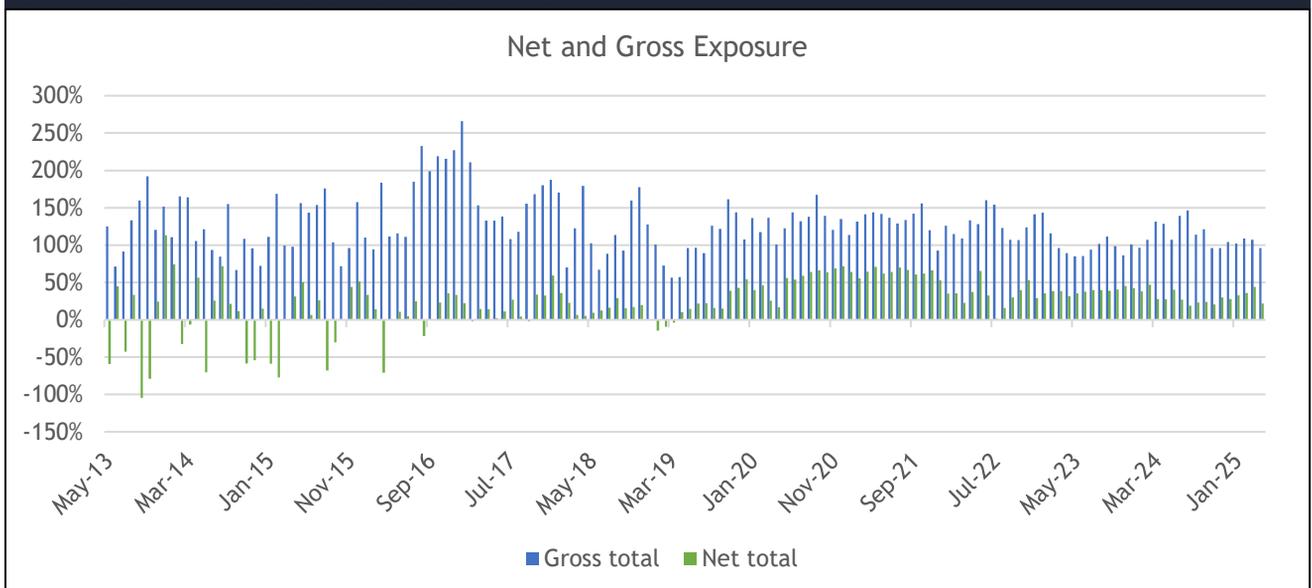
The second order implication from this will likely be deflation for the rest of the world, as the global economy (ex-United States) continues to benefit from the virtues of globalisation. The beginning of this trend was already evident in April as Chinese exports significantly exceeded expectations, 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 housing 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 EXPOSURE²



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.

FUND INFORMATION

BASE CURRENCY	USD	ARNOTT CAPITAL PTY LTD	AFSL License 233743 ABN 23086081889
STRATEGY INCEPTION	1999	CONTACT DETAILS	investor@arnott.com.au
MINIMUM SUBSCRIPTIONS	USD \$100,000	WITHDRAWALS	Monthly
FUND ADMINISTRATOR	Apex Group Ltd.	PRIME BROKER	Morgan Stanley International PLC
LEGAL ADVISORS	Ernst and Young	FUND AUDITOR	Ernst and Young
FEE STRUCTURE	Management Fee	Performance Fee	Subscriptions
Class A (Founder Class)*	0%	25%	Closed to new investors
Class C	1.5%	20%	Monthly

* All data displayed in this document is Founder Class data. Other classes will be subjected to different fees. For a copy of the Offering Memorandum, please contact investor relations at investor@arnott.com.au.

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Additional Information for Investors in Switzerland

Representative in Switzerland is Pvb Pernet von Ballmoos AG, Zollikerstrasse 226, 8008 Zürich where the prospectus / offering memorandum, the articles of association as well as the annual report may be obtained free of charge from the representative. Paying Agent in Switzerland is Helvetische Bank, Seefeldstrasse 215, 8008 Zürich. For investors who have acquired the units sold in Switzerland, the place of performance and the court of jurisdiction have been established at the registered office of the representative.

United Kingdom

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