

COMMENTARY

The Fund returned -2.82% for the month of March 2025. Net exposure averaged 44% long, while gross averaged 107%. This brings the calendar year return to -1.79% and since inception return to 18.23% p.a. net of fees.

Gains through the month of March, were generated from the long themes in *Index & Derivatives* (+73 bps) and *Structural Shorts* (+46 bps). With losses stemming from the *Data is the New Oil* theme (-117 bps) and the *Longevity* theme (-108 bps).

The markets have gone from having some concerns on Artificial Intelligence ('AI') capital expenditure to a complete about turn on U.S. exceptionalism. U.S. exceptionalism had its roots going back to roughly 2010 and peaked during January 2025. As recently as late 2024, it was predicted that U.S. valuations should and would trade structurally higher because of the U.S. economy being less volatile and less recession prone, and that companies would generate structurally higher margins, leading to higher returns and companies would continue to return more capital to shareholders.

These predictions are now being called into question. While there are many uncertainties, what is clear is that the U.S. economy is likely caught in a policy-induced slowdown. Forecasting the effects of this will be challenging, as there are only a few guideposts. The intention is not to make a forecast, however, the current market regime needs to be analysed for the types of risks it presents and the probabilities of the regime changing. In this new uncertain environment, it will be challenging for valuations to move significantly higher from where they are currently.

The current U.S. earnings season is unlikely to provide clarity on the outlook, as the tariff news is still recent. Furthermore, there is a likelihood of front loading some of the orders that may skew economic data.

STRATEGY PERFORMANCE METRICS*

From May 2013	
Annualised returns	18.23%
% Positive months	64.08%
Average monthly return	1.47%
Average return in MSCI up months	1.40%
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	3.48
Sharpe ratio	1.48

THEME CONTRIBUTORS TO FUND PERFORMANCE^{^*}



[^] Theme Contributors to Performance is Gross of Fees and exclusive of Cash.

CORRELATION TO ASSETS - STRATEGY*

Global Equity Markets	0.04
US\$ Gold	0.01
Bloomberg Commodities Index	0.00
Hedge Fund L/S	0.02

MONTHLY SUMMARY METRICS

NET RETURN	AV GROSS EXP	AV NET EXP
-2.82%	107%	44%

STRATEGY HISTORICAL PERFORMANCE (%)

	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										-1.79

Past performance is not an indicator of future performance.

* 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.

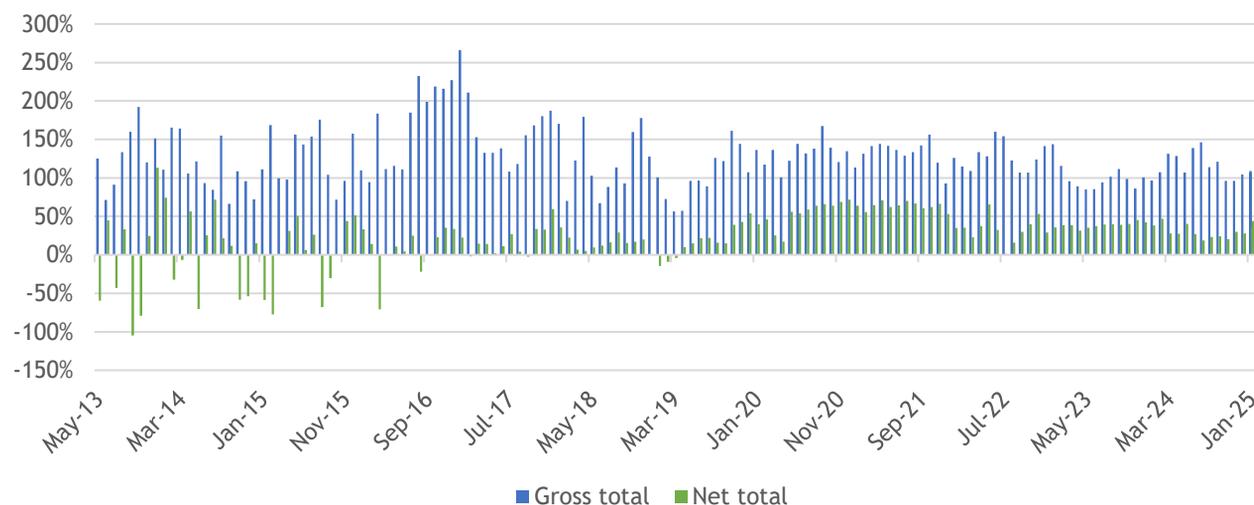
COMMENTARY CONTINUED

For this reason, Arnott is taking a cautious approach until any real clarity emerges. In the meantime, positioning remains quite light, and - whether intended or otherwise - we're watching how U.S. President Donald Trump and his administration respond to movements in the U.S. Treasury and equity markets. So far, their response indicates that the fiscal policy will not run wild, and ultimately it is likely the Federal Reserve will intervene if there is significant slowdown. That leaves us in a large range bound market basis in the S&P 500.

Because the portfolio is neither heavily concentrated in the U.S. nor in U.S. Big Tech where there has been significant derating, the themes have not significantly changed. However, in a range bound market, Arnott plans to manage the net risk with a trading orientation and tighter overall net market risk. The low probability but high impact event would be that it's the wrong policy and geopolitical tensions escalate. Under this scenario, Arnott is prepared to swiftly change the portfolio structure, if needed.

STRATEGY NET AND GROSS HISTORICAL EXPOSURE*

Net and Gross Exposure



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

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United Kingdom

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