FOR PROFESSIONAL / WHOLESALE INVESTORS ONLY

ARNOTT OPPORTUNITIES TRUST

CLASS D (APIR: ANC6332AU)
JANUARY 2026

ARNOTT CAPITAL EST. 1999

COMMENTARY

The Fund returned 2.45% net of fees for the month of January 2026.[1] Net exposure averaged 52% long, while gross averaged 166%. This brings the calendar year return to 2.45% net of fees and the Strategy since inception return to 17.75% p.a. net of fees.[2]

Gains through the month of January were generated from the long themes in *Korea Corporate Reform* (+230 bps), *Data is the new oil* (+149 bps) and *Uranium* (+77 bps). Losses stemmed from the long themes *in China Champions* (-51 bps), *Aerospace* (-48 bps) and *Japan Corporate Reform* (-47 bps).

The movement in software equities, or for that matter, any security, that has been challenged by Artificial Intelligence (AI) has been startling. Notably, the move has been twofold:

i. wholly driven by multiple contraction and

ii. the speed of the de-rating as the group's multiple (as measured by S&P North American Software Index) has gone from 40x forward earnings during mid-2025 to 22x in the space of six months.

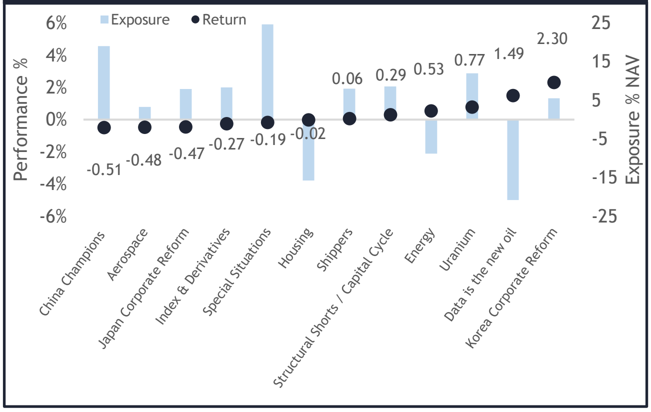
The sentiment, in a very short period has seemingly changed from, no price being too high for these capital light, quality software companies to one of a blanket structural threat resulting with the market re-pricing rapidly.

Commentary continues next page…

STRATEGY METRICS – FROM MAY 2013[1,2]

Annualised returns	17.75%
% Positive months	61.84%
Average monthly return	1.43%
Average return in MSCI up months	1.31%
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	1.46

THEME CONTRIBUTORS TO PERFORMANCE[1,3]



CORRELATION SINCE MAY 2013[1,2]

Global Equity Markets	0.05
US$ Gold	0.00
Bloomberg Commodities Index	0.02
Hedge Fund L/S	0.05

MONTHLY SUMMARY METRICS[1]

NET RETURN	AV GROSS EXP	AV NET EXP
2.45%	166%	52%

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	3.22	4.44	-1.57	2.58	3.72	0.91%	-1.17	2.25	**10.35**
2026	2.45												**2.45**

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

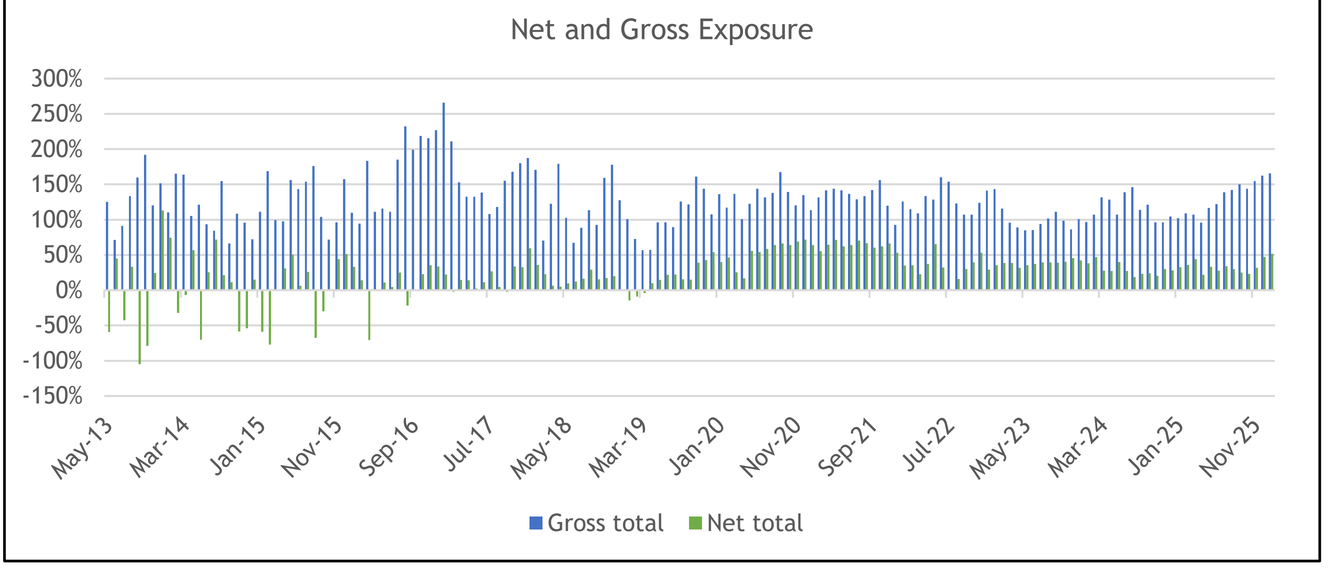
Arnott has held a short position in a select pocket of these names after observing the deployment of Agentic AI agents in July of 2025, where the terminal value of these names were conceivably questioned. At multiples in excess of 40x, the risks appeared skewed to the downside. As of early February, the argument seems balanced and not asymmetric. And as such the currently held positions have been covered, with signs present of strong bull points and equally strong bear points for these 'disrupted' securities. As a result, there doesn't seem to be a way forward in constructing an attractive risk reward, each way.

Instead, what is far more interesting is the real-world constraints that are coming to the surface. With the world embarking on a significant capital expenditure undertaking where there is a simultaneous effort to build out the capacity to host AI solutions, nearshore supply chains, re-wire energy infrastructure and reinvest in existing ageing infrastructure.

The argument could be made that a large part for why these constraints exist today has been caused by the very securities which are now in the eye of the AI disruption storm. And it all comes down to capital - for the best part of two decades capital flowed to these high flying, asset light business, shunning the old-world capital intensive industries that are essential to the real world.

In Arnott's view, it is time for the revenge of the dinosaurs and accordingly the team have been tilting the exposure towards these old-world sectors ranging from memory, semiconductor equipment, unique aeronautical supply components and energy within the existing themes.

STRATEGY NET AND GROSS HISTORICAL EXPOSURE[2]



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$141.8m	**REDEMPTION PRICE**	$1.1981
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