FOR PROFESSIONAL / WHOLESALE INVESTORS ONLY

ARNOTT OPPORTUNITIES TRUST

CLASS D (APIR: ANC6332AU)

MAY 2026

ARNOTT CAPITAL EST. 1999

COMMENTARY

The Fund returned 8.67% net of fees for the month of May 2026.[1] Net exposure averaged 22% long, while gross exposure averaged 157%. This brings the calendar-year-to-date-return to 0.91% net of fees and the Strategy since inception return to 17.13% p.a. net of fees.[2]

As outlined in the March update, the Middle East conflict and closure of the Strait of Hormuz materially impacted the operating environment and valuations of a number of key themes within the portfolio. The portfolio was de-risked through March, before capital was selectively redeployed where the Arnott Capital team believed repricing was indiscriminate rather than fundamentally driven. However, this did not mean a departure from the core themes. Exposure was increased in the *Korea Corporate Reform* theme, conviction in the *Data is the New Oil* theme remained strong, exposure to the *Housing* theme (UK homebuilders) was reshaped to balance defensiveness with convexity, and carrier exposure within the Aerospace theme was reduced where the risk profile had shifted. This combination of risk reduction, selectivity and retained exposure to core asymmetric themes served the portfolio well through May.

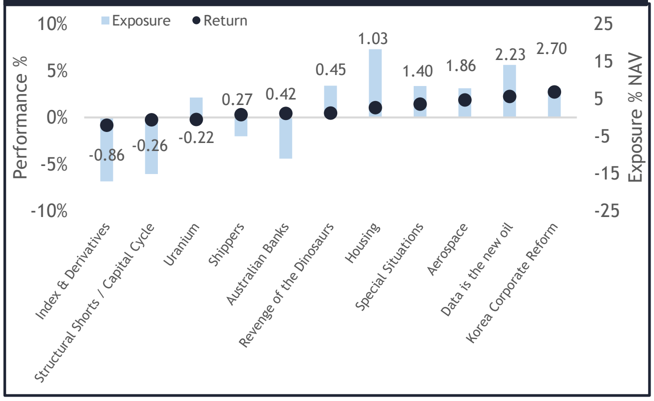
Pleasingly, the recovery was broad-based. Gains were generated from *Korea Corporate Reform* (+270 bps), *Data is the New Oil* (+223 bps), *Aerospace* (+186 bps), *Special Situations* (+140 bps) and *Housing* (+103 bps). The main detractor was the *Index & Derivatives* hedge book (-86 bps).

Commentary continues next page…

STRATEGY METRICS – FROM MAY 2013[1,2]

Annualised returns	17.13%
% Positive months	62.18%
Average monthly return	1.39%
Average return in MSCI up months	1.40%
Average return in MSCI down months	1.38%
Best month	13.07%
Worst month	-13.33%
Largest drawdown	-13.33%
Longest drawdown (mths)	24
Sortino	2.44
Sharpe ratio	1.33

THEME CONTRIBUTORS TO PERFORMANCE[1,3]



CORRELATION SINCE MAY 2013[1,2]

Global Equity Markets	0.11
US$ Gold	0.10
Bloomberg Commodities Index	-0.07
Hedge Fund L/S	0.08

MONTHLY SUMMARY METRICS[1]

NET RETURN	AV GROSS EXP	AV NET EXP
8.67%	157%	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	3.22	4.44	-1.57	2.58	3.72	0.91%	-1.17	2.25	**10.35**
2026	2.45	0.61	-13.33	3.94	8.67								**0.91**

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

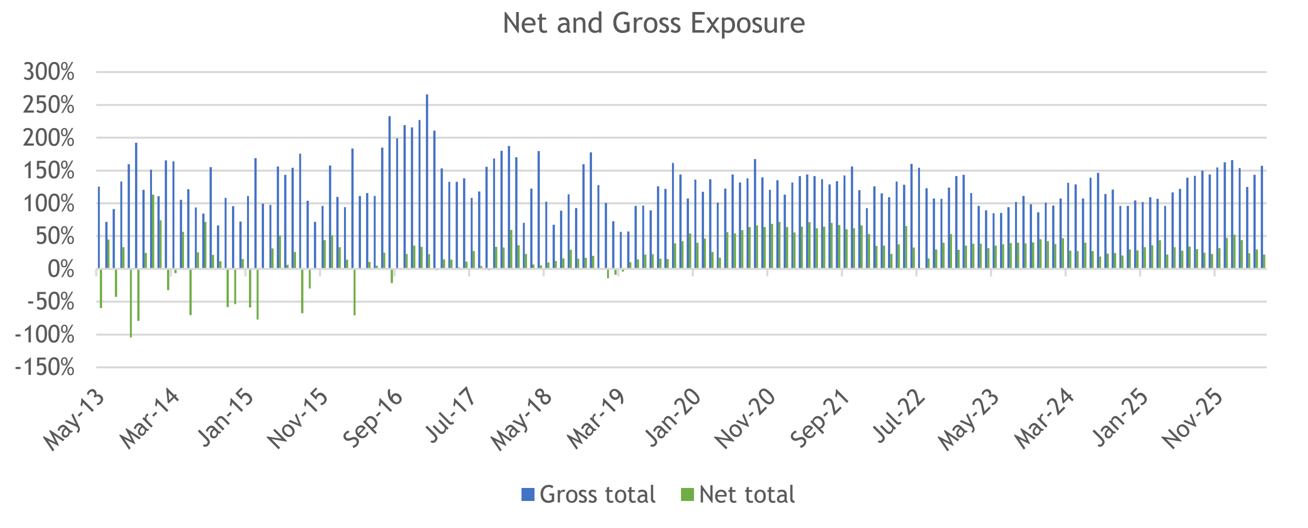
The largest portfolio shift occurred within the *Data is the New Oil* theme. Through May, the exposure to semiconductors was reduced. The team continues to view Artificial Intelligence (AI) as a genuine and potentially profound technology shift, with the theme providing compelling opportunities to capture the growth. However, capital is concentrated heavily in the global semiconductor complex and, in the team's view, the risk/reward in that part of the market has become less attractive. The focus is now shifting towards the underappreciated winners from AI adoption and rising inference demand.

Through the month, a new theme was introduced: *Revenge of the Dinosaurs*. This theme seeks exposure to old-world assets with sunk cost bases that may be meaningful beneficiaries of increased capital expenditure across multiple parts of the economy. Defence and infrastructure spending are being fiscally supported. Supply chains are being near-shored. The AI buildout requires enormous investment in power, equipment, materials, logistics and industrial capacity. Many of the companies that own the assets required to enable this buildout were largely ignored in the post-Global Financial Crisis (GFC) era. As multiple structural tailwinds collide, the Arnott Capital team believes these pockets of the market may become difficult to ignore.

What is compelling about the companies within the *Revenge of the Dinosaurs* theme is that they are not typically the names most investors associate with the underlying mega trends. They are not the obvious first-order winners, but the long-tail beneficiaries of a global rise in capital expenditure. The theme spans multiple industries, geographies and end markets. In Arnott Capital's opinion, the second and third order beneficiaries may be found in less fashionable parts of the market, where assets are hard to replicate, replacement costs are rising, and incremental demand can have a meaningful impact on returns.

In the team's view, markets feel frothy in pockets and mass issuance is generally a sign of excess, not despair. This should be respected. At the same time, we are less than four years into what may be the most consequential technology shift of our lifetimes. The response should not be dogmatism, but rather flexibility of mind - remaining open to paradigm shifts and willing to change the portfolio as the facts change.

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 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$153.6m	**REDEMPTION PRICE**	$1.1800
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