ARNOTT OPPORTUNITIES (CAYMAN) FUND
JULY 2026

ARNOTT CAPITAL
EST. 1999

COMMENTARY

The Fund returned 1.38% net of fees for the month of July 2026.[1] Net exposure averaged 40% long, while gross exposure averaged 152%. This brings the calendar year return to 1.41% net of fees, and the Strategy since inception return to 17.47% p.a. net of fees.[2]

Gains through the month of July were generated from *Data is the New Oil* (+201 bps) and *Korea Corporate Reform* (+162 bps) themes. Losses stemmed from *Aerospace* (-111 bps) and the *Australian Banks* short theme (-71 bps).

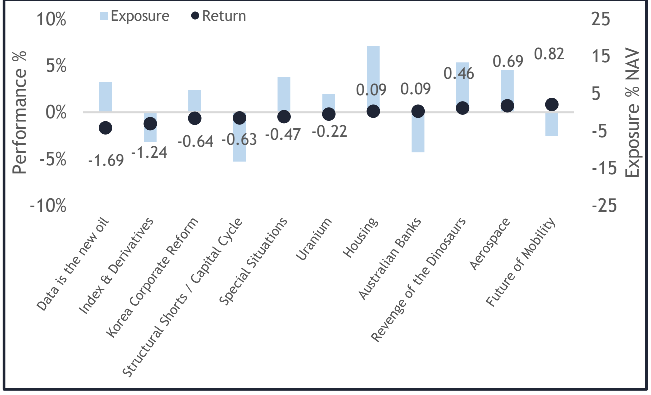
Through June, risk was reduced in the *Korea Corporate Reform* theme and overall exposure to semiconductors as the market became increasingly extended and speculative activity rose sharply. A surge in assets held by Korea-focused leveraged ETFs, together with rising implied volatility, suggested that short-term positioning had moved ahead of fundamentals.

During July, that risk reward changed materially. From its 22 June peak to its low on 30 July, the Korea Composite Stock Price Index (KOSPI) fell 39%, one of only six drawdowns exceeding 35% since 2000. The correction drove a sharp unwind in leveraged ETF exposure and implied volatility. The fundamental drivers of the Korean stock market rally, however, remained intact with AI, defence, near-shoring and corporate governance reform continuing to support the market. Looking ahead, financial year 2027 consensus earnings expectations for the market have increased by more than 340% since the beginning of 2024 and have continued to move higher throughout this drawdown. Despite this, the market has derated to 5.3 times forward earnings, and 8.6 times when excluding Samsung Electronics and SK Hynix.

STRATEGY PERFORMANCE METRICS[1,2]

Annualised returns	17.47%
% Positive months	64.56%
Average monthly return	1.42%
Average return in MSCI up months	1.49%
Average return in MSCI down months	1.27%
Best month	13.07%
Worst month	-12.24%
Largest drawdown	-12.24%
Longest drawdown (mths)	24
Sortino	2.52
Sharpe ratio	1.39

THEME CONTRIBUTORS TO FUND PERFORMANCE[1,3]



CORRELATION TO ASSETS – STRATEGY[1,2]

Global Equity Markets	0.12
US$ Gold	0.11
Bloomberg Commodities Index	-0.06
Hedge Fund L/S	0.07

MONTHLY SUMMARY METRICS[1]

NET RETURN	AV GROSS EXP	AV NET EXP
1.38%	152%	40%

STRATEGY HISTORICAL PERFORMANCE (%)[1,2]

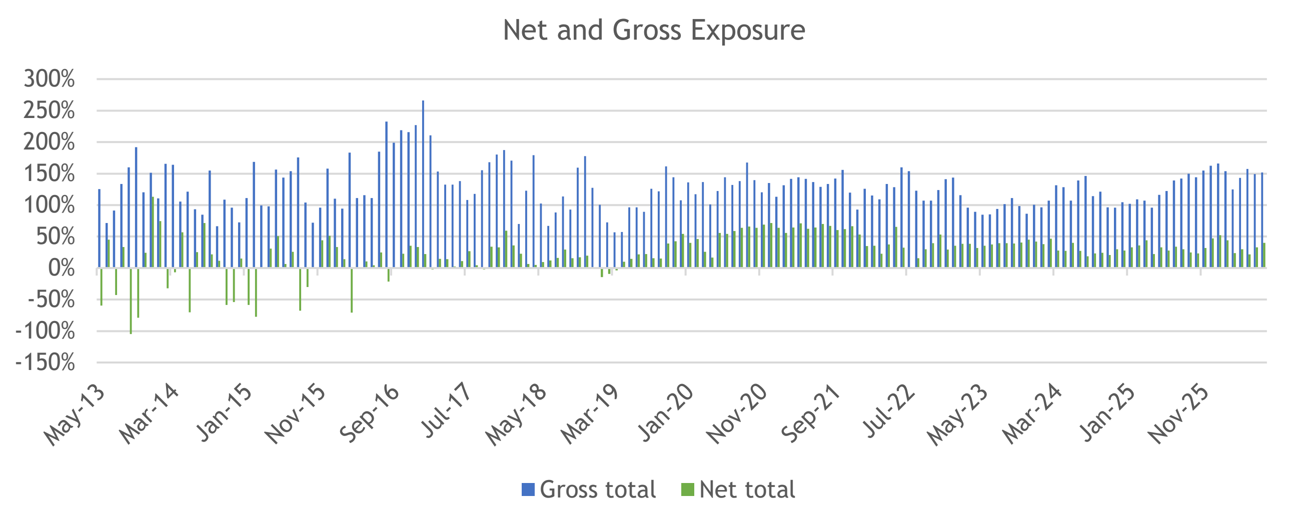
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2013						13.07	7.63	2.97	2.82	-2.69	5.23	-5.25	**25.00**
2014	7.61	6.56	2.43	0.77	8.87	-0.93	8.46	-3.78	0.34	7.78	3.24	1.92	**51.59**
2015	4.46	2.88	1.99	3.19	4.12	-0.52	3.44	11.47	5.23	0.00	3.67	5.72	**55.80**
2016	-6.09	2.14	-5.17	-2.83	3.30	0.40	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	3.89	3.97	-1.37	2.60	3.54	0.78	-0.66	1.98	**11.22**
2026	2.80	0.55	-12.24	3.66	8.41	-1.88	1.38						**1.41**

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 (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

These conditions prompted the Arnott Capital team to add risk back during the latter part of July. This did not reflect a change in the structural view, but a response to a more compelling price, cleaner positioning and a more attractive payoff. Historically, Korean drawdowns of this magnitude have been followed by strong returns across multiple time frames. History is not a forecast, but with earnings continuing to rise, valuations compressed and the corporate governance flywheel spinning, the Arnott Capital team believes the risk-reward has now become more favourable.

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.

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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United Kingdom

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