

About the Fund

The Arnott Opportunities Trust (the Fund) is a global thematic hedge fund that aims to profit from global events and shifting market dynamics. As an absolute return strategy, the Fund seeks to deliver positive returns in a variety of market environments. By employing a long/short approach, the Fund aims to participate in upside potential when markets are buoyant and moderate downside exposure during more challenging periods.

Investment Objective

The target return of the Fund is 15%¹ p.a. over rolling five-year periods after fees and expenses, with volatility (as measured by Standard Deviation) of approximately 10% p.a. The Fund aims to deliver above average returns with below average drawdowns by selectively investing in high quality assets across the global universe.

Investment Philosophy Centred on Thematic Trends

The investment philosophy is premised on a belief that large macroeconomic and thematic trends drive asset class returns over multi-year horizons and these can be captured with a disciplined investment process.

The investment team analyse data at a macroeconomic level to identify structural shifts and demand-supply inflection points over a multi-year time horizon. Themes evolve over time, presenting investable opportunities. The Fund typically maintains exposure to three to five primary themes.

Investment Process

The investment process typically begins with selecting three to five core themes that may persist for multiple years, underpinned by significant structural shifts or demand-supply imbalances in the global economy. By focusing on these themes, the Fund seeks to provide targeted exposure that may enhance portfolio performance.

Fund Facts

Strategy Inception	1999
APIR Code	ANC6332AU (Class D)
Minimum Initial Investment	A\$100,000 [^]
Distributions	Annually 30 June
Pricing	Daily
Buy/sell spread	0.30% [*]
Performance Fee	20% (plus GST) on any outperformance above the high water mark
Management Fees	1.5375% p.a. (inclusive of GST less any RITC) of the Net Asset Value and payable monthly in arrears [#]

[^] The Trustee, Channel Investment Management Limited (CIML) has discretion to accept lower amounts.

^{*} CIML may vary the buy-sell spreads for the Fund from time to time, including increasing these costs without notice when it is necessary to protect the interests of existing investors and if permitted by law. The updated information will be disclosed on CIML's website. Refer to the Fund's Product Disclosure Statement for more information.

[#] Includes management fee of 1.5375% and excludes expense recoveries of 0.1241%.

Fund Research Rating



The Fund is rated "Recommended" by Zenith Investment Partners.

The investment approach is considered in 4 stages:



1. **Identify themes:** Find early-stage thematic opportunities that are not yet priced by the market.



2. **Identify best way to express the theme:** Valuation to determine the best stock or other instrument within the theme.



3. **Determine market factors for entry and exit:** Only enter positions when market factors are asymmetric.



4. **Portfolio construction:** The portfolio typically contains three to five key themes, and between 40 and 70 positions.

1. Target returns are based on Arnott Capital's objectives and are not indicative of the actual performance of the Fund. There is no assurance that the target returns will be met. Refer to the Fund's Product Disclosure Statement for more information.

Benefits of investing in the Fund



Access to Strong Growth Opportunities Through a Thematic Investment Approach:

The Fund follows a thematic investment approach, aiming to identify long-term trends and sectors with strong growth potential. The Fund seeks to provide targeted exposure that may enhance portfolio performance. This dynamic strategy also offers the flexibility to pivot toward alternative ideas in cases where the market appears undervalued or out of favour, with the aim of creating additional avenues for potential outperformance.



Active Risk Management to Limit Downside Risk:

The Fund employs an asymmetric risk management approach seeking above-average returns alongside below-average drawdowns. It actively adjusts portfolio exposures using derivatives, short selling and leverage. By maintaining a strong focus on avoiding or minimising potential losses, particularly during volatile conditions, the Fund strives to foster a more favourable risk-return profile for investors.



Differentiated Sources of Returns with Low Downside Volatility:

The Fund pursues consistent returns while seeking to keep volatility relatively low. Thematic insights, combined with the ability to hold both long and short positions, are intended to help reduce overall drawdowns during challenging market conditions, while still aiming to capture upside in more favourable environments. The Fund endeavours to offer a smoother investment experience by maintaining a strong focus on avoiding or minimising potential losses.



Portfolio Diversification:

The Fund's diversification approach to investment, through adopting a thematic perspective, combined with its use of long and short positions and broad flexibility in asset class selection, may enhance the resilience of a wider investment portfolio. By managing correlations across multiple exposures and carefully identifying thematic opportunities, the Fund seeks to mitigate unexpected market shocks.

Portfolio positioning and suitability

The Fund can serve as a dynamic, diversifying allocation within an investor's portfolio. It has the potential to deliver positive returns across varying market environments.

The Fund is designed for investors seeking:

- > **capital growth** over a minimum investment timeframe of at least five years.
- > **an absolute return strategy** with an equity bias, aiming to generate positive annual returns through thematic opportunities.
- > **exposure through investments** in listed equities, derivatives linked to global equity indices, commodities, fixed income instruments, currencies, fixed income securities, unlisted equities, and hybrid instruments.

Risks to investing

Short selling risk	There is higher risk in creating a short position than creating a long position in relation to a security.
Market risk	Movements in financial markets due to economic, environmental or political conditions, or general market sentiment will result in the valuation of the Fund moving up or down.
Company specific investment risk	Investments in shares of a company can fall in value for many reasons and these factors may not be predictable or identifiable prior to their impact on the market value of shares.

Refer to section 8 of the Fund PDS for further details on the risks.

Why Arnott Capital

Arnott Capital is an Australian investment firm specialising in alternative investment strategies with a proven investment process since 1999.

The investment team combines expertise in macroeconomic analysis, in-depth research, and fundamental company insights to deliver informed investment decisions.

Arnott Capital manages investment capital for a diverse range of clients, including family offices, high net worth individuals, private wealth groups, and institutional investors.

Investment Team



Kenny Arnott
Co-Chief
Investment Officer



Yianni Gertos
Co-Chief
Investment Officer



Zarjnt Spire
Investment Analyst



Shannon McConaghy
Portfolio Manager



Kelly Jones
Investment Analyst



Zachary Stone
Investment Analyst

Platform Availability

Ausmaq	Netwealth
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