FOR PROFESSIONAL / WHOLESALE INVESTORS ONLY

ARNOTT OPPORTUNITIES TRUST

CLASS D (APIR: ANC6332AU)
AUGUST 2026

ARNOTT CAPITAL EST. 1999

COMMENTARY

The Fund returned 4.62% net of fees for the month of August 2026.[1] Net exposure averaged 38% long, while gross exposure averaged 147%. This brings the calendar year return to 4.45% net of fees, and the Strategy since inception return to 17.08% p.a. net of fees.[2]

Gains through the month of August were generated from short theme, *Australian Banks* (+81 bps), and long themes *Revenge of the Dinosaurs* (+67 bps), *Korea Corporate Reform* (+65 bps), *UK Housing* (+64 bps) and *Uranium* (+57 bps). There were limited detractors for the month.

Through August, both the long and short positions within the portfolio contributed to performance. Australian banks being the largest contributor, sitting alongside short exposures to the Australian consumer, particularly businesses whose earnings depend on housing turnover and activity.

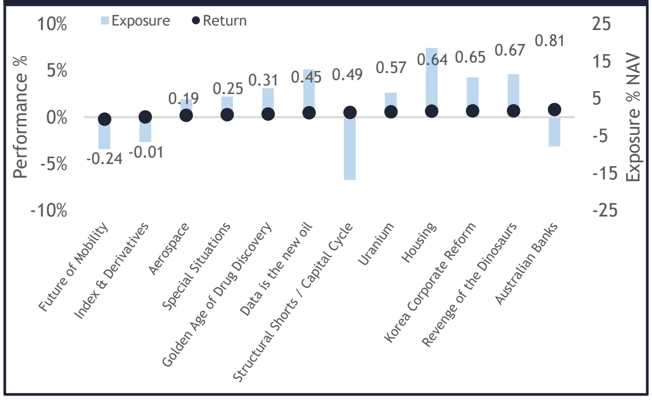
Through 2026, both monetary and fiscal policy shifted meaningfully against the Australian housing sector. The Reserve Bank of Australia raised interest rates three times during the year, while the Australian Government announced sweeping changes to the taxation of investment properties in its May 2026 Budget. Together, these measures represent a clear policy shift aimed at moderating investor demand and credit growth in the housing sector.

Commentary continues on next page…

STRATEGY METRICS – FROM MAY 2013[1,2]

Annualised returns	17.08%
% Positive months	62.26%
Average monthly return	1.39%
Average return in MSCI up months	1.44%
Average return in MSCI down months	1.30%
Best month	13.07%
Worst month	-13.33%
Largest drawdown	-13.33%
Longest drawdown (mths)	24
Sortino	2.45
Sharpe ratio	1.33

THEME CONTRIBUTORS TO PERFORMANCE[1,3]



CORRELATION SINCE MAY 2013[1,2]

Global Equity Markets	0.11
US$ Gold	0.13
Bloomberg Commodities Index	-0.04
Hedge Fund L/S	0.08

MONTHLY SUMMARY METRICS[1]

NET RETURN	AV GROSS EXP	AV NET EXP
4.62%	147%	38%

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	-2.58	1.57	4.62					**4.45**

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.

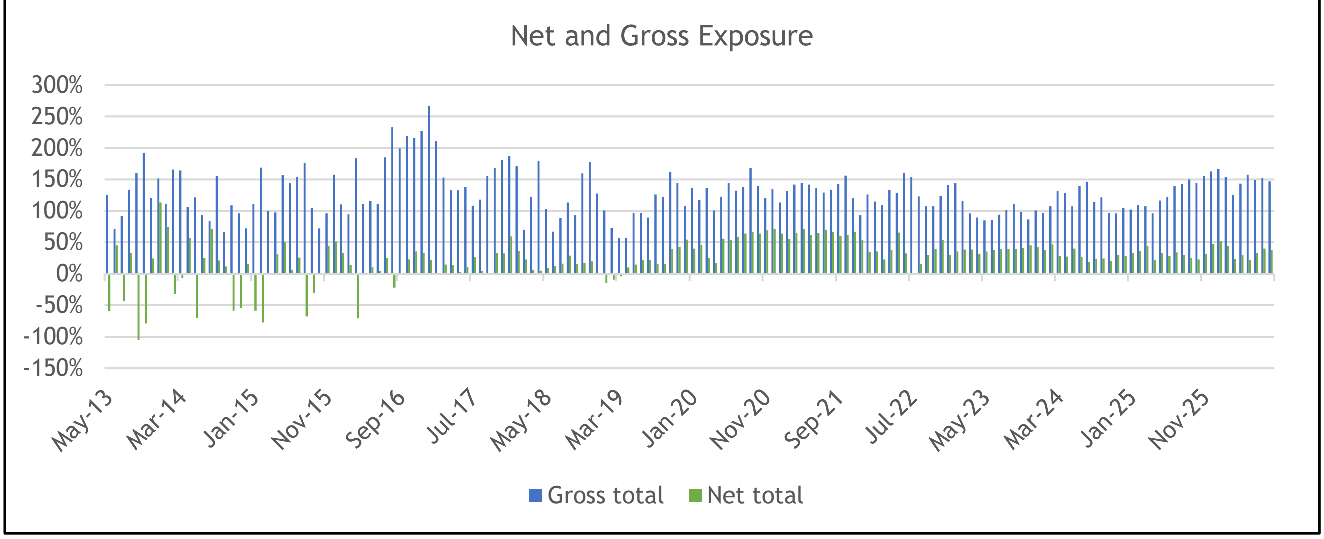
COMMENTARY CONTINUED

Evidence of this adjustment is now emerging. National dwelling values fell 0.9% in August, taking the decline from their March peak to 3.6%. The Australian Bureau of Statistics has also reported a sharp decline in new housing loan commitments, led by a decline in investor lending. Consumer sentiment improved during August but remained weak. The expectation is that lower housing turnover and weaker property prices may pressure mortgage growth and consumer spending, with potential earnings impacts for the companies within the short book.

Arnott Capital remains conscious that the stars had similarly aligned for this trade back in 2022 and 2023, when the rapid rate-hiking cycle was a catalyst for subdued activity. However, back then, exceptionally strong migration had supported aggregate consumer spending, housing prices proved more resilient than expected and lending volumes subsequently recovered. Australian banks rallied sharply over the following two years, reinforcing their reputation as a ‘widow-maker’ short (causing large losses).

Another trade frequently described as a ‘widow-maker’ was short Japanese government bonds while yields were pinned at or below zero. Japanese 10-Year Government Bond yields reached 3% in early September. When the macroeconomic conditions change, prices on long held beliefs can change rapidly.

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$154.5m	**REDEMPTION PRICE**	$1.2211
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