ARNOTT OPPORTUNITIES (CAYMAN) FUND
AUGUST 2026

ARNOTT CAPITAL EST. 1999

COMMENTARY

The Fund returned 4.14% 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 5.62% net of fees, and Strategy since inception return to 17.71% 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.

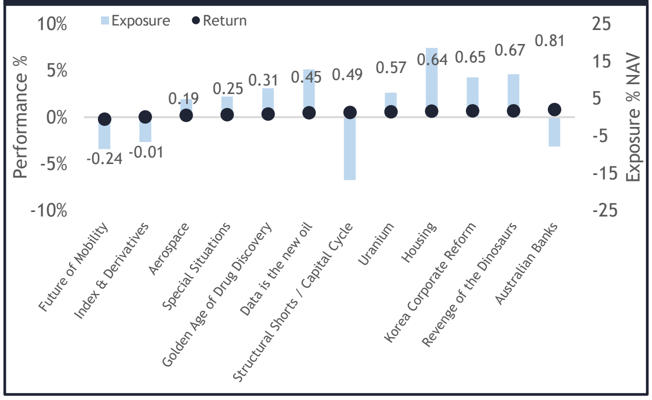
Through 2026, both monetary and fiscal policy shifted meaningfully against the Australian housing sector. The Reserve Bank of Australia raised interest rates three times during the year, while the Australian Government announced sweeping changes to the taxation of investment properties in its May 2026 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 PERFORMANCE METRICS[1,2]

Annualised returns	17.71%
% Positive months	64.78%
Average monthly return	1.43%
Average return in MSCI up months	1.52%
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	2.55
Sharpe ratio	1.41

THEME CONTRIBUTORS TO FUND PERFORMANCE[1,3]



CORRELATION TO ASSETS – STRATEGY[1,2]

Global Equity Markets	0.12
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
4.14%	147%	38%

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	4.14					**5.62**

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.

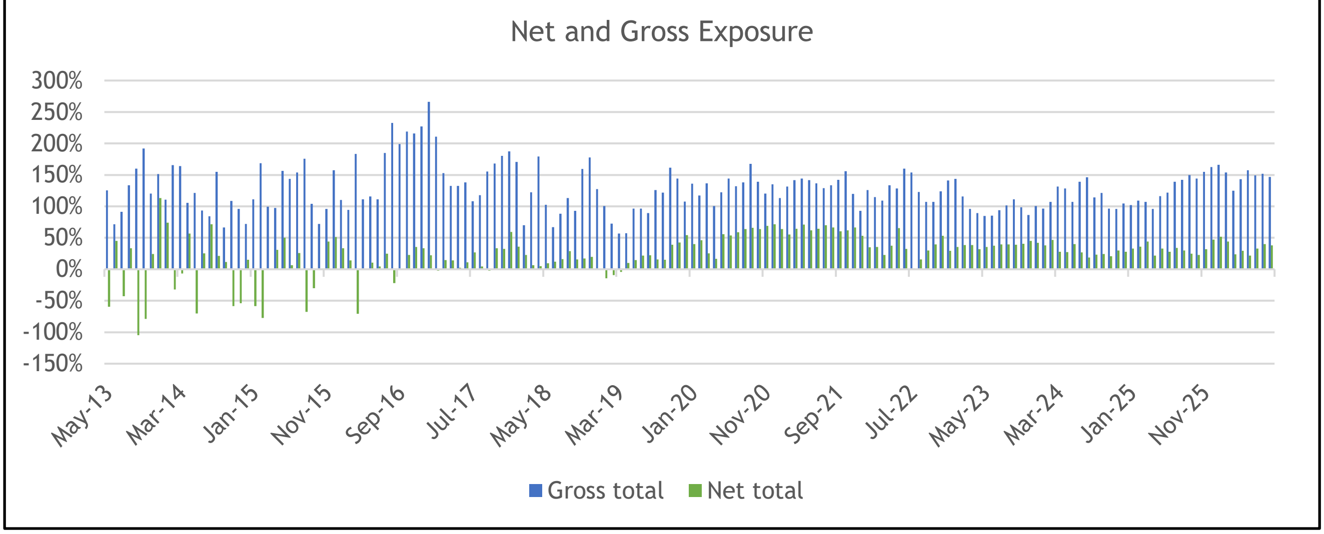
COMMENTARY CONTINUED

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.

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.

Singapore

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Additional Information for Investors in Switzerland

Representative in Switzerland is PvB Pernet von Ballmoos AG, Zollikerstrasse 226, 8008 Zürich where the prospectus / offering memorandum, the articles of association as well as the annual report may be obtained free of charge from the representative. Paying Agent in Switzerland is Helvetische Bank, Seefeldstrasse 215, 8008 Zürich. For investors who have acquired the units sold in Switzerland, the place of performance and the court of jurisdiction have been established at the registered office of the representative.

United Kingdom

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