FOR PROFESSIONAL / WHOLESALE INVESTORS ONLY

ARNOTT OPPORTUNITIES TRUST

CLASS D (APIR: ANC6332AU)
SEPTEMBER 2026

ARNOTT CAPITAL EST. 1999

COMMENTARY

The Fund returned 1.98% net of fees for the month of September 2026.[1] Net exposure averaged 31% long, while gross exposure averaged 153%. This brings the calendar year return to 6.52% net of fees, and the Strategy since inception return to 17.14% p.a. net of fees.[2]

Gains through the month of September were generated from long themes, *Golden Age of Drug Discovery* (+138 bps), *Data is the New Oil* (+83 bps) and short theme, *Future of Mobility* (+59 bps). Losses stemmed from *Special Situations* (-48 bps) and *Uranium* (-38 bps).

Since mid-2024, the Arnott Capital team have been seeking to understand where the returns from Artificial Intelligence (AI) spending will ultimately emerge. The key reason for this is not only to better understand the current stage of the cycle but also to identify investment opportunities for the strategy.

It is with this lens; the team have identified the newest theme in the portfolio being the *'Golden Age of Drug Discovery'*.

Healthcare has been a challenging part of equity markets in recent history. Tariffs, government spending cuts, constrained biotechnology funding and COVID-era oversupply have collectively weighed on much of the sector.

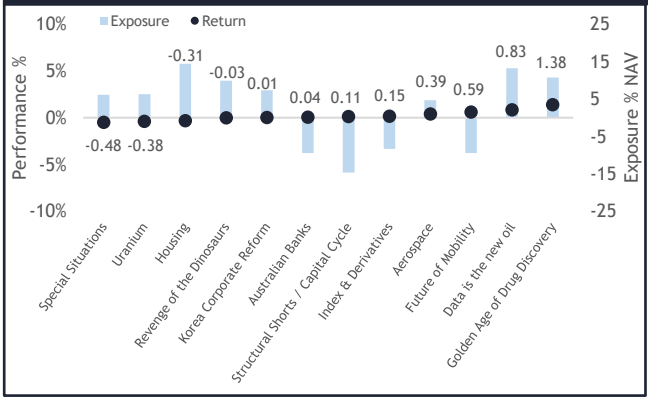
Whilst these headwinds are well understood and fresh in investor minds, the market appears to be overlooking the pace of innovation across healthcare and the role AI could play in accelerating this.

Commentary continues…

STRATEGY METRICS – FROM MAY 2013[1,2]

Annualised returns	17.14%
% Positive months	62.50%
Average monthly return	1.39%
Average return in MSCI up months	1.44%
Average return in MSCI down months	1.32%
Best month	13.07%
Worst month	-13.33%
Largest drawdown	-13.33%
Longest drawdown (mths)	24
Sortino	2.46
Sharpe ratio	1.34

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
1.98%	153%	31%

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	1.98				**6.52**

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.

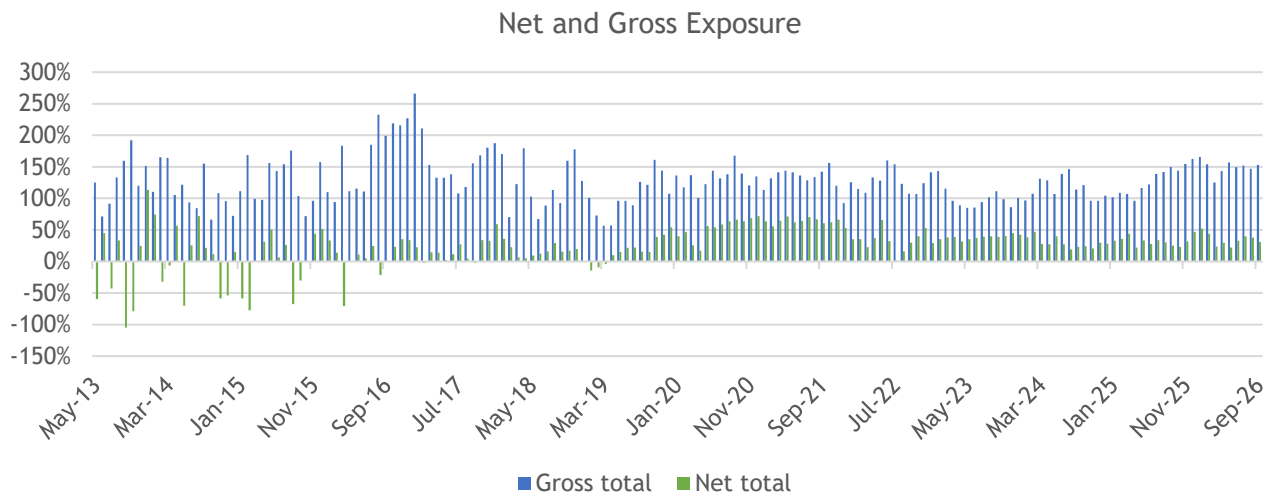
COMMENTARY CONTINUED

Rather than attempting to identify the next blockbuster drug, the Arnott Capital team have focused on the exposure to '*Life Science Tools*', the 'picks and shovels' businesses that enable modern medicine. These companies supply the instruments, consumables, reagents and manufacturing equipment required to discover, develop and produce medicines. The exposure is therefore linked to research and manufacturing activity across the industry, rather than the success of any single drug.

The opportunity can be framed in two parts. In the near term, easing post-COVID destocking and improving access to biotechnology funding should support an earnings recovery after a prolonged downturn.

Over a multi-year horizon, the larger opportunity may lie in AI-assisted drug discovery and the shift towards personalised medicines. The thesis is that greater research productivity will expand the pipeline of promising treatments and the activity required to develop them. Meanwhile, treatments manufactured for individual patients can require a separate batch and testing process for each patient, increasing the number of production runs rather than simply the volume of medicine produced. For the 'tools' companies, the Arnott Capital team believes these changes could drive a structural step change higher in underlying demand.

STRATEGY NET AND GROSS HISTORICAL EXPOSURE[2]



Source: Arnott Capital. For illustrative purposes only.

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ARNOTT CAPITAL —EST. 1999—

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$152.4m	**REDEMPTION PRICE**	$1.2453
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

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