ARNOTT OPPORTUNITIES TRUST FACTSHEET
APRIL 2024

ARNOTT CAPITAL EST. 1999

COMMENTARY

The fund returned positive 1.37% for the month of April 2024. Net exposure averaged 27% long, while gross averaged 129%. This brings our calendar year return to positive 4.30% and since inception return to positive 19.89% p.a. net of fees.

Throughout April, key contributors to fund performance were our long *Commodities* theme and *Japan Domestic Capex*, with *Index and Derivatives* hedge book being the detractor. We are heavily focused on opportunities associated with higher capital expenditure. Both our long *Commodities* and *Japan Domestic Capex* theme are beneficiaries of this this tailwind. Capital expenditure is going to be higher for a number of reasons; de-globalisation, onshoring and friend-shoring, increased defence spending, cost associated with climate change initiatives, public infrastructure spending and AI demand for services and infrastructure.

Japan

We continue to have a geographical focus in Japan where are unearthing some terrific opportunities. Japan Domestic Capex is part of this exposure. In 2012 Japanese prime minister Shinzo Abe introduced structural reforms to boost Japan's competitiveness, such as corporate governance changes, labour market flexibility, opening protected sectors like agriculture, and encouraging more women and foreign workers in the workforce. Progress over the next decade was slow but some was made. Japanese companies have been increasing profitability and deleveraging. But since the reforms implemented by the Tokyo Stock Exchange recently, which are set to take effect in April 2024, these trends are now accelerating. The Tokyo Stock Exchange (TSE) has recently enacted several reforms aimed at improving capital efficiency, corporate governance, and shareholder value among listed Japanese companies.

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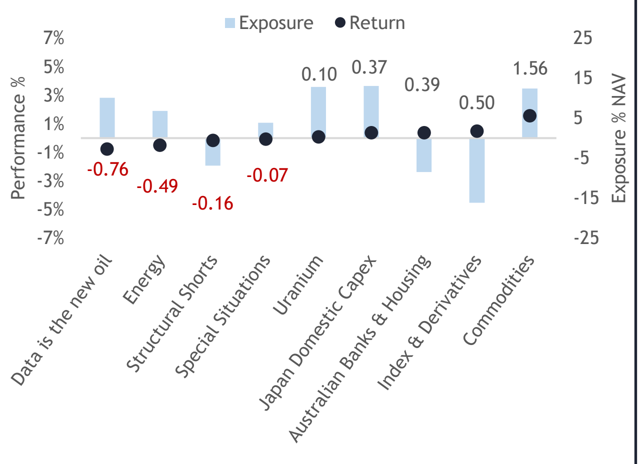
PERFORMANCE METRICS

From May 2013	
Annualised returns	19.89%
% Positive months	62.60%
Average monthly return	1.58%
Average return in MSCI up months	1.43%
Average return in MSCI down months	1.85%
Best month	13.07%
Worst month	-6.09%
Largest drawdown	-11.61%
Longest drawdown (mths)	24
Sortino	3.95
Sharpe ratio	1.61

THEME RETURN & EXPOSURE (APRIL 2024)



CORRELATION TO ASSETS

Global Equity Markets	0.05
US$ Gold	0.02
Bloomberg Commodities Index	-0.02
Hedge Fund L/S	0.02

MONTHLY SUMMARY METRICS

NET RETURN	AV GROSS EXP	AV NET EXP
1.37%	129%	27%

STRATEGY HISTORICAL PERFORMANCE (%)

	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	-1.66	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	3.82	-2.94	-3.32	8.59	7.22	**27.23**
2021	3.26	5.69	2.74	3.93	5.03	-0.40	-2.81	5.60	5.75	1.30	5.37	-0.24	**40.90**
2022	2.07	-0.34	-1.10	0.95	2.50	-1.68	-1.61	4.48	-1.55	-3.07	-0.77	1.87	**1.50**
2023	-0.29	-2.34	-0.36	-0.75	1.07	2.02	0.88	1.58	2.45	-2.70	-0.24	3.16	**4.40**
2024	1.10	-1.53	3.45	1.37									**4.30**

Past performance is not necessarily an indicator of future performance.
2013 - 2017 Data. Bondi Capital Investments Pty Ltd (managed account). Performance net of 0 & 25 fees. Currency AUD. Fund administered by Apex. Fund was not audited.
2018 - Current Data. Australian Unit trust. Performance net of 0 & 25 fees. Currency AUD. Fund administered by Apex. Fund audited by EY.
Above data and fees apply to the Arnott Opportunities Trust - 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.

COMMENTARY

We are primarily expressing our bullish view on Japanese equities through three areas. First, rising domestic capital expenditure beneficiaries, where are focused on factory automation, robotics and heavy equipment companies that benefit from rising capital expenditure in Japan and are also beneficiaries of diversifying supply chains away from China. Second, rising long end interest rates, expressed via short positions in Japanese Government Bond futures. Thirdly, corporate reform beneficiaries including global leaders in niche fields that have prioritised their product, versus shareholder returns and profitability. History has shown successful corporates can have both, and Japan is now waking up to this. To learn more about the Japan thematic, please see here.

Higher rates and higher fiscal spending - winners and losers

Looking at markets from a macro lens we are linking our long-term views on what regime we are in, to our research and investment efforts. We are in an era of structurally higher rates that will be with us for some time to come. This is creating many opportunities as businesses that did well under low interest rate regimes struggle while others will prosper. There will be many different winners and losers.

Notwithstanding the higher rates environment, we don't expect US rates to go up from here. It would take a serious global supply shock or inflationary policy shocks for the Federal Reserve to hike rates from here. On stagflation risk, we don't believe stagflation is likely, but we are watching it very closely, because the consequences would be very large.

Fiscal policy and elections will remain a focus for markets. Fiscal policy is likely to remain loose under either US party win. Fiscal stimulus was rediscovered during the pandemic and will be an important part of our investment framework for the foreseeable future. Elections in the US will be very important for trade, and specifically China. The elections will also be very important for inflation expectations. Either candidate has the potential to put upward pressure on prices.

Moreover, please find a replay of our recent webinar, providing an update on the Strategy here.

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APRIL 2024

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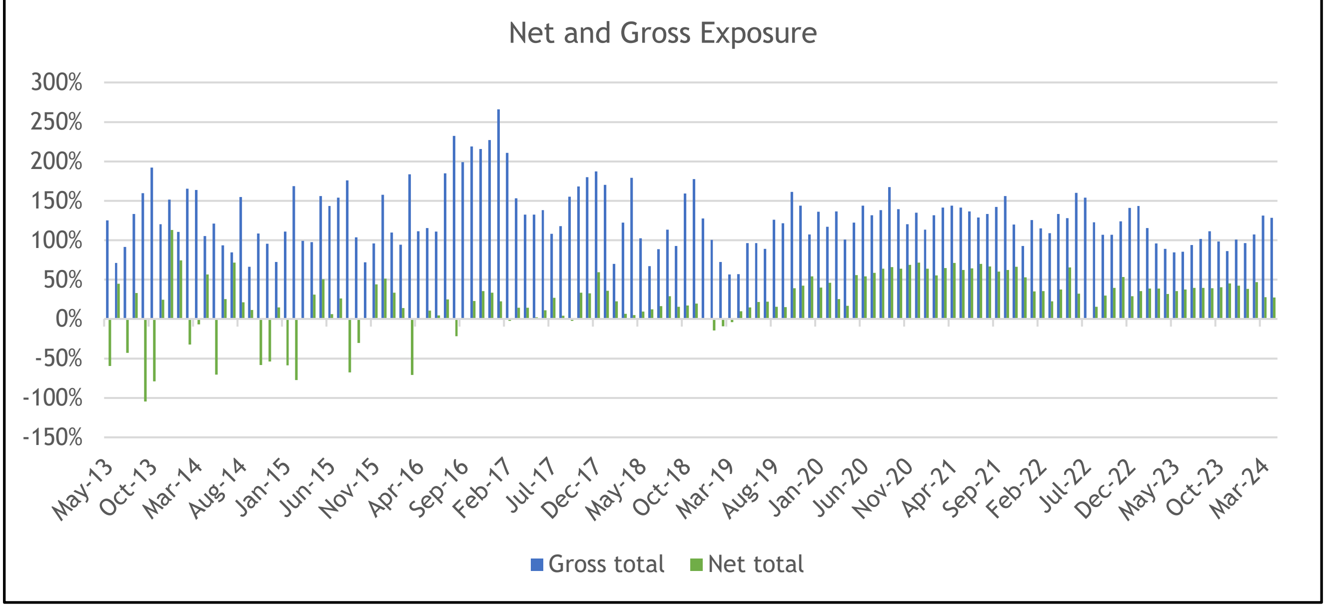
NET AND GROSS HISTORICAL EXPOSURE



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 though 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	AUD	ARNOTT CAPITAL PTY LTD	AFSL License 233743 ABN 23086081889
STRATEGY INCEPTION	1999	CONTACT DETAILS	investor@arnott.com.au
MINIMUM SUBSCRIPTIONS	AUD $100,000	WITHDRAWALS	Monthly
FUND ADMINISTRATOR	Apex Group Ltd.	PRIME BROKER	Morgan Stanley International PLC J.P. Morgan Securities PLC
LEGAL ADVISORS	Ernst and Young	FUND AUDITOR	Ernst and Young
FEE STRUCTURE	**Management Fee**	**Performance Fee**	**Subscriptions**
*** Founder Class**	0%	25%	Closed to new investors
Main - Post July 2020 Class	1.5%	20%	Monthly

*** All data displayed in this document is Founder Class data. For a copy of the Offering Memorandum, please contact investor relations at investor@arnott.com.au.**

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