



CI BRUNSWICK FUND  
Information Memorandum



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This Information Memorandum has not been nor will be lodged with the Australian Securities and Investments Commission. The offer of units contained in this Information Memorandum is an offer of units that does not require the giving of a Product Disclosure Statement in accordance with Division 2 of Part 7.9 of the Corporations Act 2001 (Cth) ("Corporations Act"). Cooper Investors Pty Limited ("CI") has prepared this Information Memorandum to provide background information for investors considering applying for units in the CI Brunswick Fund. The information in this Information Memorandum is general information only and does not take into account an investor's individual objectives, financial situation or needs. Each person who applies for units pursuant to this Information Memorandum will be required to subscribe for units with the minimum amount payable on acceptance of the offer of at least \$500,000 or such lesser amount determined by CI in its discretion or by transfer of property with the prior approval of CI. CI does not guarantee the performance of the Fund or the return of capital to unit holders. Investors should read this Information Memorandum in its entirety prior to investing and, where appropriate, seek independent professional advice. In this Information Memorandum references to "we", "us" and "our" refer to CI. For further terms and conditions please see page 25 of this Information Memorandum.

# SUMMARY OF THE FUND

<b>Date of Information Memorandum</b>	1 July 2018
<b>The Investment</b>	Units in a unit trust – the CI Brunswick Fund (the "Fund").
<b>Minimum Initial Investment</b>	\$500,000 (see page 19).
<b>Investment Risk and Return Objectives</b>	Our aim is for the Fund's long term returns to exceed the Benchmark. However, the Fund will be constructed with limited reference to the Benchmark and therefore the returns of the Fund may significantly vary from the Benchmark returns. The Fund has a long term investment horizon.
<b>Investment Strategy</b>	<p>The Fund invests in listed securities with a minimum exposure of 75% to Australian and NZ securities (including cash) and a maximum exposure of 25% to other international markets. The portfolio will typically consist of 20-40 stocks. The Fund can hold up to 25% of the portfolio in cash.</p> <p>Our strategy is to identify stocks with VoF attributes (value latency, operational performance, industry/strategic positioning &amp; focused management). The portfolio can be divided into 6 broad categories:</p> <ol style="list-style-type: none"><li>1. Stalwarts – sturdy, strong and generally larger companies with world class privileged market and competitive positions.</li><li>2. Bond like equities – stocks with secure low-volatile dividends that can be grown and recapture inflationary effects over time.</li><li>3. Asset plays – stocks with strong or improving balance sheets trading at discounts to net asset value or replacement value.</li><li>4. Growth companies – growing companies with identifiable value propositions using traditional value metrics run by focused, prudent and experienced management.</li><li>5. Low Risk Turnarounds – sound businesses with good management in place and good balance sheets essential.</li><li>6. Cyclical – Stocks showing both upside and downside leverage to the cycle with experienced and contrarian managers who can allocate capital prudently.</li></ol>
<b>Manager</b>	Cooper Investors Pty Limited ("CI" or the "Manager").
<b>Custodian</b>	National Australia Bank Limited.
<b>Benchmark</b>	S&P/ASX 200 Accumulation Index.
<b>Distributions</b>	Income distributions will normally be paid half-yearly as at 31 December and 30 June (although the Manager has the discretion to distribute more frequently) and will automatically be invested in further units unless a unit holder elects otherwise.
<b>Applications</b>	Following the minimum initial investment, \$50,000 minimum tranches may be invested on each Thursday and the last day of each month (see page 19 for details of procedure and Transaction Costs).
<b>Redemptions</b>	\$50,000 minimum tranches (provided that the unit holder maintains a minimum investment of \$500,000) may be redeemed on each Thursday and the last day of each month, with 1 business day's notice. (See page 19 for details of procedure, Transactional Costs and situations where the Manager may not give effect to a redemption request).
<b>Management Fee</b>	1.0% per annum of the Net Asset Value (before fees and expenses) plus GST calculated and paid monthly in arrears directly from the Fund.
<b>Performance Fee</b>	10% of the Fund's out-performance of the S&P/ASX 200 Accumulation Index plus GST. A high water mark applies. Full details are on page 17.

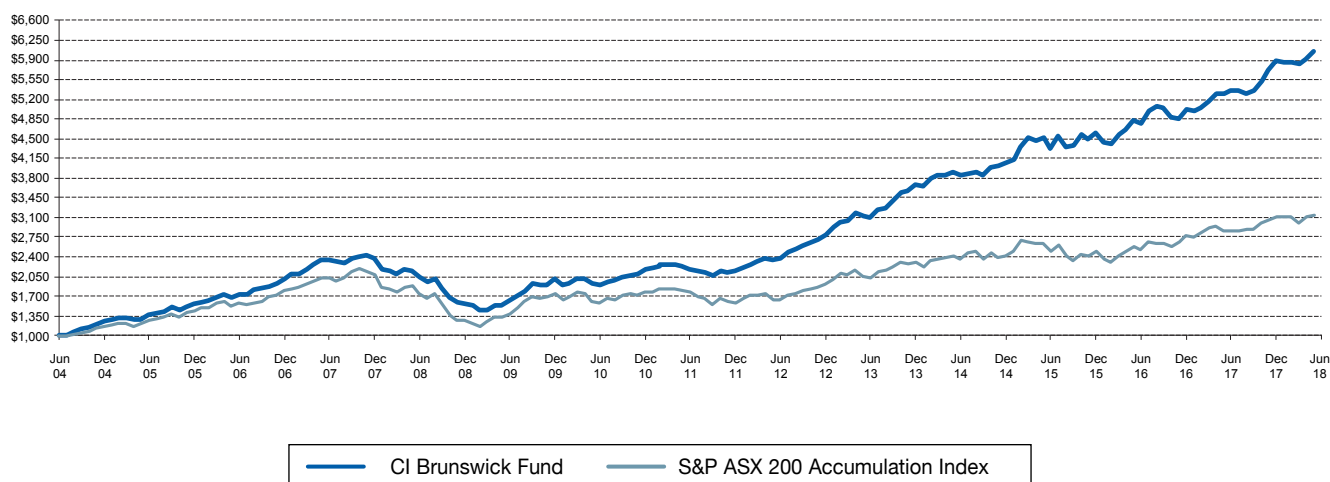
*This summary sets out some of the key information you can find in this Information Memorandum, but it is not a complete summary. Before making an investment you should read the whole Information Memorandum and seek any professional advice you need.*

# PERFORMANCE OF THE FUND

## PERFORMANCE HISTORY

Performance of the CI Brunswick Fund to 31 May 2018

### CI Brunswick Fund – Net of Fees \$1000 Invested Since Inception



	PORTFOLIO Gross - before fees and expenses	BENCHMARK	VALUE ADDED
ROLLING 1 YEAR	15.41%	9.63%	5.78%
ROLLING 2 YEAR*	13.12%	10.37%	2.75%
ROLLING 3 YEAR*	11.88%	5.94%	5.94%
ROLLING 5 YEAR*	15.79%	8.76%	7.03%
ROLLING 7 YEAR*	17.31%	8.34%	8.97%
ROLLING 10 YEAR*	12.52%	5.24%	7.28%
SINCE INCEPTION*	16.90%	8.58%	8.32%
SINCE INCEPTION <sup>^</sup>	778.89%	214.27%	564.62%

\* Annualised

<sup>^</sup> Cumulative – Inception Date was 1 July 2004.

Note: Past performance is not necessarily a reliable indicator of future performance.

Up-to-date performance information can be obtained each month from our website – [www.cooperinvestors.com](http://www.cooperinvestors.com)

# STRUCTURE OF THE CI BRUNSWICK FUND

## INVESTMENT RISK AND RETURN OBJECTIVES

The CI Brunswick Fund has a long term investment horizon. Our aim is for the Fund's long term returns to exceed the benchmark (S&P/ASX 200 Accumulation Index). However, the Fund is constructed with limited reference to the benchmark and therefore the returns of the Fund may vary significantly from benchmark returns. We accept volatility as being the cost of participating in investment markets that we expect to deliver positive long term returns.

## PORTFOLIO CONSTRUCTION

We utilise the research of CI's Australian, Asian and global investment teams to construct a concentrated securities portfolio (typically holding 20 to 40 stocks). At least 75% of the portfolio is invested in Australian and New Zealand listed securities (including cash). Up to 25% of the Fund may also be invested in international securities. The Fund can hold up to 25% of the portfolio in cash.

The portfolio construction is implemented with limited reference to the benchmark (S&P/ASX200 Accumulation Index). Within CI's risk guidelines, specific weightings are entirely at the discretion of the Manager and will be selected based on the risk and return profiles of the countries, industries and stocks in question.

The portfolio is structured on the basis of a long term investment horizon. Ultimately, the success of the Fund rests on the Manager's ability to allocate capital soundly using its experience, investment philosophy and the VoF investment process.

## INVESTMENT STRATEGY

In constructing the portfolio, we use our VoF research process to assess individual companies, industries and countries and to construct a portfolio that aims to achieve the risk and return objectives. The level of exposure to specific industries and markets will be selected using CI's VoF framework.

The portfolio is positioned around six investment categories:

- Stalwarts – sturdy, strong and generally larger companies with world class privileged market and competitive positions.
- Bond like equities – stocks with secure low-volatile dividends that can be grown and recapture inflationary effects over time.
- Asset plays – stocks with strong or improving balance sheets trading at discounts to net asset value or replacement value.

- Growth companies – growing companies with identifiable value propositions using traditional value metrics run by focused, prudent and experienced management.
- Low risk turnarounds – sound businesses with good management in place and good balance sheets essential. We especially like government to private turnarounds, corporate spin-offs, recapitalisations, Board and management changes in market mergers and operational restructurings.
- Cyclical – Stocks showing both upside and downside leverage to the cycle with experienced and contrarian managers who can allocate capital prudently.

CI believes that, over the long term, sustainable returns within acceptable risk parameters can be achieved by CI's small, focused, experienced team:

- applying our VoF investment process to a range of Australian and international stocks;
- investing in stocks from those countries and industries where CI has a point of focus and knowledge; and
- selecting the best stocks without reference to benchmarks and short term performance.

## AUTHORISED ASSETS AND LIABILITIES

The Constitution of the Fund provides the Manager with very broad investment powers to invest in, dispose of or otherwise deal with property and rights in its absolute discretion. See page 21 for a list of authorised assets and liabilities. Therefore, the investment strategy outlined in this Information Memorandum may change over time.

CI's current intention is to invest in the following asset classes and to use the following investment tools in the management of the Fund:

- Australian, New Zealand, Asian and international listed securities;
- Cash;
- Term deposits;
- Fixed interest;
- Foreign exchange contracts or options;
- Debt instruments; and
- Unlisted securities (usually pre IPO securities which are expected to list within 12 months).



# STRUCTURE OF THE CI BRUNSWICK FUND

## **CURRENCY HEDGING**

The Manager may, in its absolute discretion, elect to hedge all or some of the Fund's exposure to assets denominated in a currency other than Australian dollars.

Whether or not the Manager elects to hedge a particular currency will depend upon the portfolio manager's view of that currency at the time of purchase of the underlying asset.

## **INTERNAL RISK GUIDELINES**

CI has set the following internal risk guidelines. The guidelines may be amended from time to time by the Manager, in its absolute discretion, without notice to unit holders.

- The portfolio will typically consist of 20-40 stocks;
- Minimum of 75% of Net Asset Value will be invested in Australian and New Zealand securities (including cash);
- Maximum of 25% of Net Asset Value will be invested in international (i.e. not Australian or New Zealand) securities;
- Initial stock weightings are typically 1-5% with a maximum individual stock exposure of 15% of Net Asset Value;
- Maximum of 25% of Net Asset Value to be held in cash;
- Unlisted securities are limited to a maximum of 10% of Net Asset Value;
- No tracking error constraints;
- No short selling of stocks; and
- No leverage.

# ABOUT COOPER INVESTORS

## HISTORY

CI is a specialist equity fund manager with funds under management of approximately A\$13.2 billion as at 31 May 2018. We commenced operations in 2001 and we manage money for a range of clients including large pension and superannuation funds, listed Australian companies, religious institutions, Australian State Government agencies, school endowments, charities and high net worth families. CI is 100% owned by its employees.

CI manages 6 pooled investment trusts (CI Australian Equities Fund, CI Pensions Fund, CI Asian Tiger Fund, CI Brunswick Fund, Cooper Investors Global Equities Fund (Hedged) and Cooper Investors Global Equities Fund (Unhedged)) and a number of individual mandates which invest in Australian equities, international securities or a mixture of both. Employees are encouraged to invest in the CI trusts.

## 5 KEY CI VALUES

The following values drive how we operate our business and influence our investment decision making (see page 12). It is our belief that these play an important part in CI being able to sort opportunities in the genuine investment category from those that are not "bona fide". The CI values are critical in guiding our thinking through changing times.

These attributes are also embedded in CI's performance reviews and staff are evaluated and rewarded on their adherence to these values.

**Gratitude and Humility** ~ Positive and respectful attitudes operating with self awareness and confidence. We value debate and learning; we acknowledge the beliefs, views and attitudes of others, while at the same time having clear, concise and rational investment beliefs of our own. In the investment context, this leads to better understanding of business trends and opportunities as well as creating a sound foundation for investment decision making.

**Intentionality** ~ We are active, passionate investors. Our intention is to focus on industries, assets and companies that have value latency, with positive operational, industry and strategic trends run by management and industry leaders with passion, energy, clarity and competence. We believe that by focusing on CI's investment principles and business philosophy, performance and business success will come. *Facta non verba* (action and focus, not words) will determine our success.

**Curiosity and Passion** ~ We learn through doing the work. The curiosity and passion to learn how businesses and markets work underpins investment insight and sustained performance.

**In the Moment and Present** ~ Observe don't predict. Concentrate on the things that make a difference and be detached from the things we don't know or can't change.

**Authenticity** ~ We are open and honest with our clients, employees and business service providers. We don't mind being different to others.

## BUSINESS ADMINISTRATION

Our approach to business administration is "efficiency without bureaucracy". We have underpinned our business with the systems and processes that we believe are the best available. Where we can identify better proprietary ways to systemize, we develop in house solutions. We are frugal in our own actions and prefer companies and partners that have the same philosophy.

## THE CI EDGE – WHAT MAKES US DIFFERENT

- Adherence to CI values in corporate action and investment management.
- Small, experienced, focused teams.
- Performance reviews – Reward both cultural and performance contributions.
- Decision making – Flat management structure that is flexible but disciplined.
- Management own the business and invest in the CI Funds.
- Critical mass – A\$13.2 billion (approx) funds under management is big enough to gain market access but not too big to compromise the investment objectives.
- High quality integrated administration and proprietary investment decision support systems.
- "A" grade service providers.





# ABOUT COOPER INVESTORS

## CI'S STRATEGIC INTENTIONS

- Continuous focus on and commitment to the execution of CI's beliefs.
- Be highly active with regard to assessing and managing risk taking and risk management.
- Develop investment capability that offers diversification, optionality and complimentary benefits.
- Hire and reward people that deliver on both performance and cultural attributes.
- Be an efficient, low cost operator without bureaucracy.
- Develop operational excellence through being well organised and systemised.
- Continuous reinvestment to further improve the business.

## CI'S PHILANTHROPY FUND

The CI Philanthropy Fund ("the Philanthropy Fund") was established by the Board of Cooper Investors in 2008. In our 10 years of giving, the Fund has distributed over \$2 million to support communities around the world.

The purpose of the Philanthropy Fund is to:

Support inspiring community leaders & empower the implementation of practical initiatives to reduce the symptoms of poverty and disadvantage.

We aim to achieve this by supporting initiatives that:

1. Improve access to quality, relevant and supportive education & health initiatives that provide people with the opportunity to reach their full potential.
2. Build capacity within Organisations that tackle entrenched poverty & disadvantage and focus on vulnerable children and women experiencing abject poverty; or extreme disadvantage.

The Philanthropy Fund is administered by a Committee of employees. We adopt a "portfolio" approach to grant making, seeking value, good operating trends and outstanding leadership (in line with our approach to picking stocks). Initial grants are generally around \$5,000, increasing as we get to know the project. Subsequent grants of up to \$30,000 have been made to "high conviction" projects.

Committee members have visited projects and potential projects in Melbourne, indigenous communities in Australia and projects in Kenya, Cambodia, Vietnam, Madagascar, Thailand, Tanzania, Nepal and Burma. We have had well over 150 presentations in our board room from the inspirational founders of the projects we support.

# CI INVESTMENT TEAM

## PETER COOPER

Managing Director/Chief Investment Officer  
Portfolio Manager – Brunswick Fund  
BBus (Ec), Grad.Dip. Fin Mgt., F Fin,  
ACID, CA



Peter founded Cooper Investors in 2001. As Chief Investment Officer, Peter created and implemented the firm's VoF investment philosophy which is applied across the international, domestic and Asian equities strategies. He is responsible for mentoring investment team members and the standardisation and integration of the process across the investment teams.

Peter has over 30 years of investment management experience. In 1987 he joined the NSW State Superannuation Investment and Management Corporation as a specialist industry analyst and progressed to deputy portfolio manager of the \$7bn portfolio. In 1993 Peter ran the Australian equities portfolios for BNP and then joined Merrill Lynch Investment Managers (formerly Mercury Asset Management) where he worked for 7 years, culminating in his position as Head of Australian Equities and Managing Director where he oversaw a team managing \$7.5bn in Australian equities.

## ANDREW SWAN

Director  
Portfolio Manager – Australian Equities  
LLB, BEc, MBA



Andrew joined CI as a portfolio manager in August 2001. He has over 30 years of funds management experience. Having spent a short period at Fidelity Investments in London, Andrew joined Merrill Lynch in 1994 where he managed Australian equity portfolios, including the number 1 performing portfolio from 1995 to 1999 (Intech Survey) with Peter Cooper. Andrew was a member of the team that received Australian Equity Fund Manager of the year in 1998. Andrew left Merrill Lynch to become Head of Australian Equities at AXA Australia in July 1999 where he was responsible for managing portfolios and overseeing a team managing \$3.8 billion of Australian equities. Andrew was also a member of the Asset Allocation Committee at AXA.

## STEPHEN THOMPSON

Director  
Portfolio Manager – Pensions Fund/  
Australian Equities  
BEc, F Fin



Stephen joined CI as a portfolio manager in early 2002. He has over 30 years' experience in investment management. From 1983 to 1985 Stephen worked in the SECV Treasury Department. His role included investing or borrowing in the short-term money market, negotiation and administration of domestic and offshore loans. In 1985 Stephen joined the Investment Division of the SECV Superannuation Fund and became Manager Investments, responsible for domestic equity, fixed interest, indexed bond, infrastructure and currency portfolios. In 1997 Stephen joined Aberdeen Asset Management as Director Equities with particular responsibility for the industrial, 50 Leaders and income portfolios.

# CI INVESTMENT TEAM

## **RYAN RIEDLER**

Deputy Portfolio Manager - Pensions Fund/  
Research Analyst - Australian Equities  
B.Comm, Grad Dip. App Finance and  
Investment, A.Fin



Ryan joined CI in July 2010 as a research analyst in the Australian equities team and was appointed Deputy Portfolio Manager of the Pensions Fund in 2014. Prior to joining CI, Ryan worked at Ernst & Young in the corporate finance division. Ryan has had exposure to a broad range of sectors including financials, healthcare, infrastructure, property trusts and retirement and aged care.

## **AMOS HILL**

Portfolio Manager – Australian Equities  
BA (Hons), CFA



Amos Hill joined Cooper Investors in 2014. He has over 20 years' experience in Australian financial markets, principally in equities funds management. Prior to CI, Amos worked as an investment analyst and portfolio manager in the Australian equities business of BlackRock Investment Management and also at boutique fund manager, Alpha Investment Management. In these roles Amos was responsible for undertaking company analysis on Australian listed companies and making investment recommendations.

During his career Amos has had exposure to most sectors of the Australian equities market. At BlackRock he also had responsibility for managing a number of the Australian equities portfolios and he was a member of the Asset Allocation Committee for the multi-asset class portfolios. Amos began his career in 1996 at HSBC Securities Australia where he worked as a research analyst in strategy and economics.

## **JIMMY LY**

Research Analyst – Australian Equities  
B Comm, (Finance), Dip. Fin Planning, CFA



Jimmy commenced work at CI in August 2014 as an equities research analyst. He has over 6 years' experience working in financial services, most recently with Pitcher Partners. In his role at Pitcher Partners, Jimmy was responsible for analysis of companies and credit securities across a broad range of sectors including property, building materials, commercial & professional services and transportation.

## **JUSTIN O'BRIEN**

Portfolio Manager – Brunswick Fund  
B Eng (Aero), BBus, MAppFin



Justin joined CI in April 2016. He has 8 years' experience in equities markets with Diogenes Research in Melbourne and Credit Suisse HOLT in London. Prior to this Justin worked for 5 years in strategic consulting and valuations with Mainsheet and Value Adviser Associates. His sector experience includes Banks and Financials, TMT, Utilities and Oil and Gas.

# CI INVESTMENT TEAM

## **QIAO MA**

Portfolio Manager – Asian Equities  
B.Sc, MBA



Qiao Ma joined CI in July 2017. Prior to this, she spent seven years investing in the technology and consumers sectors in Asia and the US. Most recently she was the Head of Asia for Jericho Capital, a multi-billion dollar global investment fund based in New York. Qiao has also previously worked at Coatue Management, a New York based investment fund specializing in global technology and consumer sectors and a spinoff of Tiger Management. From 2006 to 2008 Qiao worked in the Financial Institutions Group in the Investment Banking Division of Lehman Brothers.

## **LYN FOO**

Head of North Asia  
B.Comm (Hons)



Lyn Foo joined CI in March 2009. Prior to this, she was an analyst and research salesperson, in Australia and more recently Hong Kong, with UBS. Lyn has also previously worked in investment banking at Citigroup Salomon Smith Barney as well as funds management at National Mutual Funds Management, where she was an emerging companies' research analyst. Lyn has been working in Asian equity markets since 2005.

## **JOHNY TAN**

Head of Southeast Asia and India  
BBus (Hons), MBA



Johnny joined CI in April 2016. Prior to CI, he was a director and senior analyst at Arisaig Partners and worked in its Singapore and Hong Kong offices before founding his own fund. Johnny started covering Asian equities in 2005. He began his career as an investment analyst at Mercer Investment Consulting in Melbourne.

# CI INVESTMENT TEAM

## CHRISTOPHER DIXON

Portfolio Manager – Global Equities Funds  
CA, BA (Hons)



Chris joined CI as joint portfolio manager in November 2011. As a member of the Global Equities team, he focuses on European and Japanese companies.

Having commenced his career in 2002 Chris has operated in a variety of roles in financial markets and has travelled extensively, living in four countries and investing across multiple asset classes.

Chris joined Chandler Corp in 2007 and focused on equities in a role that covered a broad mandate of responsibilities including portfolio management, investment strategy, fundamental research, risk management and dealing. Prior to that he spent a number of years managing equity derivatives at Lehman Brothers. Chris qualified as a certified Chartered Accountant with Ernst & Young in London.

## GEOFFREY DI FELICE

Co-head of Japan/Asia – Global Equities  
B.Comm (Hons), MBA, CFA



Geoff joined CI in March 2014. As a member of the Global Equities teams he focuses on Japanese and other Asian companies.

Before joining CI, Geoff worked at Access Capital Advisers where he was involved in the origination, execution and management of direct investments, as well as serving as a director on an investee company board. Prior to this Geoff was a research analyst at CP2 where he joined in 2008 covering global transport and energy companies.

## ALLAN GOLDSTEIN

Portfolio Manager – Global Equities Funds  
B.Comm



Allan joined CI in February 2007 as a research analyst and was appointed joint portfolio manager in 2011. As a member of the Global Equities team, he focuses primarily on companies in the Americas.

Since joining CI, Allan has contributed to the development of the global equities portfolios and he has extensive experience meeting with and analysing a broad range of international companies. In 2015 Allan spent 3 months based in New York and during this time, in addition to building out CI's networks he undertook a significant company visitation program throughout North America.

## MARCUS GUZZARDI

Co-head of Americas – Global Equities  
B.Comm, M.Comm (Hons), CFA



Marcus joined CI in November 2012. As a member of the Global Equities team, he focuses primarily on North American companies.

Prior to joining CI he began his career in 2009 as an equities analyst at Diogenes Research, an independent equities research house. At Diogenes, Marcus was responsible for financial quality analysis of companies and industries in both Australian and International markets.

## TOM HICKMOTT

Research Analyst – Global Equities  
B.Comm (Finance & Economics)



Tom joined CI in April 2018 as a research analyst. As a member of the Global Equities team, his focus is on European companies.

Prior to joining CI, Tom spent 5 years working at the specialist equities research house, Diogenes Research. At Diogenes, Tom gained exposure to a variety of sectors including Banks, Retail and Media, with a focus on earnings & financial quality analysis.

# CI INVESTMENT TEAM

## MICHAEL HEDLEY

Head of Dealing & Execution  
BBus



Michael joined Cooper Investors in 2015. He has had over 20 years' experience working in equities markets. Michael joined Bank of America Merrill Lynch almost 9 years ago as a director working in institutional sales and sales trading where he was responsible for generating investment ideas and managing the execution of all client transactions. Prior to that Michael was a director and equity partner at E. L & C. Baillieu for 4 years advising family offices and sophisticated investors on all equities products. He has also spent 4 years at Falkiner Stockbroking, and 2 years at McIntosh Securities, both positions where he worked as a dealer and adviser.

## SHEN SHEN (CAROL) FANG

Equities Dealer  
B.Comm (Finance and Economics),  
B.Information Systems



Carol joined CI in April 2008. Initially she worked in the foreign exchange and international trade support area where she was responsible for the settlement process with foreign brokers and currency exchange hedging. Carol joined the Asian Equities team in 2011 where she was responsible for the dealing on the Asian equities portfolios and undertaking analysis on Asian securities. In 2016 she moved to a new role as an Equities Dealer across all portfolios.

Prior to joining CI Carol worked at Goldman Sachs JBWere in the Wealth Management division for two years. Carol is a Chinese national and was educated in China and Australia.

## PETER MAGRATH

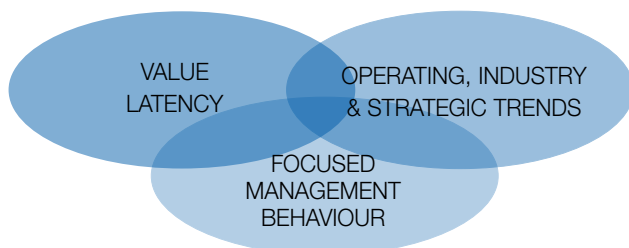
Head of IT Development –  
Data Analytics  
B.Sc (Hons)



Peter joined CI in April 2009. He is responsible for the development and project management of CI's proprietary investment systems and also manages external investment systems used. He has twenty years' experience in full software development lifecycles in fund management and investment banking institutions. Prior to joining CI Peter spent five years at hedge fund GLG Partners in London, and eight years at Bankers Trust then Deutsche Bank in London where he gained extensive experience in risk management systems.

# CI'S INVESTMENT PHILOSOPHY

## LONG TERM OBSERVATIONAL INVESTOR



CI prefers to allocate capital to companies and industries with a specific value proposition that are performing well or in an early phase of turnaround (observation of operating, industry and strategic trends) with focused management (value based leadership).

An observational investor accepts that the future is uncertain and that the past may repeat in unusual and unpredictable ways. However, by being focused (present and in the moment) we seek to identify value latency which may be derived from the net worth of a company's existing cash flow and net assets or future value that is latent within a company or industry due to their growth opportunities and competitive advantage.

CI's investment philosophy starts with the proposition that in most years there are a number of exceptional opportunities; each decade there are a few really big trends that drive economic, political and social behaviour; and in every field of endeavour there are a few exceptional people.

Events that can lead to opportunities include:

- Sectors with hidden assets and liabilities;
- Corporate restructurings;
- System shocks (perceived or actual);
- Liquidity events and capital raisings; and
- Shifts in industry supply, demand, costs and prices.

## OUR INVESTMENT VISION

CI's vision and strategy is the global application of the CI Way, the firm's equities value and capital allocation model. The CI Way is a culture, a way of doing business and a standardized & integrated investment philosophy. The VoF investment process has been built on 3 key investment tenets:

- 1) CI is a 'values first' firm built on humility
- 2) Observation not prediction
- 3) Consilience happens through building relationships at the coal face of the industry.

## OUR INVESTMENT PHILOSOPHY

CI's investment philosophy is based on 3 key tenets.

- 1) The best risk adjusted returns are found when a stock has all three VoF qualities.
- 2) CI's VoF research work is a process of observation and comparison, i.e. looking for the best value opportunities.
- 3) CI looks to control risk by looking for value that is "anchored" in economic, political and social norms and measurements. To understand value we look at sales, costs, margins and returns, asset replacement value, asset/liability structure, cash generation, competitive advantage and position; and latent value options. We dislike relying upon predictions to justify value.

## OUR INVESTMENT PROCESS

VoF is a discipline to process complex qualitative and quantitative information on stocks and industries.

VoF stands for:

1. Value Latency;
2. Operating, industry and strategic trends; and
3. Focused industry and management behaviour.

The VoF process provides a useful framework to:

- a. assess companies for their value latency, i.e. investments that provide upside due to their ability to generate more cash back than they outlay, taking into account cash flow, growth options, assets, risks and the cost of money;
- b. identify and observe operational, industry and strategic trends. We are interested in indicators, themes, milestones, catalysts, events and corporate actions that either precede an improved outlook for the company/industry or confirm underlying sustainable trends; and
- c. appraise company management for focused management and industry behaviour. We are looking for focused leaders that demonstrate a clear focus, vision, authenticity, energy, passion and competency for the business/industry.

# CI'S INVESTMENT PHILOSOPHY

There are five key elements to CI's process.

1. Gather knowledge ~ ideas and knowledge are gathered through a wide range of sources, including: reading periodicals, journals, newspapers, blogs, broker reports and annual reports; consulting industry experts; and conducting financial analyses. We further enhance our information through a program of industry and company visits gaining insights and knowledge of stocks, industries and themes. In the last financial year the investment team has made over 1,000 one-on-one company or industry meetings in person or by phone in more than 25 countries.

2. Analyse research ~ information obtained from research is compared using the VoF process and is recorded in the CI proprietary database.

We place as much emphasis on the qualitative as we do the quantitative – beliefs and values drive customers, boards of directors and management teams. In other words, behind every number there is a human action. We attempt to understand a company's culture, structure and reasons for management's behaviour and actions.

We use a range of valuation methods including cash flow based valuations, EV to sales, earnings multiples, price to book and assets, PEs and yields as a way of assessing comparative value. Operating, industry and strategic trends includes an assessment of current conditions and identification of key drivers for each stock, industry or asset.

The assessment of management is a qualitative judgment of the industry and/or company management capabilities and behaviour.

3. Stock Selection ~ we are attracted to stocks with good value propositions determined by using CI's VoF proprietary methodology.

4. Portfolio Construction ~ CI believes in focused portfolios that reflect our long term beliefs and ideas. We seek diversity across stocks, industries and geographical exposures. Our portfolios are generally constructed with little reference to index weights but we are aware of the Benchmark composition. To this end portfolio performance may vary materially from the index. In constructing portfolio weights we also consider market cap and liquidity risk.

5. Review and risk management ~ we regularly review our positions driven by the fact that things are constantly changing and that what people say and do are often different. Review is formally carried out through regular risk management, company and research meetings.

## OUR INVESTMENT BELIEFS

The following investment beliefs are the product of the investment team's combined years of experience in investment markets.

***"Not everything which can be measured counts, and not everything which counts can be measured."***  
**Albert Einstein**

***"The intuitive mind is a sacred gift, the rational mind is a faithful servant, we have created a society that honours the servant and has forgotten the gift."***  
**Albert Einstein**

### Our beliefs concerning "Observation not Prediction"

- The Observational Investor observes and does not predict. Consistent with the scientific method we make observations, think of questions, formulate investment propositions and gather information and data to test, increase or diminish our confidence levels with regard to the investment case.
- The Observational Investor aims to understand and does not jump to conclusions but rather seeks to understand the facts & evidence before making decisions.
- 'Observation not Prediction' is a discipline, a way of thinking, a mindset - a discipline that involves being in total awareness of both self and the world around us.
- Observation not Prediction ~ the future is unknown. We are more interested in specificity and factual evidence. Being present and observant to current conditions and trends provides better opportunities to make low risk investments.
- Good investing is a process of searching and backing the best ideas. CI's VoF investment process helps us understand and compare investment opportunities.
- We are cognisant of history in investment, but respect the fact that the world continues to evolve. We welcome and endeavour to understand change as it is the source of risk and opportunity.
- There are only a few key things that make a stock/sector/asset move. Knowing everything doesn't help if you can't see the "wood for the trees".
- We are driven by both qualitative and quantitative information. We spend as much time on non-financial and behavioural drivers as financial metrics.
- We follow a consistent and disciplined approach to investment, fully appreciating that it is often necessary to take a long term view to achieve the desired returns. Patience is a virtue in the investment world. Our investment style can result in us taking a contrary view, which may take time to come to fruition.



# CI'S INVESTMENT PHILOSOPHY

- We acknowledge the paradox of information in that we are limited in our ability to observe all the relevant information let alone understanding it fully.
  - Good investing is a process of searching and backing the best ideas. CI's VoF investment process help us to compare, contrast and understand investment opportunities.
  - A lot of our work involves comparisons of industries (observation not prediction), business models and operating performance benchmarks.
  - Observation requires a proactive focused and open mindset to identify what matters (often only a few things) not a reactive or rigid mindset which jumps at the endless stream of superfluous, noisy and distracting information.
  - There are pre-emption and a priori conditions ("if this, then that") which precede or are coincident with industry and business outcomes (sales, margins, asset utilisation rates and profits). That's what we are trying to observe, the preconditions or catalysts to value outcomes.
  - We value and prefer deterministic outcomes e.g. a toll road revenue forecast in 5 years given current norms in inflation, vehicle usage and population growth.
  - Whilst mean reversion is often distorted by new information we prefer to lean into observable historical experiences and logic updated for new relevant information rather than invent the future which is the domain of the futurist and technologist. However, whilst we are cognisant of the importance of history we also respect the fact that the world continues to evolve. We welcome and endeavour to understand change as a source of risk and opportunity.
  - From deep observation comes clarity, wisdom, creativity, intuition and differential understanding.
  - Observation can lead to the act of doing nothing.
  - Observation is the space between thoughts, beliefs, judgements and evidence ~ a place where true intuitive insight resides without bias, attachment, right or wrong framing or ideological positions.
  - At CI Observation not Prediction is a culture ~ a way of being that requires a mindset of humility, gratitude, intentionality, curiosity, a mind 100% present and in the moment; authenticity and the vulnerability to the unknown.
  - Communication whether verbal, nonverbal or in writing should be practiced in a way that cultivates an environment conducive to observation ~ a world free of distraction, over stimulation, information overload, complexity, fear and reactivity is best for decisive action and good investment decision making.
- Our beliefs concerning value latency**
- Our confidence in an investment proposition changes with value latency i.e. the value to share price discount/premium.
  - We also like the idea of being paid to wait (the dividend yield) for value latency to be materialised in the market.
  - Value Latency - behind every security, sector or asset in the portfolio there needs to be a sensible value proposition. CI focuses on sales, costs, margins, replacement value, cash generation, asset values and utilisation, liabilities and latent options. We prefer not to rely on predictions.
  - We consider relative value methods to be dangerous once they detach from the economic principle that risk needs to attract a commensurate return.
  - We understand value means "different things to different people" and as such we prefer our VoF process as distinct from being labelled a thematic, top down, bottom up, value or growth investor. In reality, we are a blend of these things.
  - Growth and growth options are a subset of value. We believe flexibility is important in investment as many businesses/companies have different characteristics as a matter of fact or relating to the stage of their corporate life cycle. For example, mature companies frequently pay good dividends, while growth companies reinvest most of their cash flows in pursuit of earnings per share gains. Similarly, cyclical companies are rewarding investments when purchased at the right time, while the investment merits of asset situations, management turn-arounds and restructuring are well known.
  - There are 6 subsets of value latency. These are:
    - Stalwarts
    - Bond like equities
    - Asset plays
    - Low risk turnarounds
    - Growth companies
    - Cyclical

# CI'S INVESTMENT PHILOSOPHY

## Our beliefs concerning risk

- The best low risk investments are easy to articulate with reasons that are clear and specific. Every great story has a simple plot and a hero. Language quality and specificity are good indicators to the strength of the risk adjusted value proposition.
- What is low risk today is not necessarily low risk tomorrow and vice versa. What the market doesn't know is probably going to have a larger impact than what it already knows. Often opportunities occur because the market prices on the fact that a recent risk event will repeat itself. Sometimes the market misjudges the perception and reality of risk.
- We want to have a sensible balance between a focused portfolio and one that provides adequate diversification by industry and stock. Our aim is to try and ensure risk and reward are always in equilibrium.
- We believe the best way to manage portfolio risk is to combine industry diversification with our VoF stock and industry comparisons.
- We monitor the following risk and portfolio attributes – stock weightings, milestones, event risks, industry weightings, and international exposures.
- Ex-post risk should be considered but not confused or projected as ex-ante risk. In simple language when the “horse has bolted, it's too late to shut the gate”.

## Our beliefs concerning businesses/industries

- Time allocation is best skewed toward people at the “coal face” of business and industry.
- We like companies that have low production costs as this usually means a modest break-even price and elevated profit margins.
- We aim, as a preference, to purchase businesses with high levels of recurring income and stable (or increasing) profit margins. Continuity of earnings per share growth trends and a high return on equity (ROE), which frequently is indicative of some form of proprietary advantages, are also generally desirable traits.
- We rate highly a company that has strong sales and marketing capabilities and one that invests a respectable percentage of its sales in its future via research and development expenditure.

- We focus on businesses/companies with conservative balance sheets and/or respectable levels of interest cover.
- We favour companies with observable growth drivers and positive information flow which can fund their growth internally.
- We place great importance on stable, honest, hard working and innovative management who maintain an “open and frank dialogue with investors” and whose interests are aligned with shareholders. Internal promotion of staff is seen as an important attribute and one that is indicative of depth in management.
- We aim to find businesses that have the ability/potential to recoup cost inflation; and increase real prices without volume losses i.e. low price elasticity.
- We look for businesses that display scarcity, quality and liquidity; rising market share; and signs of being in the early phase of change/recovery.

## Our beliefs concerning capital allocation & investing

- We allocate capital to the best VoF ideas. We prefer this over other modes that allocate for sentiment, index and product reasons. We also don't rebalance portfolios indiscriminately - this is akin to “pulling flowers out of the garden rather than the weeds” and generates unnecessary portfolio turnover. We aspire to keep portfolio turnover (and thereby trading costs) at modest levels as well as giving consideration to tax issues.
- Only a few quality ideas are required to construct good portfolios so there is no need to cover and know everything. Opportunities are limited by scarcity in knowledge, energy and insightfulness.
- Investing is an art and a science.
- With complexity comes process maintenance and distraction which can divert focus.
- We follow a consistent and disciplined approach to investment, fully appreciating it is often necessary to take a long term view to achieve the desired returns. Patience is a virtue in the investment world. Our investment style can result in us taking a contrary view, which may take time to come to fruition.
- With regard to investments that are more probabilistic in nature we look to build confidence around long term outcomes. The assumptions and inputs embedded in discounted cash flow valuations are anchored in conservative observable, historical norms.

The purpose of CI's Policy is to set out the way in which we approach ESG issues in our individual investment decisions. We define ESG issues as long term environmental, social and governance issues that are material to the sustainability and hence the valuation of a company. We must manage effectively the financial risks and opportunities that arise from ESG issues in order to maximise investment returns.

### **Our Goal:**

Our goal is to invest in companies that can deliver the following:

1. Absolute returns for shareholders.
2. Out-perform relevant equity market benchmarks and/or indices.
3. Focus on long term and sustainable value creation for shareholders.
4. Clearly state their goals with regard to operational and strategic intentions.

CI takes its role as a good corporate citizen seriously. We believe that:

- with success comes responsibility;
- a whole of life (long term) approach to decision making is good business practice;
- ethics should not be separated from investment decision making; and
- we should obey the spirit as well as the letter of the law.

CI believes very strongly that it is important, both as an investor and as a company, to take ESG issues into consideration in the conduct of our business.

### **1. ESG within our investment decision making:**

- 1.1 CI is a long term investor. We value long term sustainable earnings, cash flows, assets and dividends of a company. We consider a company's goals, strategy, structure and governance and focus on Board decisions and capital allocations that directly affect the creation of shareholder value without seeing ESG as a separate 'tick the box' exercise.
- 1.2 Through the responsible application of our investment philosophy and VoF investment process we assess applicable ESG issues to determine whether they impact on a company's revenue, costs, cash flow and long term value. The complete analysis of all available information (integrated

into both our quantitative and qualitative systems) allows us to back companies with VoF attributes and improve the sustainability of our Fund's returns whilst reducing risk.

- 1.3 We believe it is the responsibility of the Board and Management to judge the correct balance of interests between all stakeholders (shareholders, employees, customers, competitors, suppliers and the broader community) and we back stakeholder leadership in this area. Companies must meet their legal obligations in a responsible manner.
- 1.4 We are not the arbiters of the community's values or morals. We observe current community values and morals (and they do change over time) and we assess the likely economic impact of those values or morals on a company.
- 1.5 We do not negatively screen companies in our investment process i.e. refuse to invest in companies which engage in certain activities e.g. gaming. Rather, we assess relevant and material ESG considerations to assess financial risks and opportunities.
- 1.6 We believe that the ownership rights that accrue to us have value and therefore we take an active role in proxy voting and vote on all companies within our portfolio. We engage with companies on material ESG issues where we believe we can make a difference and add value in the interest of shareholders.

### **2. ESG within the culture of our organisation:**

- 2.1 CI is founded on 5 key values; Gratitude and Humility, Intentionality, Curiosity and Passion, Being in the Moment and Present and Authenticity. A practical application of those values is the consideration of ESG issues in the way we conduct our business and undertake decision making.
- 2.2 The CI Philanthropy Fund was established in 2008 to extend CIs' corporate values into the philanthropic area (see page 6 for further details).
- 2.3 CI is committed to the environment and has a Green Policy designed to save resources such as paper and electricity and to participate in carbon credit schemes (through the use of electricity and travel).

### **CI's Remuneration Principles:**

CI has developed a set of Remuneration Principles which we use to engage with the companies in which we invest.

# FEES AND EXPENSES

## MANAGEMENT FEE

For the duration of this Information Memorandum, the Manager intends to charge a management fee of 1.0% per annum of the Net Asset Value (before fees and expenses) plus GST. The Manager may pay, from its fee, a rebate of a part of the fee or other payment to one or more unit holders. Under the Constitution, the Manager is entitled to receive the management fee (calculated on the last business day of each calendar month) within 14 days of the end of each calendar month.

## EXPENSES

The Manager is entitled to be reimbursed from the Fund in respect of a range of costs and expenses in relation to the proper performance of its duties which include, but are not limited to, costs associated with the Constitution (including amendments), custodial fees, unit holders meetings, audit fees, government duties and taxes, brokerage, paid independent research, performance attribution and consultancies relating to the Fund.

## CONSULTANCY AND RESEARCH FEES

The Manager is entitled to pay out of the assets of the Fund various research and consultancy fees or industry consultants' expenses, including legal, accounting or investment banking, relating to advice in connection with securities, industries or asset classes in which the Fund invests.

## PERFORMANCE FEE

By applying for units in the Fund, you also agree to pay the Manager a performance fee. The performance fee is calculated and paid monthly in arrears directly from the Fund. The performance fee is 10% of the Fund's out-performance of the Benchmark plus GST. Set out below is a description of the workings of the performance fee formula. Sample workings and the complete formula may be obtained from the Manager.

For these purposes:

**"Benchmark"** means the S&P/ASX 200 Accumulation Index

**"Opening Fund Value"** means the dollar value of the Fund at the beginning of the Performance Period less redemptions made during the Performance Period. If redemptions are greater than the Opening Fund Value during the Performance Period, then the Manager does not receive a performance fee for that Performance Period.

**"Performance Period"** means the period from the Starting Date to the last day of the month for which the performance fee is being calculated.

**"Starting Date"** for a Performance Period means:

the first day after the Performance Period for which the last performance fee was paid or became payable (not withstanding that it may have been waived) or, if none was paid then the inception date.

## OUTLINE OF THE PERFORMANCE FEE FORMULA

1. Performance will be calculated for each Performance Period. The performance fee will be calculated on the Opening Fund Value. If the Manager is entitled to a performance fee it will be paid monthly directly from the Fund.
2. A performance fee will be accrued and paid in any Performance Period if the accumulated performance (after the management fee and management expenses but before the performance fee) of the Fund from the Starting Date until the end of the current Performance Period exceeds the accumulated performance of the Benchmark over the same time. In effect, under-performance relative to the Benchmark since a performance fee was last taken must be made up before further performance fees are taken.

For example, if the Fund out-performs the Benchmark in month 1, then a performance fee is accrued and paid at the end of month 1. If the Fund under-performs the Benchmark in month 2, then no performance fee is paid. If, in month 3, the Fund out-performs the Benchmark but the performance from the start of month 2 to the end of month 3 is still under-performing then, again, no performance fee is paid.

If the Fund out-performs the Benchmark in month 4, and the performance from the start of month 2 (i.e. the Starting Date) to the end of month 4 also out-performs the Benchmark, then a performance fee is accrued and paid based on the performance from the start of month 2 to the end of month 4.

3. If the test set out above is met then the dollar out-performance payment for that period is calculated by multiplying the Opening Fund Value by 10% (the performance fee %) of the out-performance (the amount the Fund exceeds the Benchmark) over the Performance Period. For example, if the Benchmark returned 5% in the period and the Fund returned (after management fees and expenses but before performance fees) 8% and the fund value at the beginning of the period was \$1000, then the performance fee would be \$3.00 [ $\$1000 \times 10\% \times (8\% - 5\%)$ ] plus GST.

# FEES AND EXPENSES

## DETAILS OF THE PERFORMANCE FEE FORMULA

1. Performance is calculated on the Net Asset Value per unit ("NAV") of the Fund before accrued performance fees. The NAV will not accrue negative performance fees. However, performance fees which have accrued will be paid to the Manager monthly.
2. Performance fees are accrued and paid only when the test outlined above is satisfied (i.e. at the end of the Performance Period). Unit holders should consider this when deciding on the timing of any investment or redemption.
3. Valuations occur weekly (close of business each Thursday) and at month end to enable unit allotments or redemptions to occur at the time of any cash movements in or out of the Fund.
4. The performance fee is paid from the Fund directly and is not individually invoiced to unit holders, other than in the circumstances detailed below. This saves unnecessary record keeping by unit holders.
5. There are circumstances where the Manager will not accrue performance fees even though an individual unit holder's money is out-performing. For example, if money comes in during a time when performance is behind the Benchmark and the Fund out-performs subsequently (that is, from the date of the new money inflow), the Manager is not entitled to a performance fee until the Fund's performance exceeds the Benchmark since the Starting Date. In this instance, the Manager reserves the right to invoice the unit holder separately for performance fees on funds invested in the Fund based on 10% of the out-performance from the date the funds were first invested. Direct invoices to the unit holder will be raised monthly until the unit holder is in the same position as all other unit holders (that is, a performance fee has accrued in respect of the entire Fund and is paid out of the Fund). No invoice will be sent to a unit holder separately in respect of any Performance Period for which the Fund has been billed.
6. If a unit holder redeems units before the end of the Performance Period, the Manager reserves the right to invoice separately the equivalent of a performance fee based on similar principles as outlined above. That is, a unit holder's dollar funds invested at Starting Date, or the date they were allotted units in the Fund subsequent to the Starting Date, multiplied by 10% of the out-performance from the relevant date to the date of redemption.

## ADJUSTMENT AFTER PARTICIPATION IN BUY BACKS

Participation in buy-backs (see page 24) that are at a discount price will result in an adjustment to the performance calculation.

The adjustment mechanism will reflect the difference between VWAP for the relevant shares traded on the ASX on the buyback price announcement date and the buy-back price received for those shares successfully tendered. The difference will be treated as a cash outflow when calculating the performance return for the month and the performance fee will be adjusted accordingly.

# HOW TO INVEST IN THE FUND

## MINIMUM INVESTMENT

The minimum initial investment in the Fund (and the minimum holding) is \$500,000 and the minimum subsequent investment is \$50,000, or with the prior approval of the Manager by transfer of property of a kind previously agreed with the Manager (in these circumstances an investor is required to meet the associated stamp duty and any other applicable costs of transfer). The Manager may, in its absolute discretion, reduce the minimum investment, the minimum holding or the subsequent minimum investment in the Fund. The offer of units contained in this Information Memorandum is restricted to those persons to whom, or those situations where, the issuing of a product disclosure statement is not required under Part 7.9 of the Corporations Act. By lodging an application form in respect of the offer of units contained in this Information Memorandum you declare and warrant to the Manager that you are and will remain a wholesale client within the meaning of section 761G of the Corporations Act. Units are not certificated. The Custodian maintains a register of unit holdings.

## APPLICATIONS FOR UNITS

To invest in the Fund, initially investors must complete and sign the application form found on our website ([www.cooperinvestors.com](http://www.cooperinvestors.com)) and return it to us at the address shown together with the required documentation. Subsequent investments may be made by completing the additional application form which is also found on our website ([www.cooperinvestors.com](http://www.cooperinvestors.com)). The Manager may reject an application for units in the Fund in whole or part without giving a reason for the rejection.

Units will be allotted at the unit price calculated at the close of business on each Thursday and on the last day of each month. If, by 1.00pm each Thursday or the last business day of the month, the Manager has received notification from the Custodian that the application monies have been received as cleared funds and the Manager has received a completed application form (in the case of initial investments) or other written notification (in the case of subsequent investments), units will be allotted at the unit price calculated at the close of business on that Thursday or the last day of the month.

A unit is taken to be issued to a unit holder on the earlier of:

- the time the unit price variables are determined in accordance with the Constitution, or
- the unit pricing date which the Manager has instructed the Custodian to apply to that application for units.

The Custodian will send unit holders a confirmation of allotment. The application price of units is the Net Asset Value of the Fund divided by the number of units on issue at the time of allocation plus 0.3% (being the Transaction Costs). By applying for units an investor agrees to be bound by the terms of the Constitution and this Information Memorandum, both as amended from time to time, whilst the investor remains a unit holder in the Fund.

## REDEMPTION OF UNITS

Units may be redeemed on each Thursday and on the last day of each month by completing the redemption form found on our website ([www.cooperinvestors.com](http://www.cooperinvestors.com)). In the normal course of business, one business day's written notice of intention to withdraw is required prior to the requested withdrawal date. We may, in our absolute discretion, demand a longer notice period or accept a shorter notice period, or a redemption amount less than \$50,000. The per unit amount payable on redemption is the Net Asset Value divided by the number of units on issue at the time of redemption less 0.3% (being the Transaction Costs). The withdrawal amount comprises the quantity of units multiplied by the withdrawal price, and may include any realised capital gain allocated on redemption (this is discussed in "Distributions" below). At the Manager's discretion, proceeds of redemption may be paid in cash, stock or a combination of both. Generally, the proceeds of redemption requests will be paid within 20 business days of the redemption notice. The Manager has the power to initiate a redemption request.

In exceptional circumstances (which determination will be in the Manager's absolute discretion) the Manager may not accept net redemptions in excess of 20% of the Net Asset Value in any rolling 6 month period. For example, if in any prior 6 months, gross redemptions minus gross applications are greater than 20% of the current Net Asset Value, then a redemption request will be refused until such time as the percentage falls below 20%.

If the Manager does refuse to give effect to all or part of a redemption request, it will advise the unit holder as soon as practical of such refusal. Subject to the above rule of a maximum of redemptions equalling 20% of the current Net Asset Value in any rolling 6 month period, the Manager will use reasonable endeavours to give effect to the redemption request as soon as possible thereafter, and in an orderly manner, which may involve giving effect to the redemption request by treating it as a series of smaller requests over a number of weeks or months.

Further, under the Constitution of the Fund, the Manager is not obliged to offer unit holders the opportunity to make, or to give effect to, a redemption request. The circumstances in which the Manager may not give effect to all or part of a redemption request may include (although not be limited to) situations where:

- an exchange or market on which the investments in the Fund are quoted is closed or suspended;
- in the opinion of the Manager, it is not practicable to sell investments in the usual time frame or where disposal would be prejudicial to other unit holders (e.g. a large single redemption, or a number of significant redemptions together or adverse market conditions);
- in the opinion of the Manager, the Net Asset Value cannot reasonably or fairly be ascertained;

# HOW TO INVEST IN THE FUND

- the Fund is unable to repatriate funds to make payments on redemption; or
- at a time when a transfer of funds cannot, in the opinion of the Manager, be effected at normal rates of exchange.

## DISTRIBUTIONS

The Fund will distribute income, if any, half-yearly as at the end of December and June, or more regularly at our discretion. Distributions will be re-invested automatically in additional units in the Fund on the next business day after the half year, unless a unit holder elects to receive a cash distribution.

If the Manager elects for the Fund to be an “attribution managed investment trust” or “AMIT” for a financial year, the Manager will have the power to accumulate all or any part of the income of the Fund. If this power is utilised then the Manager may allocate (but not pay) taxable income to unit holders. The Manager elected for the Fund to be an AMIT from 1 July 2016, but does not intend to utilise this accumulation power unless the circumstances require. Cash distributions will be paid in A\$ and will normally be paid within 30 Business Days from the end of the distribution period. The Constitution allows us to vary the distribution frequency without notice. You may elect to have your distributions paid to you by cheque by completing the relevant section of the application form. If you do not nominate how you wish to receive your income distributions, your distribution will be automatically re-invested as additional units in the Fund. Such re-invested units will be issued on the first business day of the next distribution period as if you had applied for units in the Fund.

**Calculation of distributions** – Realised capital gains may, at the election of the Manager, be allocated to a particular redeeming unit holder as a part of the amount paid on redemption if the redemption is significant.

Any realised capital gains that are not allocated through this mechanism will be distributed to unit holders in proportion to unit holdings at the end of the relevant distribution period. These pro rata distributions will be calculated on the basis of your per unit share of distributable income of the Fund for the entire distribution period and not just for the period you hold your units.

**Timing of distributions** – Unit prices fall after the end of the distribution period to reflect the distribution entitlements. If you invest just before the end of a distribution period, you may find that you get an immediate return of some of your investment capital as income and this may, depending on your circumstances, give rise to a tax liability. Therefore, you should carefully consider the timing of your investment in this product. Similarly, if you withdraw your investment before the last day of the distribution period, you will receive your share of any accrued income as capital, subject to the realised capital gain allocation provisions discussed above.

Generally realised capital gains will be distributed to unit holders in July or more regularly at our discretion.

We recommend you speak with a financial adviser or tax adviser to determine your own situation.

A distribution statement will be dispatched to all unit holders estimating the taxable income and available credits as soon as possible after the year-end. It is anticipated that the statement will be available by 31 July of each year. A final tax statement will be issued by 15 August each year.

## VALUATION OF UNITS

Unit prices are calculated on each Thursday and at the end of each month (close of business) based on the Net Asset Value of the Fund divided by the number of units on issue. The Manager may in its discretion alter the day on which unit prices are calculated.

The Constitution allows unit prices to be adjusted for Transaction Costs. In the case of the application price, the price will be increased by 0.3%, and in the case of the redemption price, the price will be reduced by 0.3%. There are no other entry or exit fees.

The Constitution provides that the Manager may determine valuation methods and policies from time to time. It is the Manager’s policy that a different methodology will be applied to applications and redemptions which are significant in size relative to the total Net Asset Value of the Fund. In these cases, when calculating the unit price, the assets acquired or disposed of with those application or redemption monies (and any associated brokerage, taxes and foreign exchange costs) will not be included in the definition of Net Asset Value on the unit pricing date related to that application or redemption, but will be included in the next unit pricing date. The Manager has adopted this policy because it believes that it is most equitable to all unit holders.

## REPORTING

As an investor in the Fund you are entitled to receive regular reports, including:

- A quarterly investment and performance report;
- An income distribution statement after each distribution;
- Annual taxation statement (this will be an AMMA statement if the Fund is an AMIT);
- Annual audited financial statements of the Fund;
- A transaction statement each time you make an investment or withdrawal; and
- A monthly statement.

See section 8 of the application form to elect your method of receiving reports.

# ADDITIONAL INFORMATION

## ALLOCATIONS BETWEEN CI FUNDS

Where CI is offered securities which are the subject of initial public offerings or placements CI will allocate securities between portfolios and funds managed by CI in accordance with its Allocations and Dealing Policy. We will provide unit holders with a copy of the Allocations and Dealing Policy on request.

## CUSTODIAN

The Manager has appointed National Australia Bank Limited (ABN 12 004 044 937) as the custodian of the assets of the Fund ("NAB" or "Custodian"). The Custodian's role is limited to holding the assets of the Fund as agent of the Manager. The Custodian has no supervisory role in relation to the operation of the Fund and is not responsible for protecting your interests. The Custodian has no liability or responsibility to you for any act done or omission made in accordance with the terms of the Custody Agreement. The Custodian makes no statement in this Information Memorandum and has not authorised or caused the issue of it.

NAB has given and not withdrawn its consent to be named in this Information Memorandum.

Investments in the Fund do not represent investments in, deposits with or other liabilities of, NAB or any other member of the NAB group of companies ("NAB Group"). Neither NAB, nor any other member of NAB Group, in any way stands behind the capital value, nor do they guarantee the performance of the investment or the underlying assets of the Fund, or provide a guarantee or assurance in respect of the obligations of the Manager.

## CONSTITUTION

The Constitution of the Fund, dated 18 June 2004 (as amended), governs your rights and obligations as a unit holder. Unit holders are bound by the provisions of the Constitution. The Constitution and the general law regulate the Fund and set out rights and liabilities of unit holders and the responsibilities and duties of the Manager.

Some of the provisions of the Constitution are discussed elsewhere in the Information Memorandum. Others relate to:

- the nature of units;
- how we must calculate unit prices, and what you are entitled to receive when you withdraw or the Fund is wound up; and
- your right to share in any Fund income, and how we calculate it.

There are also provisions governing our powers and duties including:

- our powers to invest, borrow and generally manage the Fund, which are practically unrestricted (subject to our duty to act in the best interests of the Fund);
- we have discretion to refuse transfers and applications;
- we can amend the Constitution (CI will notify you in writing of any material amendments);
- we can terminate the Fund and then give you notice of our decision, and if we do, return your share in the net proceeds from us selling the assets of the Fund;
- we can retire as trustee if we give unit holders not less than one month's notice; and
- we can charge fees and recover expenses.

We will provide a copy of the Constitution on request by a unit holder or potential investor.

For the duration of this Information Memorandum, the Manager intends to charge the fees detailed on pages 17 and 18. However, under the Constitution, the Manager is entitled to receive higher fees.

## AUTHORISED ASSETS AND LIABILITIES

Pursuant to the Constitution of the Fund, the Manager has wide investment powers and may use a variety of investment tools, including the following:

- Australian and international listed securities
- Cash
- Cash Borrowing
- Fixed Interest
- Exchange Traded Options
- Foreign Exchange Contracts and options on those contracts
- Debt Instruments
- Derivatives
- Unlisted Securities
- Units or shares in listed and unlisted funds that predominantly invest in listed securities, including other funds managed by CI
- Stock Lending
- Term Deposits

See page 3 for the current structure of the Fund.



# ADDITIONAL INFORMATION

## RISKS

When making any investment, the potential risks, and how they can affect the investor, need to be considered carefully. The Fund, as a result of its strategies, will deviate materially from broader stock indices. Every investment is influenced by many factors that can affect both its value and the income it produces and the investment can decline as well as increase in value. As a Fund that invests in the stock market, market risk is significant.

Under the Constitution, the Fund can use a range of tools including derivatives, debt and other forms of leverage that could potentially increase the amount of the gains or losses from the investments made. International stocks, commodities and alternative securities can expose the investor to international market risk and currency risks if not hedged, in addition to extra volatility.

In evaluating the Fund and its prospects, investors should also consider the following:

- the success and profitability of the Fund will depend on the ability of the Manager to make investments which will increase in value over time;
- the value of the assets of the Fund may be affected by the general economic environment, legislation or government policy or other factors beyond the control of the Manager. As a result, no guarantee can be given in respect of the future earnings of the Fund or the earnings or capital appreciation of the Fund's investments; and
- the past performance of this Fund and other funds and portfolios managed by CI are not necessarily a guide to future performance of the Fund.

In addition, unit holders should consider the following specific risks.

**Exchange rate risk** – Where the Fund purchases assets denominated in a foreign currency, currency movements between the Australian dollar and the relevant foreign currency might lead to gains or losses in the value of the assets. The Manager may or may not hedge its exposure to foreign currency movements in respect of such assets (see page 4). However unit holders should be aware that hedging also carries its own risks.

**Derivatives risk** – The Fund can use derivatives, including Exchange Traded Options, to gain exposure to underlying assets or currencies. The Fund can suffer losses in excess of the amounts committed to relevant derivatives. The Fund will also be exposed to the risk that a derivative may not necessarily reflect the performance of the underlying asset or currency to which it is exposed. In addition, the Fund will be exposed to the

counterparty risk that the other party to the derivative may not perform its obligations under the derivative.

**Foreign Investment risk** – When the Fund holds assets in another jurisdiction it will be exposed to different legal systems, foreign currency controls, different economic and political systems, foreign legislation and foreign taxation all of which may adversely impact on the Fund. See "Investment Strategy" on page 3.

**Tax risk** – The Fund or an investment in the Fund can also be subject to tax risk on the basis that tax laws and relevant administrative practices

## REGISTER OF UNIT HOLDERS

Units are not certificated. The Custodian maintains a register of unit holders.

## COMPLAINTS

If you have any queries or complaints please contact us in writing (see page 26). We will acknowledge your query or complaint in writing within 14 days after receipt of the complaint. We will then give proper consideration to the complaint and advise you of the outcome within 45 days after receipt of the complaint.

## PRIVACY

CI collects personal information in its capacity as a fund manager in compliance with its Privacy Policy, the Privacy Act 1988 (Cth) and the Australian Privacy Principles. CI's Privacy Policy describes:

- who we collect information from;
- the types of personal information collected and held by CI;
- how this information is collected and held;
- the purposes for which your personal information is collected, held, used and disclosed;
- how you can gain access to your personal information and seek its correction;
- how you may complain or inquire about our collection, handling, use or disclosure of your personal information and how that complaint or inquiry will be handled; and
- whether we are likely to disclose your personal information to any overseas recipients.

For a copy of CI's Privacy Policy please visit our website: [www.cooperinvestors.com](http://www.cooperinvestors.com).

# ADDITIONAL INFORMATION

## CI POLICIES

CI will provide a copy of any of the following policies to unit holders on request:

- Brokerage and Soft Dollar Benefits Policy
- Privacy Policy
- Code of Ethics
- Fraud and Corruption Policy
- Allocations and Dealing Policy
- Currency Hedging Policy
- Environmental, Social and Governance Policy (see page 16)

## ANTI-MONEY LAUNDERING AND COUNTER TERRORISM FINANCING

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 ("AML/CTF Laws") regulates financial services and transactions in a way that is designed to detect and prevent money laundering and terrorism financing.

CI is bound by the AML/CTF laws. By making an application to invest in the Fund, an investor agrees that:

- it does not subscribe to the Fund under an assumed name;
- any money used by the investor to invest in the Fund is not derived from or related to any criminal activities;
- any proceeds from the investor's investment will not be used in relation to any criminal activities;
- if we ask, the investor will provide us with additional information we reasonably require for the purposes of AML/CTF Laws (including information about a holder of a security, any beneficial interest in the securities, or the source of funds used to invest);
- CI may obtain information about an investor or any beneficial owner of a security from third parties if we believe this is necessary to comply with AML/CTF Laws; and
- in order to comply with AML/CTF Laws we may be required to take action, including:
  - delaying or refusing the processing of any application or redemption; or
  - disclosing information that we hold about an investor to our related bodies corporate or service providers, or relevant regulators of AML/CTL Laws (whether in or outside of Australia).

## TAXATION

As taxation is complex and different investors have different circumstances you should seek professional taxation advice prior to making an investment decision. The Manager does not know the individual taxation position of unit holders and therefore will not take it into account in making investment decisions.

Generally, it is not expected that the Fund will pay income tax because the net income of the Fund will be allocated to investors. Depending on your taxation position you may be liable to tax on your share of the net income of the Fund, and you may be entitled to certain tax offsets.

**MIT** – The Australian Government has enacted legislation so that a trust which qualifies as an eligible managed investment trust ("MIT") can elect to treat the trust's "covered assets" (primarily, shares, units and real property) on capital account. In this case investors may obtain the benefit of the CGT discount and other tax concessions (where applicable) on distributions of capital gains received from the Fund.

The Fund currently qualifies as an eligible MIT and has made the capital account election. However you should be aware that determining whether the Fund would qualify as an MIT is complex. Any determination as to the eligibility of the Fund as an MIT depends on the Fund meeting a 'widely held' test and a 'closely held' test and this could be subject to change should the makeup of the Fund's investors change. This could result in the Fund's investments being treated as held on revenue account rather than on capital account.

**AMIT Regime** – The Manager has elected to apply the new attribution managed investment trust ("AMIT") regime from 1 July 2016. This provides for a new system of tax to apply to the Fund under which taxable income flows through to unitholders on an attribution basis, rather than a distribution basis. This regime facilitates the Manager allocating realised capital gains arising from the sale of assets in order to fund a significant redemption to the redeeming unitholder. (This is instead of a pro rata distribution of realised capital gains based on unitholdings).

**Capital Gains Tax** – If you redeem units you may be liable to pay CGT. In certain circumstances you may qualify for a CGT discount on taxable capital gains arising on the redemption of your units or in respect of capital gains distributed by the Fund.

## PARTICIPATION IN CLASS ACTIONS

CI may or may not participate in Shareholder Class Actions as it deems appropriate and may make and act upon such a decision without consulting investors.

# ADDITIONAL INFORMATION

## PARTICIPATION IN BUY-BACKS

CI reserves the right to participate in share buy-backs (see page 18) that may be for less than the market price in order to gain access to franking credits and capital losses resulting from participation. Performance will be adjusted for any discount to market price.

## FURTHER INFORMATION

The preceding information is only a summary of some of the general features of the Fund and should be considered by investors in the context of and subject to any further information made available by CI. An investor should consider whether the information contained in this Information Memorandum is appropriate for them in light of their objectives, financial situation and needs.

For further information about the Fund and its investments, or to receive a copy of the Constitution, please contact CI.

Current performance information, monthly fact sheets and quarterly reports are available on our website [www.cooperinvestors.com](http://www.cooperinvestors.com).

## APPOINTMENT OF AUTHORISED NOMINEE

A person, partnership or company may be appointed as an investor's authorised nominee by having the relevant section of the application form executed. The authorised nominee (if it is a company or partnership, including any person we reasonably believe is an authorised officer of the company or a partner in the partnership) may provide investment instructions in respect of the Fund, prepare, sign and provide requests to redeem units in the Fund, advise of changes to your details in respect of your investment in the Fund, and obtain information about your investments in the Fund. This appointment can be cancelled at any time by notice in writing to CI. All joint unit holders must sign the appointment or cancellation.

By appointing an authorised nominee the investor:

- releases, discharges and agrees to indemnify CI and the Fund from and against any and all losses, liabilities, actions, proceedings, accounts, claims and demands arising from the fraud, negligence or appointment of or purported exercise of powers by the authorised nominee or in connection with the use of the facility;

- agrees that a payment or purported payment (the payment) made in accordance with the requests or instructions of the authorised nominee shall be in complete satisfaction of our obligations to the extent of the payment, notwithstanding any fact or circumstance including that the payment was requested, made or received without the investor's knowledge or authority; and
- agrees that if payment is made in accordance with the request or instructions of the authorised nominee, the investor shall have no claim against us in relation to the payment.

## DEFINITIONS

"Derivative" means an instrument that derives its value from the value of an underlying financial product (such as shares, share price indices, fixed interest securities, commodities, currencies etc).

"Exchange Traded Options" means options (which may be puts or calls) over securities listed on a stock exchange.

"IM" means this Information Memorandum.

"Leverage" means borrowing against the assets of the Fund and increasing the Fund's exposure to an asset or financial market.

"Net Asset Value" means the gross market value of all assets of the Fund including stock, cash, accrued income entitlements and debtors, less any accrued portfolio related liabilities, fees and expenses.

"Securities" means shares in, or debentures of a body corporate or interests in a registered managed investment scheme; or legal or equitable rights or interests in any of those or options to acquire any of those. It does not cover a derivative, a market traded option or commodities.

"Transaction Costs" means the Manager's estimate of the costs associated with the acquisition or disposal of assets in the Fund resulting from an application or redemption of Units and includes actual costs such as brokerage and taxes together with an allowance for the market impact of acquiring or disposing of those assets.

# TERMS AND CONDITIONS

This Information Memorandum relates to the offer to subscribe for units in the Fund, and has been prepared and issued by Cooper Investors Pty Limited ("CI") in its capacity as trustee of the Fund. CI has been issued an Australian Financial Services Licence (No 221794) ("AFSL") by the Australian Securities and Investments Commission ("ASIC"), which authorizes it to operate the Fund.

## WHOLESALE CLIENT

An application for units in the Fund is limited to investors that are wholesale clients as set out in section 761G(7) of the Corporations Act.

## JURISDICTIONAL ISSUES

This Information Memorandum does not constitute and should not be construed as an offer, invitation or recommendation by CI to investors to apply for units in the Fund in any state, country or jurisdiction (other than Australia) where such offer, invitation or recommendation may not be lawfully made.

In particular, the information contained in this Information Memorandum is not for distribution and does not constitute an offer to sell or the solicitation of any offer to buy any securities or services in the United States to or for the benefit of any person in the United States. The Fund has not been registered in the United States under the Investment Company Act of 1940 and units in the Fund are not registered in the United States under the Securities Act of 1933.

## NO REGISTRATION

This Information Memorandum is not a product disclosure statement for the purposes of Part 7.9 of the Corporations Act. The level of disclosure in this Information Memorandum is less than that of a product disclosure statement, prospectus or similar disclosure document. A copy of this Information Memorandum does not need to be, and has not been, lodged with ASIC.

## NOT INVESTMENT ADVICE

In providing this Information Memorandum, CI has not taken into account your objectives, financial situation or needs and accordingly the provision of this Information Memorandum is not personal advice for the purposes of Section 766B(3) of the Corporations Act. No party warrants that an investment in the Fund is a suitable investment for you. To the maximum extent permitted by law, none of CI, its directors, employees, consultants, advisers or agents accept any liability, howsoever caused, to any person relating in any way to reliance on information contained in this Information Memorandum.

CI strongly recommends that you read this Information Memorandum in its entirety and seek independent professional advice as to the financial, taxation and other implications of investing in the Fund and the material contained in this Information Memorandum.

## NO GUARANTEE

None of CI, its directors, employees, consultants, advisers or agents guarantee the repayment of capital invested in the Fund, the payment of income from the Fund or the performance of the Fund or an investment in the Fund generally. As with any investment there are inherent risks in investing in the Fund, including the risk that the investment in the Fund is speculative, that the investment may result in a reduction in the capital value of the investment, loss of income and returns that are less than expected or delays in the repayment of capital.

## COPYRIGHT

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## MANAGER

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## APIR CODE

CIP0002AU

## ISIN CODE

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## DIRECTORS

Peter Cooper  
Andrew Swan  
Stephen Thompson

## CLIENT ENQUIRIES

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## UNIT HOLDER INFORMATION

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## LEGAL/COMPLIANCE ENQUIRIES

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