CI GLOBAL EQUITIES FUND
QUARTERLY REPORT

Cooper Investors Pty Limited AFS Licence Number 221794 ABN 26 100 409 890

MARCH 2008

"Success is not final, failure is not fatal; it is the courage to continue that counts" Winston Churchill

"Truly, the most powerful thing in the world is the right decision, made at the right time" Sheikh Mohammed bin Rashid Al Maktoum, Ruler of Dubai

"Truth alone will endure; all the rest will be swept away before the tide of time" Mahatma Ghandi

PORTFOLIO PERFORMANCE

	PORTFOLIO	BENCHMARK	VALUE ADDED
ROLLING 3 MONTHS	-10.69%	-11.79%	1.10%
ROLLING 6 MONTHS	-7.31%	-13.92%	6.61%
ROLLING 1 YEAR	-2.40%	-7.43%	5.03%
ROLLING 2 YEAR	7.65%	1.77%	5.88%
ROLLING 3 YEAR	17.72%	8.56%	9.16%
SINCE INCEPTION*	18.21%	8.94%	9.27%
SINCE INCEPTION^	74.61%	33.01%	41.60%

* Annualised
^ Cumulative (1 December 2004)

The CI Global Equities Fund has started the calendar year with a 3 month performance of -10.7% against the MSCI All Countries World Net Dividends in Local Currency which was down -11.8%, therefore outperforming by +1.1%. The twelve month relative out-performance is now +5.0%.

We currently have a cash position of around 8.5% and there are 40 stocks in the portfolio. There have been two significant additions to the Fund, Agrium and Canon, both of which are discussed below. The top ten weightings are as follows - SGS S.A. 4.1%, FPL Group 4.0%, Reckitt Benckiser 4.0%, Tesco 3.8%, BG Group 3.6%, Johnson & Johnson 3.6%, Porsche 3.4%, Covidien 3.3%, Roche 3.1%, EnCana Corp 2.9%. By sector, our biggest over-weights are consumer staples, utilities, energy and healthcare. Out biggest under-weights are financials, IT and consumer discretionary.

CI portfolio managers have traveled to Japan and Korea this quarter to visit potential investments and reaffirm our knowledge and conviction in existing positions. As a result of the trip we added Canon, a Japanese manufacturer of office electronics and electronic imaging products, to the Fund. We confirmed our positions in Olympus and Shin-Etsu. Olympus is a global leader in precision opto-digital healthcare equipment, such as endoscopes and minimally invasive products. Shin-Etsu is the largest global manufacturers of both silicon wafer and PVC. The trip confirmed our view that the Japanese stock market is now a good opportunity relative to its peer markets. The companies generally have very strong balance sheets and are often global or regional leaders in their fields. The market has been severely disappointing for years to the extent that valuations have drifted down to levels below U.S and Europe in certain sectors.

We wish to highlight two energy companies this quarter, both of which are heavily involved in gas production, BG Group and EnCana. Both companies are in the portfolio because we believe that natural gas is a particularly attractive investment proposition. It has traditionally traded on a discount of between 10 to 50% to oil at a barrel of oil equivalent (boe) basis due to its difficulty in storage and transportation, and recently, its perceived relative abundance. For these reasons local gas markets and prices differ greatly and, unlike oil, there is no international spot market.

Stuck between a rock and a hard place, the energy policies of western governments have to balance the need for electricity demand while reducing carbon emissions from power generation. Gas is seen as the short to medium term answer to this problem as it burns far cleaner than other hydrocarbons, up to 40% less than coal. A gas power plant is far quicker and cheaper to build than either a coal or nuclear one, incremental nuclear capacity will take at least 10 years to bring online from conception, coal anywhere up to 8 years whereas gas can be completed within 24 months. If European regulators are true to their word and the dirtier producing hydrocarbons will be phased out of power generation, the only fuel capable of producing European base load would be gas for at least the next decade, assuming no breakthrough in carbon capture or paradigm shift in renewable fuel generation. Of course all this is happening at a time when significant parts of the world are increasingly short of energy. For example the U.K. is now a net energy importer, joining countries such as Japan and South Korea with this problematic status. In short, gas demand is growing globally due to power generation while alternatives for energy sources are looking increasingly undesirable or uneconomic.

On average the world is not short of gas, the issue is moving it from where it exists to where it is needed. Russia, Iran & Qatar make up 57% of global proven natural gas reserves, whereas Canada, Mexico & U.S. consume 25% of global natural gas supply, but hold only 3% of proven reserves. A solution to these stranded assets is Liquified Natural Gas (LNG). LNG is the closest thing there is to an international gas spot market. Demand is driven by Asia - Japan and South Korea account for around half the global LNG imports - with significant demand growth coming from China and India. Almost all Japan's gas is supplied as LNG. The producers of LNG benefit from supply contracts linked to the price of oil, as oil prices escalate gas will follow and lately prices have trended towards oil parity. Gas producers with secure LNG supply contracts and the transportation capability to move volumes internationally to where demand is, can access the higher value markets and in effect sell into LNG at "spot". An example of this price disparity is that US domestically produced gas currently costs around US$10/mmbtu while Japanese LNG contracts are commanding up to US$16/mmbtu.

North American gas production probably peaked some time this decade and is in decline, yet the Energy Information Administration forecasts U.S. domestic consumption to remain strong, and this without accounting for inevitable increased demand from power generation. The EIA therefore expects demand to be met with imported LNG. This is likely to mean two things. First, companies with the ability to add value along the whole LNG chain will profit from gas demand and, secondly, companies with decent exposure to U.S. gas prices will benefit over the medium term. This obviously is a simplified account of the situation and relies on many moving parts not discussed here, particularly oil prices, LNG capacity and incremental demand, however from what we have independently seen and what we have been told by participants in the energy markets, the dynamics are observable and investable.

BG Group grew out of the breakup of British Gas in 1997. They are focused on hydrocarbon production while strategically developing their proprietary LNG infrastructure to deliver stranded gas to "high value markets". This effectively means that the group can sell gas from wherever it is produced and efficiently transport it to the highest bidder anywhere in the world. They enjoy 46 years of total reserves at current production rates of which 70% are gas. BG is a major player in the LNG market. Equity in liquifaction capacity is comparable with the super majors like Shell and Exxon and its volumes of long term LNG supply are among the largest globally. BG sell up to 80% of their LNG volumes to the highest bidder around the world, a strategy which reaped their LNG division a 48% increase in operating profit in 2007. BG also have a 25% interest in the Santos basin discovery late last year that has been called Tupi, which may end up holding 10-12 billion boe. Valuation has been buoyed by the potential in Tupi, however their strategic positioning in the LNG market should see them continue to benefit for the next few years.

EnCana formed in 2002 with the merger of the PanCanadian and Alberta energy companies. They are a major hydrocarbon exploration and production company, the largest natural gas producer in North America, focusing on unconventional assets such as coal bed methane and shale gas. These types of resource plays are the remaining source of gas production growth in the region due to the rapid decrease of conventional production. EnCana's strategy is sustainable production growth of around 5% on a proven reserve base of about 11 years. They have divested all assets outside the region and in 2007 had a production reserve replacement of 227%. The key to this investment is a company that has good assets, sustainable production, focused strategy, good management and sensible balance sheet that is well positioned to capitalise on North American gas demand and prices over the next few years. Valuations for EnCana compare favourably to their peers, however we feel their focus on unconventional assets will yield more sustainable growth rates.

Allan says… Where's the beef??

The global food crisis

"If you had any major upset, where you didn't have a crop in a major growing agricultural region, this year, I believe you'd see famine" Bill Doyle, Potash Corp CEO.

Agricultural commodity prices rose sharply in 2006 and continued to rise even more sharply in 2007. Demand for grains has accelerated, driven by increased meat consumption in China, India and the developing world, a growing global population and recent biofuels mandates. Over the same time period total global arable land area has stagnated resulting in increased grain prices.

Adverse weather conditions have also impacted global supply of agricultural commodities with world wheat stocks down to 30 year lows on the back of the worst drought in Australia in 100 years. Heat waves in Morocco, Canada and Europe have also taken their toll. Beijing has recently announced that drought and snow have affected more than one-sixth of China's total arable land. Potash Corp, the largest fertilizer producer, argues that global grain inventories do not contain enough grain to feed the world for two months! The seriousness of the issue is seen around the world as governments cut exports of agricultural commodities to ensure food security. Egypt and Cambodia have banned all rice exports and the UN's World Food Program has warned that it may have to ration food aid in response to soaring food prices.

According to the Food and Agricultural Organization of the United Nations, increasing productivity on existing cropped land, by using more fertilizer, remains the most likely path farmers will take to increase production. New land could be cultivated in the long term in Latin America, Sub-Saharan Africa, South-East Asia and Eastern Europe. However, developing such land would require large investments in transport and other infrastructure which could take decades.

Low inventories and increasing demand are leading to higher crop prices, motivating farmers to maximize production. Fertilizers are the vital nutrients applied by a farmer at the time of sowing that are needed to ensure healthy plant development, which in turn maximizes crop yields. There are 3 main nutrients: nitrogen a key determinant of plant's growth and yield, phosphate which aids the photosynthesis process and potash to build plant's resistance to drought, disease, weeds, insects and poor weather.

Potash has the tightest supply and demand fundamentals of the three nutrients. Global potash reserves are highly concentrated with 80% of production in just 3 countries. New mines require substantial lead times of 5-7 years and up to $3 billion of capital. As total grain consumption has accelerated, the consumption of potash has been growing at 5% annually over the last 5 years. With little new production coming on potash prices have skyrocketed from $100 USD per tonne in 2002 to above $650 a tonne today. Potash producers are operating at near full capacity and this is all without China, who accounts for 20% of global demand, having purchased its 2008 supplies.

The Fund's holding in Israel Chemicals Ltd (ICL) has benefited from the large fertilizer price increases. ICL is a fertilizer and specialty chemical producer with a potash focus. With average potash prices rising by approximately 15% and sales volumes by 30% ICL posted strong results in 2007 with a 43% increase in earnings. To date, global potash prices have more than doubled their 2007 prices placing ICL in an excellent position, in particular:

- the group's competitive advantage lies in its low-cost production and sourcing of feed stocks from the Dead Sea and the Negev region in Israel;
- ICL supply 10% of the world's potash; and
- the entire industry should benefit from these trends but ICL stands out given its strong cashflow generation and transportation advantage to India relative to its Canadian and Russian competition.

An addition to the Fund this quarter is Canadian company, Agrium Inc, a diversified fertilizer manufacturer and agricultural retailer. Agrium's large retail exposure provides stable earnings growth on the back of high grain prices and farmer profitability.

- Agrium produces all 3 nutrients with nitrogen being the biggest contributor where they are the world's 2nd largest producer.

- Potash and phosphate is sold through Canpotex a marketing agency run by Potash Corp, Mosaic and Agrium which provides significant selling power.
- With the most recent acquisition of UAP, Agrium has a 15% share of the US agricultural retail market. Agrium sells fertilizers, crop protection chemicals and seeds through retail stores in US and Argentina.
- The retail market is riding on increased farmer profitability due to high grain prices as seen by 10% sales CAGR over the last 10 years.
- Agrium is trading on a one year forward PE of 12x and EV/EBITDA of 7x which we believe makes Agrium excellent value as a long term investment.