

COOPER INVESTORS GLOBAL ENDOWMENT FUND



AFS LICENCE NUMBER 221794
ABN 26 100 409 890

QUARTERLY COMMENTARY | DECEMBER 2022

FUND STRATEGY

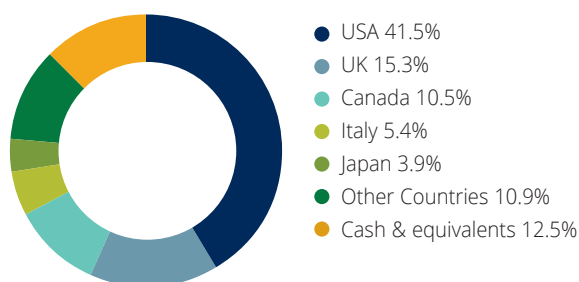
The objective of the Fund is to generate long term returns by investing in a range of internationally-listed securities through the application of our VoF investment process. It is a diversified, long only portfolio of 25-50 stocks. The Fund aims to have lower volatility than the global equities market and to out-perform the market during periods of market weakness. It may be considered appropriate as part of an overall portfolio for people / entities in the pensions / decumulation phase as well as charities and endowments.

FUND FACTS

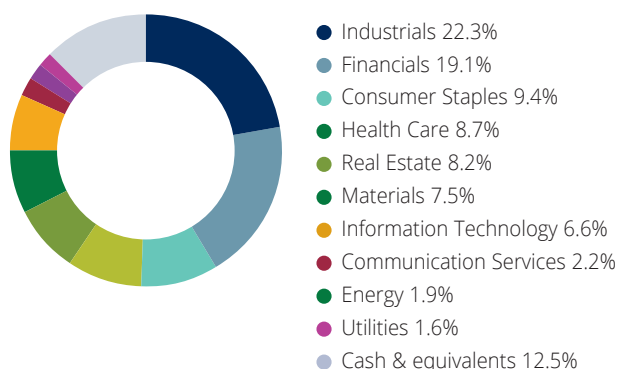
Portfolio Manager	Chris Dixon
Stock Restrictions	The Manager will not invest in companies whose primary business is the production of tobacco, controversial weapons or gambling
Inception Date	5 December 2016
Benchmark**	MSCI AC World Net Divs AUD
Management Fee	1.0% per annum of the Net Asset Value (before fees and expenses) plus GST calculated and paid monthly in arrears directly from the Fund
Performance Fee	Nil
Unit Pricing	Every Tuesday and the last day of the month
Minimum Investment	\$500,000
Maximum Cash	20%

** From 1 November 2022 the Fund is benchmarked against MSCI AC World Net Divs AUD. Prior to this, the Fund was benchmarked against MSCI ACWI 100% Hedged to AUD Net Dividends.

CURRENT HOLDINGS BY COUNTRY



CURRENT HOLDINGS BY SECTOR



FUND PERFORMANCE#

	Portfolio	Benchmark	Relative
3 months	2.00%	3.55%	-1.55%
1 Year*	-20.27%	-20.42%	0.15%
3 Year*	2.67%	2.03%	0.64%
5 Year*	6.83%	4.18%	2.65%
Since Inception*	9.32%	7.23%	2.09%
Since Inception^	71.77%	52.78%	18.99%

* Annualised

^ Since inception refers to the inception of the Strategy (5 December 2016). The inception of the Fund was 1 May 2017.

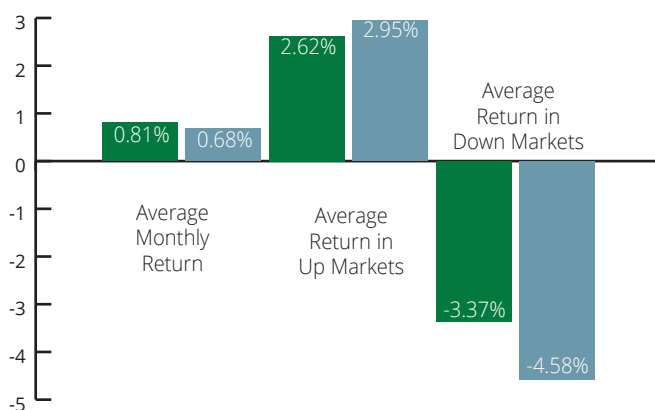
Returns are gross of fees and expenses.

Past performance is not a reliable indicator of future performance.

PORTFOLIO SNAPSHOT

Stock	Subsets of Value
American Water Works	Bond Like Equities
Rentokil	Stalwarts
Franco-Nevada Corporation	Asset Plays
IDEX Corporation	Growth
Ferguson Plc	Cyclicals

GROSS PERFORMANCE IN UP AND DOWN MARKETS



● CI Global Endowment Fund

● Benchmark

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The portfolio NAV rose 2.0% in the quarter versus the Reference Index which rose 3.5%.

The Strategy has ticked over 6 years of history. Since inception it has returned 71.8% or +9.3% pa. By comparison the Reference Index has returned 52.8% or +7.2% pa. Turnover in 2022 was 27%. We apply a risk framework over portfolio construction of 'Protect & Grow': stocks in 'Protect' are intended to assist in reducing downside capture and dampening volatility, while those in 'Grow' will drive most of the absolute returns. Risk metrics since inception:

	Grow	Protect	Fund	Index
Volatility	16%	13%	13%	15%
Downside Capture	98%	61%	74%	100%
Upside Capture	105%	86%	89%	100%
Beta	1.01	0.68	0.78	1.00
Correlation	0.94	0.79	0.91	1.00

While long-term metrics indicate the portfolio is behaving as intended, downside capture for 2022 standalone was suboptimal as the NAV declined 20.3% versus the Index which likewise fell 20.4%.

This can be largely attributed to poor returns from both Bond Like Equities and Asset Plays within the 'Protect' portion. Some elements of 'Protect' performed well, for example royalty stocks (**Franco-Nevada** +7%, **Royalty Pharma** +1%) and Japanese stalwart **Unicharm** (+2%). Yet despite reducing position weights in Bond Like Equities earlier in the year, the rate sensitivity that saw them behave in a correlated fashion (**Crown Castle** -32%, **Equity Lifestyles** -25%, **American Water Works** -18%) hurt overall returns. In addition, discounts widened materially on Asset Plays like **Brookfield Corp** (-30%) and **Tamburi** (-25%).

It is worth noting that much of the underperformance took place back in January when the market rapidly repriced long term discount rates as the Fed began to shift policy. Thus, while the 'Protect' portion didn't deliver that month, for the rest of 2022 (ex-January) the downside capture of 'Protect' was 79%, more in line with what we would typically expect. After the sell-off we now see significant valuation cushions in these businesses. Crown Castle trades on a 5% dividend yield with years of growth ahead as US carriers invest in network rollouts of 5G.

Post the December spin of Brookfield Asset Management, Brookfield Corporation represents an investment company owning stakes in its asset manager, property and infrastructure operations. It trades on 10x cash flow or a >30% discount to NAV.

PORTFOLIO UPDATES

The portfolio owns 33 listed securities and is highly diversified across region, industry, size, ownership structure and business model.

During the quarter the portfolio initiated a new investment in **Hess Midstream LP**, a US-listed owner and operator of oil and gas pipelines. It represents high quality energy infrastructure with multi-year contracts with parent Hess Corp. The business gathers, processes, stores and transports oil and gas between various plants, terminals and storage facilities across its >1,900 miles of pipeline. Assets are located in North Dakota where the Bakken is the 3rd largest oil basin in North America.

Revenues are earned from volume-based fees with minimum volume commitments that remove exposure to the commodity price. The group pays all excess cash to shareholders in what equates to an attractive dividend yield of ~7.5% today.

From a Responsible Investing perspective the business does not explore, drill or produce fossil fuels but rather plays a critical role in energy security by moving and storing these potentially hazardous products safely with minimal impact on the environment and local communities.

We also note shareholder alignment with the ongoing involvement of the Hess family as 2nd generation family member John Hess is Chairman (Hess Corp are a major shareholder at 40%).

Note the portfolio removed currency hedging as at close 31st October. The Reference Index changed to the unhedged equivalent, MSCI AC World AUD. All Performance and risk metrics are calculated going forward using spliced data as at close 31 October.

Terms and Conditions

Financial product advice contained in this document

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