

# Cooper Investors Endeavour Fund



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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 Cooper Investors Endeavour 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 and pay application monies as required 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 "Manager", "we", "us" and "our" refer to CI. For further terms and conditions please see page 20 of this Information Memorandum.

# Summary of the fund

## DATE OF INFORMATION MEMORANDUM

13 May 2024

## THE INVESTMENT

Units in a unit trust – the Cooper Investors Endeavour Fund (the “Fund”).

## INVESTMENT RISK AND RETURN OBJECTIVES

The objective of the Fund is to generate long term returns above an absolute return hurdle of 8% per annum.

## INVESTMENT STRATEGY

The Fund will invest predominantly in listed securities of businesses with less than US\$2 billion in annual revenues.

Investing in a concentrated portfolio of smaller businesses, which may be less liquid, may result in higher (short term) volatility.

The Fund can hold up to 50% of the portfolio in cash.

The portfolio will typically own 15-25 securities. Given the potential to hold up to 50% cash, the minimum number of investments may fall below 15 securities.

The Manager will use CI's VoF research framework (refer to page 5 for a description) to identify attractive long term investments.

## MANAGER

Cooper Investors Pty Limited (“CI”, “Manager”, “we”, “us”, “or”, “our”).

## CUSTODIAN

Citigroup Pty Limited (“Custodian”).

## HURDLE

8% increase in the Net Asset Value per annum.

## DISTRIBUTIONS

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 an investor elects otherwise.

## APPLICATIONS

Following the initial investment, tranches may be invested on each Wednesday and the last day of each month (see page 13 for details of procedure and Transaction Costs).

## REDEMPTIONS

\$50,000 minimum tranches may be redeemed per month on the last day of each month, with 30 days' notice. (See page 13 for details of procedure, Transactional Costs and situations where the Manager may not give effect to a redemption request).

## MANAGEMENT FEE

1.2% 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

15% of the Fund's out-performance, after the management fee, over the hurdle plus GST (calculated and accrued in the Fund's unit price monthly and paid annually in arrears directly from the Fund). A high water mark applies.

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.

# Structure of the Cooper Investors Endeavour Fund

## INVESTMENT OBJECTIVES

The Cooper Investors Endeavour Fund has a long term investment horizon. Our aim is for the Fund's long term returns to exceed the absolute return hurdle of 8% per annum. However, returns of the Fund may vary significantly from the hurdle. We accept volatility as being the cost of participating in investment markets that we expect to deliver positive long term returns.

## PORTFOLIO CONSTRUCTION

The portfolio managers complement their primary research with the broader research efforts of CI's Global and Australian investment teams to construct a concentrated securities portfolio (typically holding 15-25 securities).

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 VoF investment process.

## INVESTMENT STRATEGY

In constructing the portfolio, we narrow down the investable universe to companies with revenues less than US\$2b per annum. 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.

CI believes that over the long term sustainable returns within acceptable risk parameters can be achieved by CI's small, focused, experienced teams applying our VoF investment process selecting the best stocks from the universe 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 16 and 17 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:

- Global listed securities
- Cash and other short term money market instruments
- Term deposits
- Fixed interest
- Spot and forward foreign exchange contracts
- Derivative securities
- Unlisted securities (usually pre IPO securities which are expected to list within the near future or recently delisted securities)
- Units or shares in listed and unlisted funds that predominantly invest in listed securities.

## 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. Please see page 17 which sets out the risks associated with currency hedging.

## 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 generally consist of 15-25 stocks but may at times have fewer or more stocks
- Initial security weightings are typically 1-10% with a maximum individual security exposure of 20% of Net Asset Value
- Maximum of 50% of Net Asset Value to be held in cash
- No tracking error constraints
- No short selling of stocks
- No leverage
- Unlisted securities are limited to a maximum of 25% of Net Asset Value.

# About Cooper Investors

## HISTORY

CI is a specialist equity fund manager with funds under management of approximately A\$13.9 billion as at 31 March 2024. 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 8 pooled investment trusts (CI Australian Equities Fund, Cooper Investors Endowment Fund, CI Brunswick Fund, and Cooper Investors Endeavour Fund, CI Family & Founder Fund, Cooper Investors Global Endowment 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 5). 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\$13.9 billion as at 31 March 2024 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.

## 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 complementary 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 PROGRAM

Philanthropy or the act of contribution is a key value at CI. In line with the CI Way, the Philanthropy Program is built around the ethos that if you are humble, authentic, work hard, work smart and do the right thing, good things will happen.

Since inception, the Philanthropy Committee has overseen the distribution of nearly \$6 million dollars to close to 100 worthy organisations and a number of medical research projects.

The CI Staff Fund was established in 2008 with the CI Philanthropy Committee formed shortly after so that staff members could have a say in where donations are made. The committee ensures that the charities supported are on the ground, in the community, with a deep understanding of the issues faced by the most vulnerable in society.

We operate with a “portfolio” approach to our philanthropy, seeking value, good operating trends and outstanding leadership to align with the CI Way of investing. To achieve Cooper Investors philanthropy goals, we direct the majority of our support to the following areas:

**Social Enterprise Program:** a Social Enterprise is a business that trades to tackle social problems, improve communities and people's lives by promoting and encouraging social change, in a financially sustainable way.

**Mental Health Partnership Program:** supporting mental health and wellbeing collaborations and organisations that provide frontline services in the community that deliver early intervention and prevention initiatives.

**International Initiatives:** to support overseas aid organisation and initiatives that make it easier for Australians to send charitable dollars to international projects.

To honour the origins of Cooper Investors' Philanthropy we remain committed to providing funding to match contributions to staff led community fund raising initiatives.

## PRO BONO FUNDS MANAGEMENT

Our Portfolio Managers provide their investment talent through pro bono funds management to create tangible value to the charitable sector by participating as managers for two companies championing a new way of supporting the charitable sector.

### Future Generation Companies

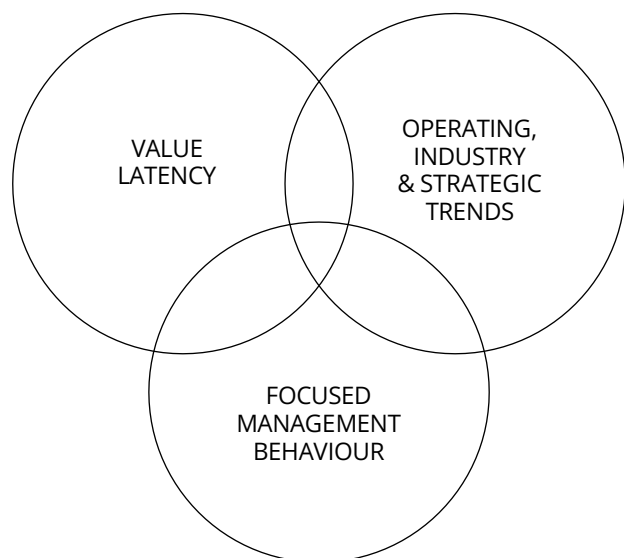
#### Hearts and Minds Investments Limited

These Listed Investment Companies have the dual objectives of providing investors with strong returns whilst also supporting Australian medical research institutes and youth mental health charities.

Cooper Investors' talented investment team dedicate a significant amount of time and effort to ensure that the very best support and investment ideas are provided to these companies. By providing pro bono investment services to these organisations and waiving management fees, CI is part of a collective that has directed more than \$90m over the past five years to the charitable sector supporting kids doing it tough and enabling vital medical research.

# 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 standardised & 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.

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.
  - 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 the 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
- Cyclical

#### 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.

# CI's ESG policy

The purpose of CI's Policy is to set out the way in which Cooper Investors approaches Responsible Investing in our investment strategy and the management of our company. Responsible Investing includes consideration of all things that are material to the long-term sustainability and hence valuation of a company, and incorporates Environmental, Social and Governance (ESG) issues. We must effectively manage the financial risks and opportunities that arise from Responsible Investing issues in order to maximise investment returns at an acceptable level of risk.

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

- Absolute returns for shareholders over the medium term.
- Outperformance of relevant equity market benchmarks.
- A focus on long term and sustainable value creation for shareholders.
- Clearly stated goals with regard to operational and strategic intentions.
- Management of risks in a way that delivers sustainable outcomes.

## Responsible Investing Principles

Cooper Investors takes its role as a good corporate citizen seriously and thus it is important, both as an investor and a company, to take Responsible Investing issues, including ESG issues, into consideration in the conduct of our business.

- 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.

Cooper Investors 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.

Through the responsible application of our investment philosophy and VoF investment process we assess applicable Responsible Investing 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 attractive VoF attributes and improve the sustainability of our Funds' returns whilst reducing risk.

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 leadership in this area. Companies must meet their legal obligations in a responsible manner.

We do not judge societal values and norms, but we do observe that these values and norms can change over time and affect companies' risks and opportunities and their ability to create shareholder value.

We do not negatively screen out companies in our investment process i.e. refuse to invest in companies which engage in certain activities. Rather, we assess relevant and material considerations to assess financial risks and opportunities, noting that companies that do not manage risks well can experience regulatory, reputational, operational and legal setbacks. (Note, the endowment funds do screen out selected industries)

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 company resolutions within our portfolio. We engage with companies on material issues where we believe we can make a difference and add value in the interest of shareholders.

The following three sections explain how we deal with the ESG aspects of Responsible Investing.

## Environmental, Social and Governance Principles

We set out below the principles we follow in managing ESG issues.

- We consider material, long term, positive and negative issues
- We believe a company's shareholders and other stakeholders can all benefit from good management of ESG issues.

- We believe that if a company does not manage its ESG responsibilities well it will likely affect its cost of capital and share price.
- Companies that attract significant controversy will find it harder to create sustainable, long term shareholder value.
- We believe the private sector will provide the majority of the research and development and investment needed to make positive contributions to the environment, and that companies that deliver strong returns are often the ones that have the greatest capacity to reinvest.
- We believe companies that have high quality boards and management tend to have a positive approach to management of ESG issues.
- ESG risks and opportunities will play out over the long term, there are rarely short term solutions to many environmental and social issues.
- Management of ESG issues will be an evolving process for investors, companies, regulators, politicians and society.

### **Environmental, Social and Governance within Cooper Investors' company structure**

- The board is ultimately responsible for ESG.
- ESG is included in our Risk Framework and Risk Appetite Statement.
- The board has created an ESG Working Group to advance the ESG topic with a sense of urgency and focus.
- The board has nominated one member to coordinate the oversight of ESG.
- ESG is a standard agenda item in our monthly Risk Management Meeting.
- ESG analysis is predominantly the responsibility of our research analysts and portfolio managers, with oversight from senior executives and the board.

### **Environmental, Social and Governance in the Investment Process**

ESG is integrated in our VoF investment process both quantitatively and qualitatively.

ESG issues that can be quantified are included in base case valuations, in positive or negative latencies that can affect valuations, and in our assessments of industry structures, operating trends and governance.

Many ESG issues cannot be expressed quantitatively with any precision, in these cases their potential positive or negative impacts are expressed in our industry structure, operating trends and management ratings.

- Our decision making incorporates both quantifiable and qualitative issues.
- ESG issues are documented predominately in our Research Management System.
- Research notes, valuations, our own company ratings and scores and as much as possible external data sources are incorporated in our Research Management System.
- Analysis of ESG issues is predominantly the responsibility of our research analysts and portfolio managers.
- We conduct over 1500 one on one meetings each year with companies and these meetings provide a very important source of information which flows into our research and decision making regarding ESG.
- We provide the necessary tools and resources to our people to enable a thorough and wide-ranging assessment of ESG issues.
- Where appropriate we engage with external parties on ESG issues.

### **Responsible Investing within the culture of our organisation**

- Cooper Investors 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.
- We believe that having a commitment to approach ESG risks and opportunities in a positive and thoughtful way is important in attracting and retaining talent to work at Cooper Investors.
- The Cooper Investors Philanthropy Fund was established in 2008 to extend Cooper Investors' corporate values into the philanthropic area. The Philanthropy Fund is run by a committee of employees. Through the Philanthropy Fund Cooper Investors is directly involved in addressing environmental and social issues.
- Cooper Investors 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).

These Responsible Investing Principles will be regularly assessed and if needed adjusted. The board will formally review the principles at least annually.

# Fees and expenses

## MANAGEMENT FEE

For the duration of this Information Memorandum, the Manager intends to charge a management fee of 1.2% 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, tax, 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 that a performance fee will be payable to the Manager. The performance fee is calculated and accrued into the Fund's unit price monthly and paid annually in arrears directly from the Fund. The performance fee is 15% of the Fund's out-performance of the Hurdle 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:

**"Hurdle"** means an absolute return of 8% per annum

**"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 any 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 of the Fund.

## 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.
2. A performance fee will be accrued monthly and paid annually 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 Hurdle over the same time. In effect, under-performance relative to the Hurdle 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 Hurdle in Performance Period 1, then a performance fee is accrued and paid at the end of Performance Period 1. If the Fund under-performs the Hurdle in Performance Period 2, then no performance fee is paid.

If, in Performance Period 3, the Fund out-performs the Hurdle but the performance from the start of Performance Period 2 to the end of Performance Period 3 is still under performing then, again, no performance fee is paid.

If the Fund out-performs the Hurdle in Performance Period 2, and the performance from the start of Performance Period 1 (i.e. the Starting Date) to the end of Performance Period 2 also out-performs the Hurdle, then a performance fee is accrued and paid based on the performance from the start of Performance Period 2 to the end of Performance Period 2.

3. If the test set out above is met then the dollar outperformance payment for that period is calculated by multiplying the Opening Fund Value by 15% (the performance fee %) of the out-performance (the amount the Fund exceeds the Hurdle) over the Performance Period. For example, if the Fund returned 10% in the period (after management fees and expenses but before performance fees) and the Fund value at the beginning of the period was \$1000, then the performance fee would be  $\$1000 \times 15\% \times (10\% - 8\% \text{p.a.})$ .

#### **DETAILS OF THE PERFORMANCE FEE FORMULA**

1. Performance is calculated on the Net Asset Value ("NAV") per unit before accrued performance fees. The NAV will not accrue negative performance fees. However, performance fees which have accrued will be paid to the Manager annually.
2. Performance fees are accrued monthly and paid annually 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.
3. Valuations occur weekly (close of business each Wednesday) and at month end to enable unit allotments or monthly 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 15% of the out-performance from the date the funds were first invested. Direct invoices to the unit holder will be raised annually 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 15% of the out-performance from the relevant date to the date of redemption.

# How to invest in the fund

## WHOLESALE CLIENTS

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 Registry maintains a register of unit holdings.

## APPLICATIONS FOR UNITS

To invest in the Fund, initially investors must complete and sign the application form and return it to us at the address shown together with the required documentation. 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 Wednesday and on the last business day of each month. If, by 1.00pm each Wednesday 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 (or, with the prior approval of the Manager, by transfer of property of a kind previously agreed with the Manager, in which circumstances an investor is required to meet the associated stamp duty and any other applicable costs of transfer) 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 Wednesday 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.

## REDEMPTIONS

Units may be redeemed on the last day of each month by completing the redemption form. In the normal course of business, at least 30 days written notice of intention to withdraw is required prior to the requested withdrawal date. Redemptions are limited to \$50,000 minimum tranches per month. 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 date. The Manager has the power to compulsorily redeem units without the need for a redemption request.

In exceptional circumstances (which determination will be in the Manager's absolute discretion) the Manager may determine not to accept redemptions in excess of 20% of the Net Asset Value in any rolling 6 month period. For example, if in any prior 6 months, redemptions minus 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 practicable 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 considers that it 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;
- 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, semi-annually 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 first business day of the next distribution period. Unless a unit holder elects to receive a cash distribution.

Cash distributions will be paid in Australian dollars 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. 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 usually be issued by 15 August each year.

## VALUATION OF UNITS

Unit prices are calculated on each Wednesday 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%. The Manager has determined not to charge any 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:

- Semi-annual investment letters and quarterly updates;
- 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; and
- A transaction statement each time you make an investment or withdrawal.

See 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 Citigroup Pty Limited (ABN 88 004 325 080) as the custodian of the assets of the Fund ("CPL" 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.

CPL 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, CPL or any other member of the CPL group of companies ("CPL Group"). Neither CPL, nor any other member of CPL 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 May 2021 (as amended), governs your rights and obligations as an investor. 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 and costs detailed on page 11. However, under the Constitution, the Manager is entitled to receive higher fees.

## MANAGER'S INVESTMENT POWERS

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

- International listed securities (including Australia)
- 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

## 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, may 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 strategy 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 2). However unit holders should be aware that hedging also carries its own risks.

However unit holders should be aware that if stock markets move dramatically over the Australian night, a currency hedge may not be matched by the relevant security leading to realised or unrealised currency losses.

**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 2.

**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 are subject to change, possibly with retrospective effect. Investors should seek their own professional tax advice.

## REGISTER OF UNIT HOLDERS

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

## COMPLAINTS

If you have any queries or complaints please contact us at [clientrelations@cooperinvestors.com](mailto:clientrelations@cooperinvestors.com). 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).

## 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
- IT Security Policy
- Fraud and Corruption Policy
- Allocations and Dealing Policy
- Currency Hedging Policy
- Responsible Investing Principles (see page 9).

## ANTI-MONEY LAUNDERING AND COUNTER TERRORISM FINANCING

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) ("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 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/CTF 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 may become 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 you may obtain the benefit of the CGT discount and other tax concessions (where applicable) on distributions of capital gains you receive from the Fund.

The Fund currently qualifies as an eligible MIT and has made the capital account election. However you should be aware that eligibility 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 make-up 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 2 July 2019. 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.

## PARTICIPATION IN BUY-BACKS

CI reserves the right to participate in share buy-backs that may be for less than the market price in order to gain access to franking credits and capital losses resulting from participation. Gross (pre-tax) 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.

## 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.

**"Constitution"** means the deed dated 18 May 2021 establishing the Fund, as amended from time to time.

**"Fund"** means the Cooper Investors Endeavour Fund, established pursuant to the Constitution.

# Terms and conditions

This Information Memorandum relates to the offer to subscribe for units in the Fund, and has been prepared and issued by 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 preparing 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 person 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

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# Directory

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