

Cooper Investors Endowment Fund



AFS LICENCE NUMBER 221794
ABN 26 100 409 890

QUARTERLY COMMENTARY | MARCH 2023

FUND STRATEGY

The objective of the Cooper Investors Endowment Fund (Fund) is to generate long term returns by investing in a range of listed securities. The Fund is an equities portfolio designed for investors in the pension phase. The Fund will invest in companies who provide sustainable and growing income and through portfolio construction will have the primary objectives of having lower portfolio volatility than the Australian stock market and out-performing the market during periods of market weakness. It is a diversified, long only portfolio of 30-50 stocks. The Fund will be managed on the basis that all unit holders have a zero tax rate and will report and be measured on an after tax basis (allowing for franking credits). The Fund invests in listed Australian and New Zealand securities together with a maximum exposure of 20% to listed securities in other international markets. The Fund can hold up to 20% of the portfolio in cash.

FUND FACTS

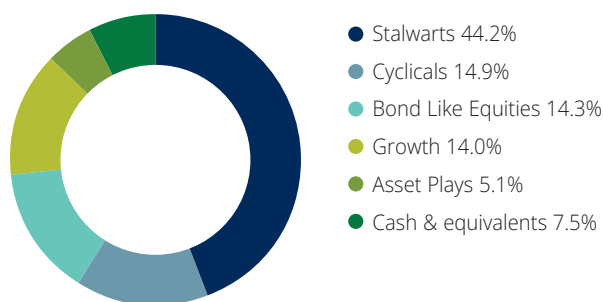
Portfolio Manager	Ryan Riedler
Inception Date	3 March 2014
Benchmark	S&P/ASX 200 Accumulation Index, adjusted for franking credits
Management Fee	0.75% per annum of the Net Asset Value (before fees and expenses) plus GST calculated and paid monthly in arrears directly from the Fund
Performance Fee	10% of the Fund out-performance of the S&P/ASX 200 Accumulation Index after adjusting for franking credits plus GST. A high water mark applies
Unit Pricing	Every Thursday and the last day of the month.
Minimum Investment	\$500,000
Maximum Cash	20%

FUND PERFORMANCE#

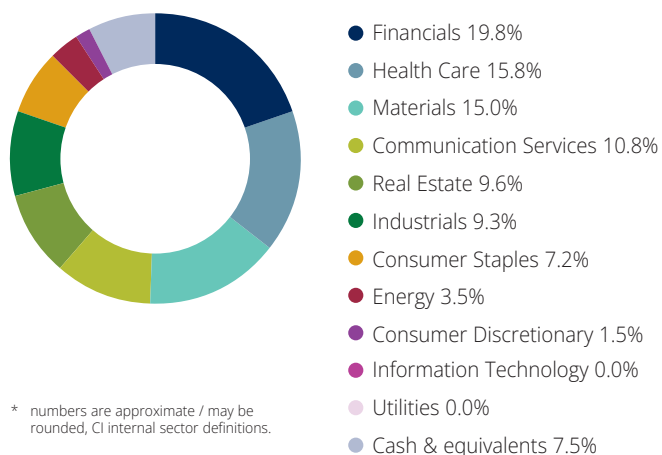
	Portfolio	Benchmark	Relative
3 months	3.60%	4.02%	-0.42%
1 Year*	2.56%	1.72%	0.84%
3 Year*	16.11%	18.07%	-1.94%
5 Year*	10.64%	10.22%	0.42%
7 Year*	10.79%	10.94%	-0.15%
Since Inception*	10.39%	9.14%	1.25%
Since Inception^	145.35%	121.24%	24.11%

* Annualised
^ Cumulative (inception date was 3 March 2014).
Returns are gross of fees and expenses, and adjusted for franking credits.
Past performance is not a reliable indicator of future performance.

HOLDINGS BY SUBSET OF VALUE*



CURRENT HOLDINGS BY SECTOR*

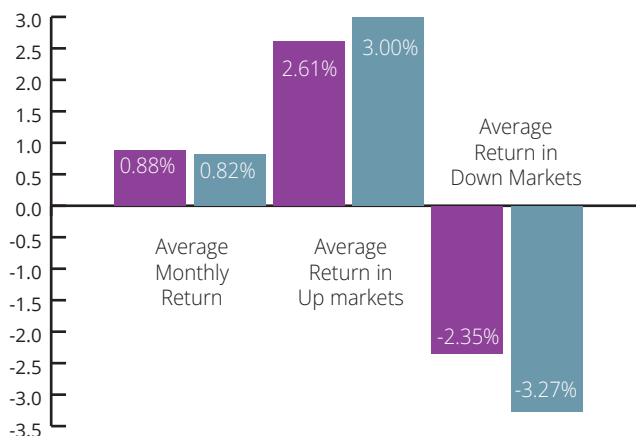


* numbers are approximate / may be rounded, CI internal sector definitions.

PORTFOLIO SNAPSHOT

Stock	Investment category
ASX Ltd	Stalwarts
CSL Limited	Growth
Wesfarmers Limited	Cyclicals
Transurban	Bond Like Equities
Franco-Nevada Corp	Asset Plays

PERFORMANCE IN UP & DOWN MARKETS



● Cooper Investors Endowment Fund (gross of fees and expenses, and adjusted for franking credits.)
● S&P 200 Accumulation Index (adj. FC)
Past performance is not a reliable indicator of future performance

Cooper Investors Endowment Fund



AFS LICENCE NUMBER 221794
ABN 26 100 409 890

QUARTERLY COMMENTARY | MARCH 2023

The CI Endowment Fund ("the Fund") is a conservative equities portfolio that aims to steadily compound wealth over time.

Our key objectives are to perform relatively well in down markets, participate in rising markets, be less volatile than the market and provide a growing distribution over time.

We aim to achieve these objectives by constructing a highly diversified portfolio with stocks that are, as far as possible, uncorrelated to each other.

The strategy of the Fund is unchanged since it commenced in March 2014.

MARKET AND PORTFOLIO PERFORMANCE

The portfolio returned 3.60% in the quarter versus the Reference Index which rose 4.02%.

Since inception the Fund has returned 145.4% versus the Reference Index which returned 121.2%.

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:

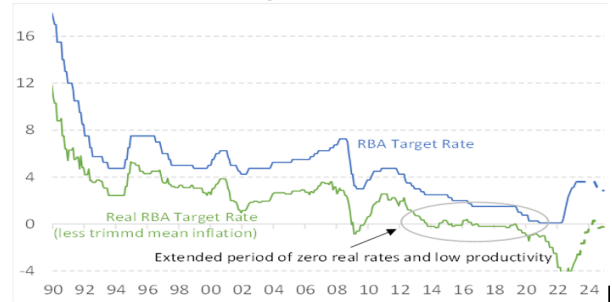
	Grow	Protect	Fund	Index
Volatility	14.2%	11.4%	11.5%	14.1%
Downside Capture	92%	56%	71%	100%
Upside Capture	103%	78%	87%	100%
Beta	0.96	0.67	0.78	1.00
Correlation	0.95	0.83	0.95	1.00

This quarter proved once again that equity markets climb a 'wall of worry', rallying despite awful headlines. The list includes the 2nd and 3rd biggest US bank failures in history, the hastily arranged rescue of Credit Suisse by UBS, ongoing rate hikes from central banks, increased nuclear rhetoric from Russia and the first indictment of a US President on criminal charges. Yet overall global markets have enjoyed a strong start to the year.

In early April the RBA kept the cash rate on hold at 3.6%, the first time in 11 meetings it has elected to do so. The RBA noted a range of data suggests inflation has peaked, and the decision to hold provides them with time to assess the impact of rate rises on the state of the economy.

While we do not expect this to be the end of the tightening cycle, nonetheless it should provide some respite to those sectors most affected by rising rates e.g. housing and discretionary retail.

RBA nominal and real target rate



Source: MST Marquee

Stocks that performed well over the last quarter included Medibank, Telstra and Woolworths which are all high-quality stalwarts positioned well against a challenging economic backdrop. Franco Nevada performed well following the rallying gold price, again proving its worth in providing portfolio protection in turbulent markets.

Poor performers included Lifestyle Communities (uncertainty around the housing market outlook), Waypoint REIT / Arena REIT (banking issues driving concerns over commercial real estate) and Danaher (normalising growth post Covid).

An underweight position in Resources was a drag on performance, as was our overweight position in REITs. Cash also detracted from performance.

Overweight positions in Telcos and Consumer Staples were a positive contributor to returns, as was an underweight position in Banks.

THE PORTFOLIO

The portfolio is highly diversified owning 32 securities including six global stocks (~13%) and four New Zealand stocks (~11%). The cash weighting is around 7%.

During the quarter we exited Computershare and Synopsys, as well as reducing positions in Woodside Energy, Wesfarmers and ARB Corp. We also added to positions in Telstra, Arena REIT, Woolworths and Medibank.

The portfolio continues to be relatively defensively positioned which we think is appropriate in the current environment.

Terms and Conditions

Financial product advice contained in this document

This document has been prepared by Cooper Investors Pty Limited ACN 100 409 890 AFSL 221794, the trustee and investment manager of the Cooper Investors Endowment Fund (the Fund). The opinions, advice, recommendations and other information contained in this document, whether express or implied, are made by Cooper Investors Pty Limited and by its officers and employees (Cooper Investors) in good faith in relation to the facts known to it at the time of preparation. Cooper Investors has prepared this document without consideration of the investment objectives, financial situation or particular needs of any individual investor, and you should not rely on the opinions, advice, recommendations and other information contained in this document alone. This document contains general financial product advice only.

This document does not constitute an offer of units in the Fund to investors. Offers of units in the Fund are made in the information memorandum (IM) for the Fund. You should obtain the IM and consider the important information about risks, costs and fees in the relevant IM before investing. Cooper Investors recommends investors seek independent, legal, financial and taxation advice from appropriate professional advisers before making any decision about investing in the Fund.

Past performance warning

Any information in respect of past performance is not a reliable indication as to future performance and any forecasts, prospects or forward-looking statements in this document (if any) are based upon Cooper Investors' current views and assumptions and involve known and unknown risks and uncertainties, many of which are beyond Cooper Investors' control and could cause actual results, performance or events to differ materially from those expressed or implied. These forward-looking statements are not guarantees or representations of future performance and should not be relied upon as such.

To whom this document is provided

This document is only made available to persons who are wholesale clients within the meaning of section 761G of the Corporations Act 2001 (Cth). This document is made available on the condition that it is not passed on to any person who is a retail client within the meaning of section 761G of that Act.

Limitation of liability and copyright

To the maximum extent permitted by law, Cooper Investors disclaims all liability and responsibility for any direct or indirect or consequential loss, damage, cost, expense, outgoing, interest, loss of profits or loss of any kind which may be suffered by any person through relying on anything contained in or omitted from this document. This document may not be reproduced or used for any other purpose without the express permission of Cooper Investors.