

Cooper Investors Global Endowment Fund



QUARTERLY COMMENTARY | SEPTEMBER 2023

AFS LICENCE NUMBER 221794 ABN 26 100 409 890

FUND STRATEGY

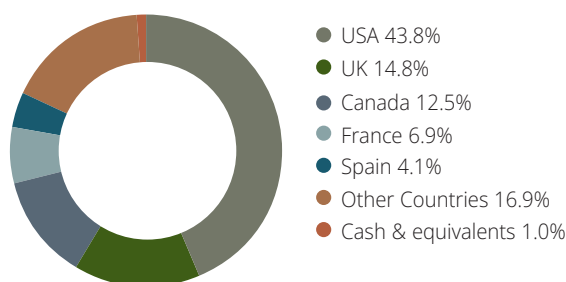
The objective of the Fund is to generate long term returns by investing in a range of internationally-listed securities through the application of our VoF investment process. It is a diversified, long only portfolio of 25-50 stocks. The Fund aims to have lower volatility than the global equities market 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

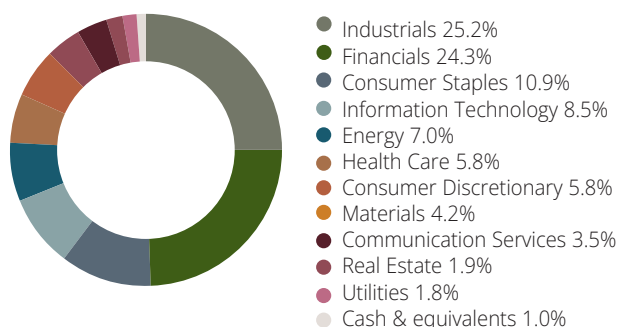
| | |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| Portfolio Manager | Chris Dixon |
| Stock Restrictions | The Manager will not invest in companies whose primary business is the production of tobacco, alcohol, 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*



*numbers are approximate / may be rounded, CI internal sector definitions
Source: Internal CI data reports, 30 September 2023

FUND PERFORMANCE#

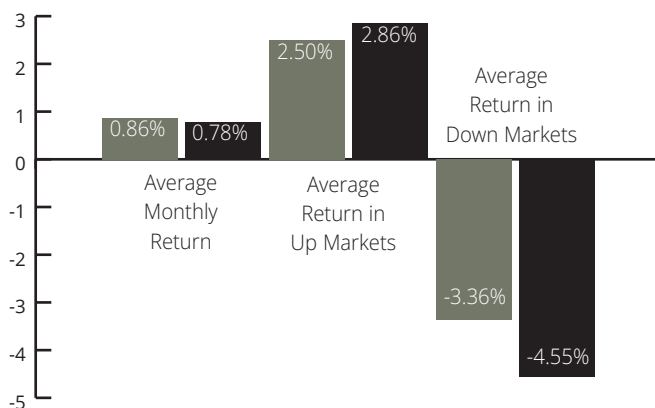
| | Portfolio | Benchmark | Relative |
|------------------|-----------|-----------|----------|
| 3 months | -0.16% | -0.37% | 0.21% |
| 1 Year | 13.32% | 19.74% | -6.42% |
| 3 Year* | 5.62% | 7.49% | -1.87% |
| 5 Year* | 7.33% | 6.08% | 1.25% |
| Since Inception* | 9.94% | 8.70% | 1.24% |
| Since Inception^ | 90.84% | 76.68% | 14.16% |

* Annualised
^ Cumulative 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.
Source: Internal CI data reports, 30 September 2023

PORTFOLIO SNAPSHOT

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

GROSS PERFORMANCE IN UP AND DOWN MARKETS



● CI Global Endowment Fund
● MSCI AC World Net Divs AUD
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Source: Internal CI data reports, 30 September 2023

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The portfolio return was flat for the quarter (-0.16%).

Since inception the Strategy has returned 90.8% versus the Index which has returned 76.7%.¹

| | Grow | Protect | Fund | Index |
|------------------|-------------|------------|------------|-------|
| Volatility | 15.4% | 12.5% | 12.5% | 14.3% |
| Sharpe ratio | 0.57 | 0.73 | 0.69 | 0.51 |
| Downside Capture | 98% | 62% | 74% | 100% |
| Upside Capture | 105% | 83% | 87% | 100% |
| Beta | 1.01 | 0.69 | 0.78 | 1.00 |
| Correlation | 0.94 | 0.79 | 0.91 | 1.00 |

Source: Internal CI data

The market has been echoing early 2022 with oil prices up, rising bond yields and a strong US dollar. This kind of environment is unfriendly to equities and indeed global stocks gave up early gains in July to close markedly weaker into quarter end. Energy was the only sector in the entire index to be up in September.

The portfolio lagged the rally in July however recovered over the quarter and outperformed over the weaker months as expected. The AUD fell 3% versus the US dollar, softening the blow to unhedged investors in global stocks.

The biggest contributors to return were CME Group (+9%) and PrairieSky Royalty (+9%). CME played its role as a 'volatility hedge', where increased volumes of derivative contracts, combined with CME's pricing power, can deliver solid financial returns in times of dislocation.

PrairieSky benefitted from a rising crude price (+30% in the quarter) which, if sustained, should have a knock-on effect of heightened activity and capex spend in the basins in which the group owns its oil and gas royalties.

The biggest detractors to return were LVMH (-17%) and L'Oreal (-8%). Worries on near-term trends around Chinese consumer discretionary spend saw the European beauty and luxury complex sell-off.

¹ Past performance is not a reliable indicator of future performance

PORTFOLIO UPDATES

The portfolio owns 32 listed securities and is highly diversified across region, industry, size, ownership structure and business model. At period end the portfolio is fully invested with cash under 2%. During the quarter the portfolio made a number of changes, selling long-term winners in **Costco**, **Halma** and **IDEX**. These positions have been in the portfolio since inception and have generated wonderful returns, more than doubling (tripling in the case of Costco), over the seven-year holding period. Management have executed on the growth opportunity well in all cases, but a material element of return has come from multiple re-rating which leaves the stocks at quite expensive valuations today.

We took the opportunity to redeploy capital into several new ideas, where we see the ideal set up of Value Latency for this portfolio; that is, a blend of long-term value creation potential with a defensive earnings profile on offer at reasonable prices.

One example is **Jardine Strategic**, a Singapore-listed investment company that represents the interests of the Keswick family. This group is over 200 years old and owns several listed and wholly owned businesses across ASEAN and China. Exposures are diversified across industrial, consumer and commodity markets. In recent years the group has simplified the more complex elements of the old cross-holding structure with Jardine Strategic and sold non-core assets in the UK, resulting in a cleaner Asian-based investment proposition. The group trades at a >30% discount to NAV, or a look through PE of seven times, with a 5% dividend yield.

We also bought **CDW**, the leading value-added reseller (VAR) of IT in the US. CDW plays a critical role in the distribution of hardware and software to US corporate and public sector clients. Over the years we have developed Pattern Recognition around what makes these VAR business models attractive. CDW are highly valued by customers, for large vendors like Microsoft they represent an absolutely vital go-to-market partner.

The company has exceptional financial quality, with a flexible cost structure and a track record of high returns on invested capital. With the proliferation of complexities facing today's Chief Technology Officers (AI, Cybersecurity, Hybrid Working), CDW has a long runway to continue playing its role in the value chain of enterprise IT.

Terms and Conditions

Financial product advice contained in this document

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