

# GLOBAL ENDOWMENT FUND

QUARTERLY REPORT | DECEMBER 2021

## 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 and Allan Goldstein
Structure	Global Equities Fund, \$AUD hedged
Stock Restrictions	The Manager will not invest in companies whose primary business is the production of tobacco, controversial weapons or gambling
Inception Date	5 December 2016
Benchmark MSCI	MSCI AC World Index 100% Hedged to AUD Net Dividends
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%

## FUND PERFORMANCE#

	Portfolio	Benchmark	Value Added
Since Inception*	16.33%	13.72%	2.61%
Since Inception^	115.45%	91.99%	23.46%
3 month	6.72%	6.63%	0.09%
Rolling 1 Year*	24.39%	20.24%	4.15%
Rolling 3 Year*	20.70%	18.74%	1.96%
Rolling 5 Year*	15.84%	13.24%	2.60%

\* Annualised

^ Since inception refers to the inception of the Strategy (1 September 2008). The inception of the Fund was 5 December 2016.

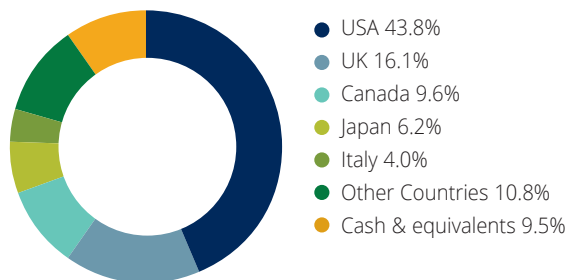
# Returns are gross of fees and expenses.

Past performance is not a reliable indicator of future performance.

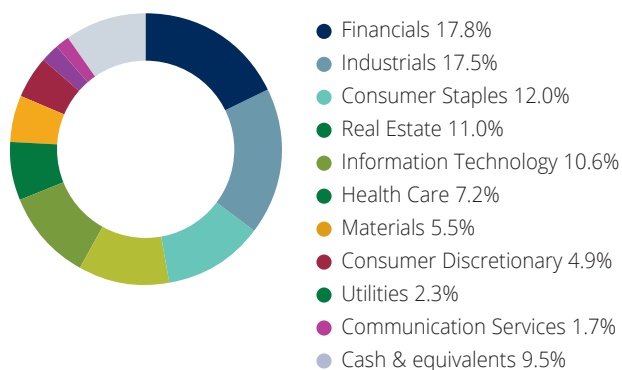
## PORTFOLIO SNAPSHOT

Stock	Subsets of Value
American Water Works	Bond Like Equities
Givaudan SA	Stalwarts
Franco-Nevada Corp	Asset Plays
IDEX Corporation	Growth
Fortive Corp	Cyclicals

## CURRENT HOLDINGS BY COUNTRY

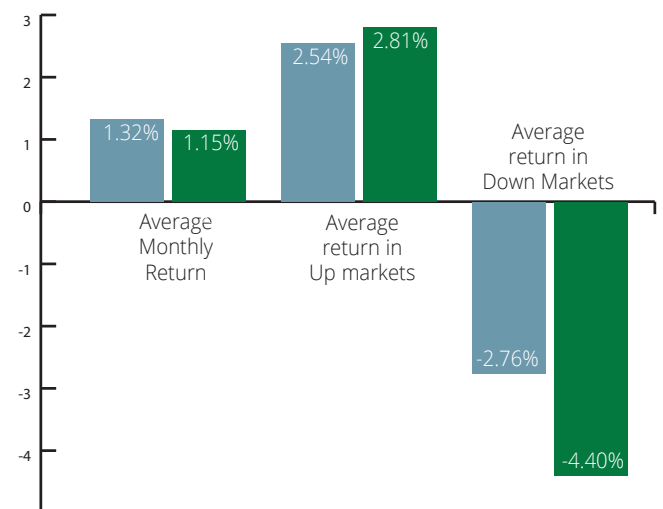


## CURRENT HOLDINGS BY SECTOR



## SINCE INCEPTION RETURNS IN UP AND DOWN MARKETS

- Cooper Investors Global Endowment Strategy
- MSCI AC World Index 100% Hedged to AUD Net Dividends



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In December the Fund ticked over 5 years of track record. Since inception the objectives of this Strategy have remained the same – to generate attractive long term returns through the application of the CI Way of investing, constructing a portfolio that aims to be highly diversified, do relatively better in weak markets, more or less keep up in rising markets, and exhibit lower volatility than the global equities market.

Thus, since inception the strategy has returned +16.3% annualised returns, with **downside capture of ~64%, upside capture of ~89%, and relative volatility of 85% to the MSCI AC World index.**

Looking forward, the portfolio remains highly diversified, owning 35 businesses across 16 industry groups with listings in 12 countries.

The range of business models and investment propositions is widely spread across many areas, to name but a few:

- Royalties (Gold, Pharma, Music)
- Real Assets (Water, Towers, Roads)
- Capital Allocators (Listed PE, Families)
- Healthcare (Diagnostics, Devices)
- Financial Infrastructure (Exchanges, Indices, Insurance)

The drivers of portfolio return in 2021 were well dispersed across many names, but in particular Danaher (+58%), Ferguson (+60%) and Brookfield Asset Management (+58%) were major contributors.

2021 has been another strong year for global equities markets in spite of negative pandemic headlines. The portfolio has pleasingly kept pace led by strong operational recoveries from many of the companies owned that are lapping COVID and positioning for the future.

## PORTFOLIO UPDATES

During the quarter the portfolio participated in the capital raising of **Supermarket Income REIT**, a UK property trust. The business owns a portfolio of sites leased to domestic grocery operators like Sainsbury's and Tesco. The proposition is 'daily

needs with online fulfilment' via assets that are highly defensive and provide long-dated, secure and inflation linked income. The listed entity itself trades at a 5% dividend yield and the team running the REIT know the space incredibly well, having been involved in the sale and leaseback of many of the same assets 10-20 years ago. The relationships built up from these transactions give the management team privileged access and insights on new assets coming to the market. Additionally, there is a capital appreciation opportunity as they target sites with the most omnichannel potential, benefitting from the acceleration in online fulfilment of UK grocery that COVID has triggered. As management put it, this is 'a logistics bet alongside a property bet.'

The portfolio exited positions in **Intuit** and **Fiserv**. Intuit was a rewarding investment having doubled in 18 months of ownership, but the proposition today is less attractive with a high valuation coinciding with big acquisitions.

Competitive intensity in Fintech has exploded of late, bringing bigger challenges to Fiserv which led us to redeploy capital elsewhere.

## STOCK NEWS

During the quarter Fund holding **Rentokil Initial** announced its intention to acquire **Terminix**, the number two US Pest Control business and a key competitor. We are positive on the deal for several reasons.

Increased route density by combining the two branch networks should lead to significant synergies and margin expansion. Also Terminix has the most widely recognised residential termite and pest brand in the US, an intangible asset that Rentokil are not paying much for.

Finally, having followed Terminix for years we recognise an underperforming business that was underinvested during previous ownership periods of private equity and conglomerate.

This is a fundamentally good business which Rentokil as a focused Pest Control player with leading global systems and processes is ideally placed to unlock and allow to flourish.

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