

Cooper Investors Global Endowment Fund



AFS LICENCE NUMBER 221794
ABN 26 100 409 890

QUARTERLY COMMENTARY | MARCH 2023

FUND STRATEGY

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

FUND FACTS

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

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

FUND PERFORMANCE*

	Portfolio	Benchmark	Relative
3 months	7.63%	8.65%	-1.02%
1 Year*	-5.85%	-8.90%	3.05%
3 Year*	11.37%	13.45%	-2.08%
5 Year*	8.45%	6.35%	2.10%
Since Inception*	10.21%	8.35%	1.86%
Since Inception^	84.88%	66.00%	18.88%

* Annualised

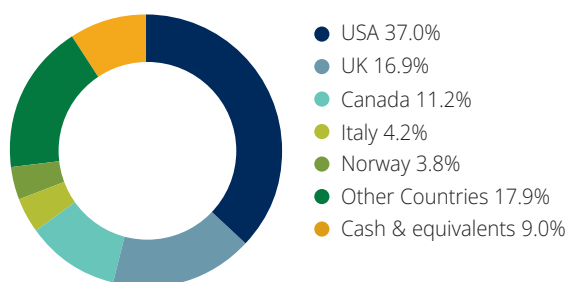
^ Since inception refers to the inception of the Strategy (5 December 2016).

The inception of the Fund was 1 May 2017.

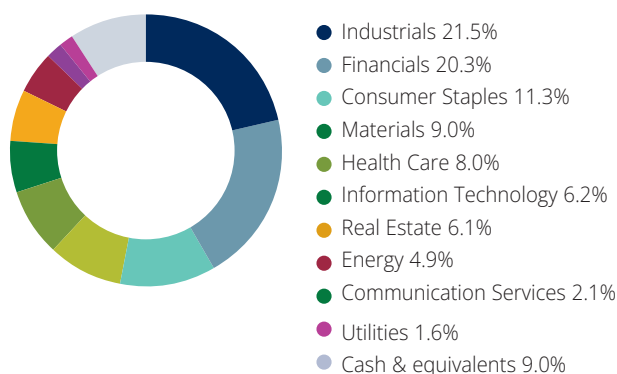
Returns are gross of fees and expenses.

Past performance is not a reliable indicator of future performance.

CURRENT HOLDINGS BY COUNTRY



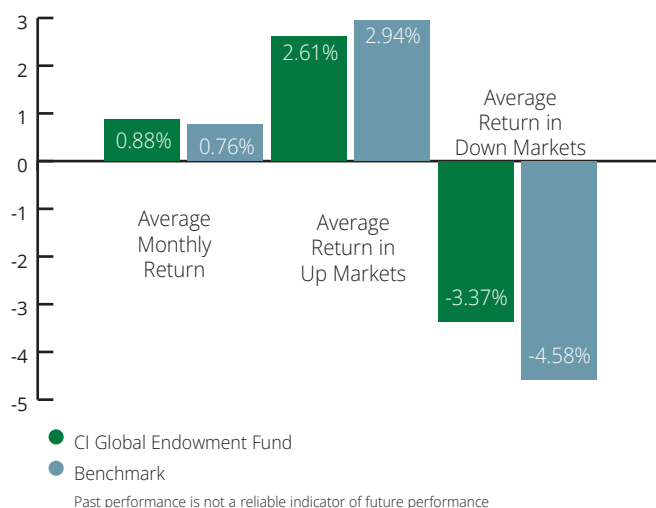
CURRENT HOLDINGS BY SECTOR



PORTFOLIO SNAPSHOT

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

GROSS PERFORMANCE IN UP AND DOWN MARKETS



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The portfolio NAV rose 7.63% in the quarter versus the Reference Index which rose 8.65%.

Since inception the Strategy has returned 84.9% versus the Index which has returned 66.0%.

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 we expect those in 'Grow' to drive more of the absolute returns. Regarding risk metrics since inception we draw the reader's attention to the 61% downside capture of the 'Protect' allocation.

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

This quarter proved once again that equities can climb a 'wall of worry', rallying despite awful headlines. This 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 global markets have enjoyed a fine start to the year.

In truth market breadth was narrow, reminiscent of 2020/21 when the market was propped up by NASDAQ. The outperformance of US tech versus mid-caps and smaller companies in 2023 is stark, March saw the second widest spread in the past 20 years with NASDAQ +7% versus Russell 2000 -5%.

Despite not owning large US tech stocks the fund has delivered a good return year to date. Major contributors to return have been **L'Oreal** (strong ongoing trends in Active skincare), **RELX** (solid full year results and improving profitability in the Legal business) and **Rentokil Initial** (full year results saw increased growth and profit guidance).

PORTFOLIO UPDATES

The portfolio owns 34 listed securities and is highly diversified across region, industry, size, ownership structure and business model. As capital was deployed over the quarter cash has reduced from 12% to 9%.

The portfolio bought a new position in **Investor AB**, a Swedish listed investment company. The vehicle represents the interests of the Wallenberg family and foundation who have stewarded the portfolio for 100 years. We have long admired the focus, integrity and global mindset of the family and the professionals they appoint to manage these assets, having kept in touch with them over the years.

Investor AB think genuinely long term and have been cornerstone shareholders in some of Sweden's best exporters - Atlas Copco, Epiroc, ABB, and AstraZeneca. Listed assets represent 80% of asset value today with wholly owned businesses making up the balance. The pick of those is Molnlycke, a world leading medical business in wound-care and surgical consumables.

The best Nordic family led LICs have for many years traded at premiums to NAV. With the recent sell-off in listed investment companies Investor AB now trades at a double-digit discount. Another way to think about this is we are getting a large chunk of the unlisted asset base for free.

The portfolio also invested in **HDFC Bank**, the best private bank in India. HDFC has been incredibly well run over many years and represents a financial exposure to the growing middle class in the world's biggest democracy. Full year results showed the bank growing deposits and loans around 20% year on year. With a high-quality franchise now focusing on underpenetrated parts of rural India there is a long runway for HDFC to be a steady compounder at 15% ROE for years to come.

Finally, the portfolio sold **Synopsys**, a leader in vertical software for the semiconductor industry. This was a successful investment, more than doubling from the initial purchase at \$160-a-share to deliver a 110% return over the 3-year holding period versus an index return of 40%. With the business trading at close to \$400 or a Free Cash Flow multiple (adjusted for share-based comp) of around 40x, we see less compelling value today.

Terms and Conditions

Financial product advice contained in this document

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Past performance warning

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