Cooper Investors Endowment Fund

QUARTERLY REPORT December 31, 2024

AFS LICENCE NUMBER 221794 ABN 26 100 409 890

Performance Summary

Net of fees/expenses & Gross of Franking Credits	3M	FYTD	1Y	3Y*	5Y*	10Y*	Inception*	FY2024	FY2023	FY2022	FY2021	FY2020
Cooper Investors Endowment Fund %	0.50	8.16	10.53	4.00	7.20	8.81	8.99	4.59	11.14	-0.32	21.87	-1.92
S&P/ASX 200 Accumulation Index, adjusted for franking credits %	-0.66	7.54	12.72	8.92	9.46	10.03	9.72	13.55	16.66	-5.13	29.10	-6.56
Relative %	1.16	0.62	-2.19	-4.92	-2.26	-1.22	-0.73	-8.96	-5.52	4.81	-7.23	4.64

Past performance is not a reliable indicator of future performance

Source: Internal CI data reports, December 31, 2024

Inception Date: 3 March 2014

*Annualised

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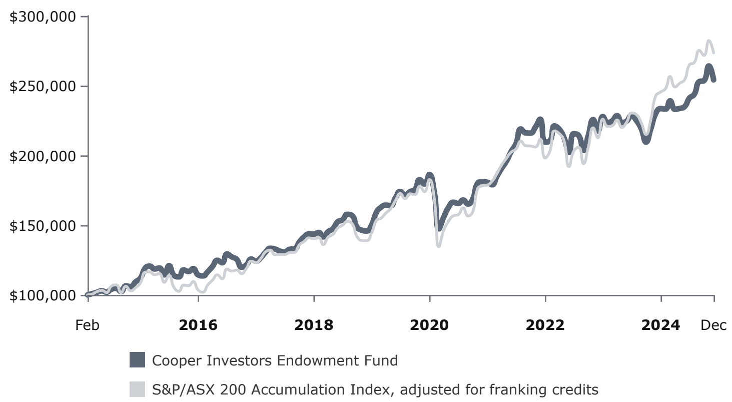
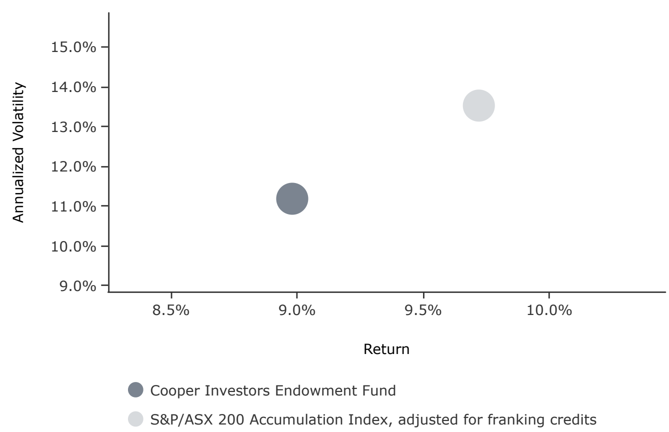
$100K INVESTED SINCE INCEPTION (NET)



Past performance is not a reliable indicator of future performance

Source: Internal CI data reports, December 31, 2024

RISK/RETURN SINCE INCEPTION (PER ANNUM)



Quarterly Highlights

- The portfolio returned 0.5% over the quarter, outperforming the index by 1.2%. The December quarter topped off a very strong start to the FY with the portfolio up 8.2%[1].
- Notable contributors included **Sigma Healthcare (SIG)**, **HMC Capital Group (HMC)**, **Channel Infrastructure (CHI) and Telstra (TLS)**.
- Notable detractors for the quarter included our underweight position in the banking sector, **Iluka Resources (ILU)** and **Ramsay Healthcare (RHC).**

[1] Past performance is not a reliable indicator of future performance.

Portfolio Insights & Market Observations

Financials, Telecommunications, Consumer Discretionary and Healthcare were the best performing sectors during the quarter, up +4.78%, +2.16%, +1.88% and +1.85% respectively. Materials, REITS and Consumer Staples all lagged the index down -11.97%, -7.01% and -5.58% respectively.

The US election and the outlook for policy settings under a Trump administration dominated global markets over the December quarter. Markets initially took a positive view on the prospects of a US growth agenda under a Trump administration with the S&P +4.68% over the September-November period. In December, expectations for a lower number of Fed rate cuts over 2025 and concerns surrounding the inflationary impact of tariffs resulted in an increase in volatility with the S&P500 falling -2.50%. The ASX200 Accumulation Index followed the US lead (down 3.15% in December) as our market looked through China stimulus to focus on the ongoing soft China economic backdrop and the domestic implications from Trump tariffs wars with China.

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AGM season pointed to a stable business backdrop against a continuing challenging period for Australian households. Core Portfolio overweight Subsets of Value positions include Cyclicals, Asset Plays and Bond Like Equities as asset valuations are nearing or are at a low point in the current cycle, ahead of projected RBA rate cuts in 2025. Over the near-term, we remain cautious on the upcoming February reporting period with a number of companies outlining a 2H earning skew, and as such we will take an active approach to portfolio positioning during this time.

We have key active portfolio overweights in Healthcare, Communication Services, Utilities, and Energy.

Stock In Focus

Our ownership in **Sigma Healthcare (SIG)** benefited during the December quarter with the ACCC announcing on the 7th of November that it would not oppose the merger of SIG and Chemist Warehouse. Whilst we are cognisant that the initial value latency identified by bringing these two businesses together has largely been realised, Chemist Warehouse displays leading Stalwart characteristics as a high-quality franchise retailer with favourable unit economics. Over the medium term, Chemist Warehouse's 100-year business plan and its business characteristics can be replicated globally as Chemist Warehouse expands its global footprint across Ireland, China and Dubai. When viewed against comparable ASX Consumer Staples (WES, WOW, COL), Chemist Warehouse maintains a superior organic growth profile domestically which is further enhanced by this global growth opportunity. On a post completion fully merged basis, the market capitalisation of SIG/Chemist Warehouse has been larger than the market capitalisation of **Coles (COL)**. We believe this is significant in the context of multiple index inclusions (resulting in passive index buying) over the coming months.

We added to our **CSL Ltd (CSL)** position during the December quarter as the market took a negative view to CSL's R&D Investor Briefing and the potential for a more challenging US Health Policy setting under a Trump administration. At its R&D briefing, CSL announced late-stage product setbacks and discontinued clinical trials which follows a Feb-24 update where topline data for CSL112 did not meet its primary efficacy endpoint of reducing Major Adverse Cardiovascular Events. Whilst CSL's clinical pipeline has been negatively impacted over 2024, CSL maintains a robust product pipeline with 21 programs across six therapeutic areas. We continue to be attracted to the Growth and Stalwart attributes displayed by CSL with near-term mid-teens earnings growth driven by an ongoing recovery in IG; and gross margin improvement through the roll out of RIKA. Following a period of increased capital expenditure, the focus of CSL management has shifted to a demonstration and return on capital from recent investment and this should be reflected in shareholder returns, in our view.

We established a position in **BlueScope Steel (BSL)** during the December quarter. BSL is a leading manufacturer and supplier of steel products and solutions for the building and construction industries with key operations located in Australia and North America. As a vertically integrated company, BSL has repositioned its Australian product proposition from commoditised steel to branded products (COLORBOND steel) which provided insulation against the steel spread. We have initiated a position at a low point in the cycle with steel spreads currently at multi-year cyclical lows and at a share price level which has asset backed support (NTA/share). We believe our BSL position provides exposure to a rebound in the undersupply in residential property construction which is a multi-year thematic across Australia and the US; and tailwinds from Trump imposed tariffs on steel imports with more than 40% of BSL revenue (FY24) generated in North America. In our view, BSL remains one of few quality cyclical companies across the building materials sector following significant ASX corporate activity with CSR, Boral and Adbri all acquired in 2024.

Consistent with our key objectives for downside protection, we added **Cleanaway (CWY)** and **Origin Energy (ORG)** to the portfolio which display VoF attributes (Stalwarts, Asset Plays, and Improving Operating Trends) in the current economic cycle.

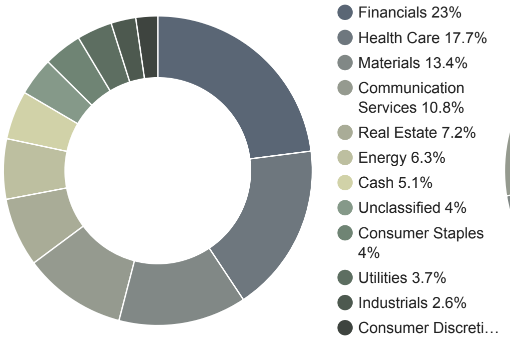
Portfolio Snapshot

Source: Internal CI data reports, December 31, 2024

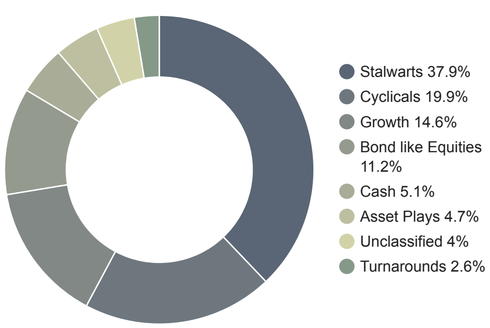
TOP 5 FUND HOLDINGS

NAME	REGION	SUBSET
BHP Group Ltd	Australia	Cyclicals
CSL Limited	Australia	Growth
National Australia Bank Limited	Australia	Stalwarts
Macquarie Group Ltd	Australia	Stalwarts
Telstra	Australia	Stalwarts

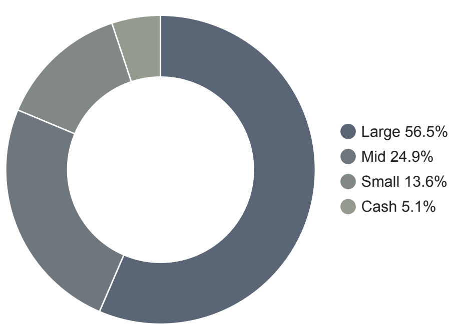
SECTOR EXPOSURE



SUBSETS OF VALUE



MARKET CAPITALISATION



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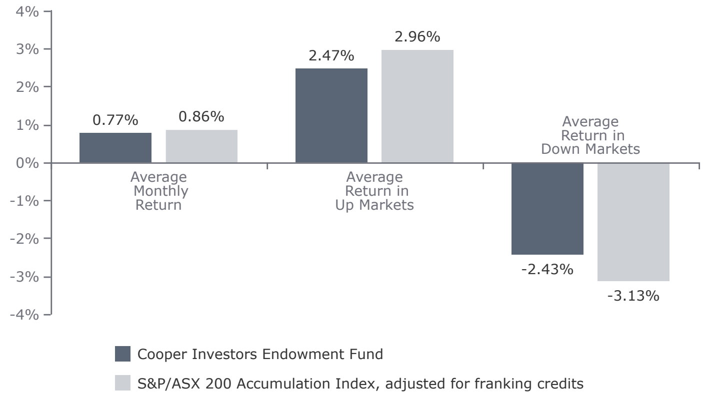
SINCE INCEPTION NET RETURNS IN UP/DOWN MARKETS



Further Information

Looking for further information regarding the Fund, please don't hesitate to get in touch:

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Financial product advice contained in this document

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