Cooper Investors Global Equities Fund (Unhedged)

QUARTERLY REPORT December 31, 2024

AFS LICENCE NUMBER 221794 ABN 26 100 409 890

Performance Summary

Net of fees and expenses	3M	FYTD	1Y	3Y*	5Y*	10Y*	Inception*	FY2024	FY2023	FY2022	FY2021	FY2020
CI Global Equities Strategy (Unhedged) %	11.19	17.16	20.64	4.59	9.61	11.26	9.83	7.52	19.30	-13.66	26.25	3.65
MSCI AC World Index Net Divs in Australian Dollars %	10.94	13.86	29.48	11.23	12.89	12.32	10.04	18.98	20.38	-8.02	27.72	4.08
Relative %	0.25	3.30	-8.84	-6.64	-3.28	-1.06	-0.21	-11.46	-1.08	-5.64	-1.47	-0.43

Past performance is not a reliable indicator of future performance

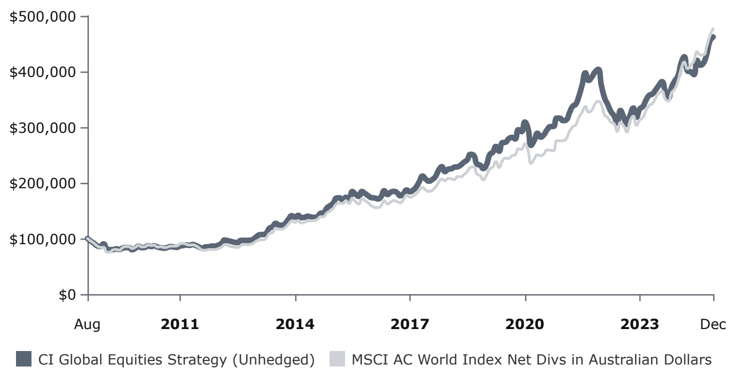
Source: Internal CI data reports, December 31, 2024

Inception Date: 1 September 2008

*Annualised

Download Data

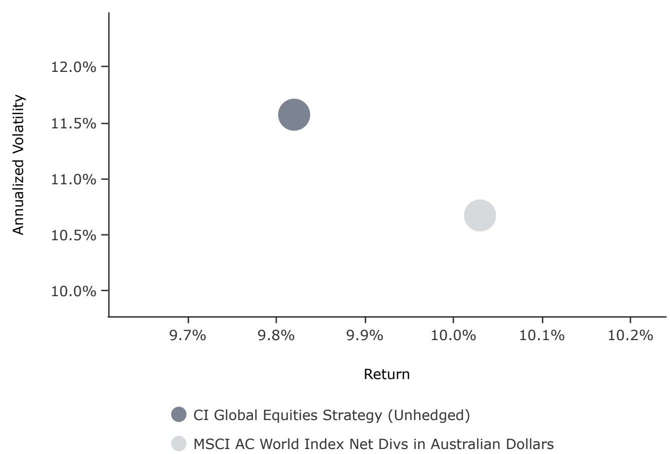
$100K INVESTED SINCE INCEPTION (NET)



Past performance is not a reliable indicator of future performance

Source: Internal CI data reports, December 31, 2024

RISK/RETURN SINCE INCEPTION (PER ANNUM)



> "But all along, Tim and I were aligned on differentiating talent, continuing to infuse fresh new talent" – Pat Ryan, Founder Ryan Specialty
>
> "And if there was a secret sauce that separates us from our competitors... many of our superstars today came through that program 10 years ago." – Tim Turner, CEO Ryan Specialty

Quarterly Highlights

The portfolio returned 11.2% for the quarter and compared to the benchmark return of 10.9%[1].

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

Portfolio Insights & Market Observations

The largest contributors to returns were **Booking Holdings (BKNG)** and **Liberty Formula One (FWONK)**.

BKNG is the leading global travel platform (larger than Airbnb and Expedia combined on an annual room nights booked basis). Operating trends continue to be strong driven by tailwinds from global travel demand and new CFO Ewout Steenbergen finding cost efficiencies following a period of investment. This resulted in third quarter revenue growth of 9% driving Earnings Per Share growth of 16%, a run rate we believe is now sustainable for the business. BKNG has been a highly successful investment, delivering returns of 130% since our first investment in December 2022. But going forward we see less value latency and have begun to redeploy capital into more compelling opportunities.

FWONK is the owner the Formula One (“F1”), the oldest and most prestigious global motor racing competition. As described in our September Quarterly Letter with our commentary on TKO Holdings, we are attracted to Sports Content assets. FWONK’s operating trends continue to be strong on the track and with fan engagement, which is driving incremental monetisation, including the announcement in October of LVMH signing a 10-year global partner agreement, outbidding legacy sponsor Rolex. We continue to see significant value latency in FWONK, including improved monetisation across their key value drivers (Media Rights, Race Promotion and Commercial), the recent acquisition of MotoGP, and the enhanced strategic value from the impending spin-off of Liberty Live Group, which will result in FWONK converting from a tracking stock to an asset backed company.

The largest detractors to returns were **Eurofins Scientific (ERF)** and **Ashtead Group (AHT)**.

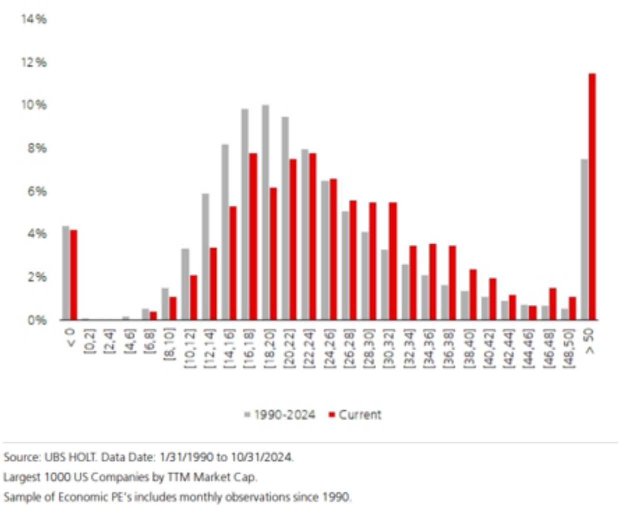
ERF was one of the top performers last quarter as the company appeared as though it had begun to execute following several years of disappointing performance. But their Q3 update showed weaker organic growth than expected and the stock gave up most of its Q3 gains. We met the company the following day at their Investor Day in London. The deterioration in organic growth appears to be driven by an idiosyncratic event with one pharma customer that does not signal a broader issue. We continue to see ERF on a journey to improve their economics, delivering on their strategic plan. But the stock remains challenged as investor trust is low; this was evident by the atmosphere in the room at their Investor Day, as this long-time market darling remains in the doghouse.

Ashtead Group is a leading equipment rental business that we have owned since March 2023 . AHT’s Q3 results announced in December highlighted operating trends had deteriorated, with their US business delivering organic growth of 3% compared to their longer-term trend of 8%. Neither we, nor the market, anticipated this slowdown. The stock has fallen circa 22% since reporting (and down circa 14% for the quarter). In these circumstances it is crucial to determine the driver of these trends – do they signal a weakening of industry trends and AHT’s competitive position? Our conclusion is that they do not. This has been driven by a short-term weakness in local construction markets and the long-term trends driving growth for demand in equipment rental remain strong and at current levels AHT is a compelling investment opportunity for the long-term, patient investor.

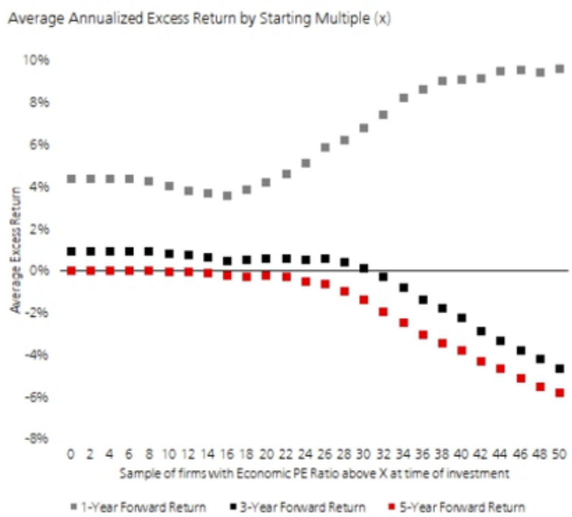
OBSERVATIONS

A recent report by UBS HOLT highlighted that in the US market, momentum was the most successful factor in 2024 with a historic number of companies trading at extreme multiples and whilst multiples are a poor short-term predictor of performance over the long-term, “the price you pay matters”.

Chart 1: Distribution of Economic P/E Ratios Chart



2: Sample of High Quality Companies



Source: UBS HOLT “HOLT Portfolio & Quantitative Strategy, 10 December 2024

This is a risky period for investors as Seth Klarman describes, the sugar hit of share price momentum can provide investors with a false confidence. Amongst this backdrop, our portfolio comprises companies with significant value latency, due to short-term headwinds, that our process can de-risk. This includes several enduring franchises that are undergoing a *Hubris-to-Humility* cycle. We like these opportunities as the humility phase is often a powerful de-risking event for investors. A crisis may provide the focus and urgency needed for businesses to correct mistakes and refocus on the core, which may reduce operational risk. In the right circumstances, the risk-adjusted value of the business can be rising at a time when disgruntled investors are selling, and the share price is falling. Importantly, these investments, given their idiosyncratic drivers, are often uncorrelated to the general market. We look forward to sharing more on these opportunities in our next quarterly update.

Stock In Focus

One of the Fund’s larger investments is in US based wholesale insurance broker **Ryan Specialty Holdings (RYAN)**.

FOCUSED MANAGEMENT BEHAVIOUR

RYAN was founded in 2010 by Pat Ryan who is very familiar to us at Cooper Investors; the Global Fund was a long-term shareholder of another firm Pat founded, Aon Corporation.

Pat’s career started as offering insurance directly to customers of his father’s Ford dealership and by his mid-20s he had formed his own firm focusing on this endeavour. Within seven years had taken the company public and would ultimately grow it into one of the world's leading insurance brokers being Aon.

Pat left Aon in 2008 and a couple of years later started RYAN. It was at this time that Pat convinced Tim Turner (who was running leading wholesale broker CRC at the time) to join him. Pat and Tim are a "dynamic duo" with deep domain expertise and passion for talent development, customer service and winning. Over the last decade or so together they have grown RYAN into the second largest wholesale insurance broker.

RYAN listed in 2021 and in October of this year Pat moved to the Executive Chairman role with Tim taking over as CEO. Pat and his family own roughly half of the company today.

INDUSTRY AND STRATEGIC TRENDS

RYAN is primarily a wholesale insurance broker which means they sit between a retail broker (like Aon) and the insurance carrier to facilitate the coverage of hard to insure risks that cannot be covered by standard insurance contracts. This is known as the Excess & Surplus (E&S) market and insurers can set adequate pricing and terms to compensate them for perceived associated risk.

This is an important distinction and was core to Pat's founding of the business as he observed that risks were becoming larger and more complex (driven by things like significant jury verdicts, climate change, cyber threats and emergent health risks) and that existing ecosystem was struggling to provide adequate insurance. Over the last decade, the E&S market has grown at a double-digit rate or roughly double that of the standard insurance market.

"The client will only use us if they need us, so we are building needs".

RYAN's strategy to exploit the E&S market opportunity has been to recruit and develop the best talent in the industry and then focus this talent via specialisations, for example cyber, transport or construction. Specialisation means RYAN's brokers are the de facto authorities on the most complex insurance niches, becoming a trusted partner within in the ecosystem. They also pride themselves on being nimble and faster than peers, with a healthy paranoia - "everyone else is smart, so it's a speed game".

This focus has also enabled RYAN to successfully grow its "Delegated Authority" business where RYAN takes on more of the responsibilities on behalf of the carrier for example underwriting, binding and administration. Under these relationships, RYAN are able to leverage existing expertise and share in the profits of the insurance contract itself (and as with broking, RYAN are not exposed to balance sheet risk).

VALUE LATENCY

RYAN currently trades on a circa 3.5% Free Cash Flow yield. The company has grown revenues double digit every year since its founding, and we believe given the structural tailwinds in insurance markets and E&S flows specifically that a 10% growth is sustainable as a base case (2024 organic growth should be circa 14%).

Beyond this are several identifiable latencies:

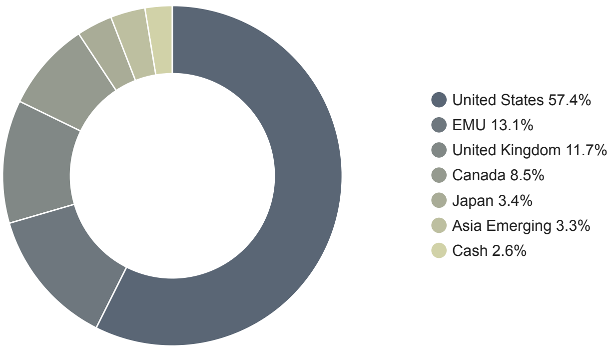
- Growth - additional product and service expansion for example RYAN established XX and will continue to expand the Delegated Authority business.
- Margins – the company is currently executing an efficiency program which will boost margins over the next year or so. Beyond this, as the higher margin Delegated Authority business grows this will also help to expand the margins at the group level.
- Capital Allocation - Deployment of excess cash flows into M&A has been a very successful playbook for insurance brokers and RYAN is no exception having made 58 acquisitions since founding.

Portfolio Snapshot

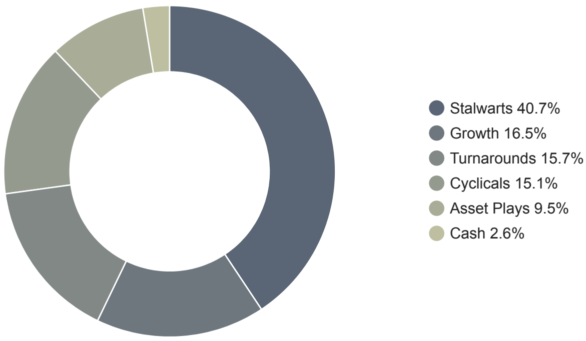
Source: Internal CI data reports, December 31, 2024

NAME	REGION	SUBSET
Frontier Communications Parent, Inc	North America	Turnarounds
Ryan Specialty Holdings, Inc. Class A	North America	Growth
London Stock Exchange Group plc	Europe	Stalwarts
Visa Inc. Class A	North America	Stalwarts
Liberty Media Corp. Series C Liberty Forumula One	North America	Stalwarts

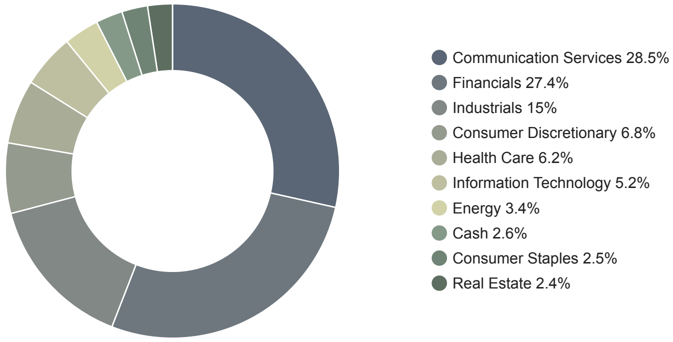
REGIONAL EXPOSURE



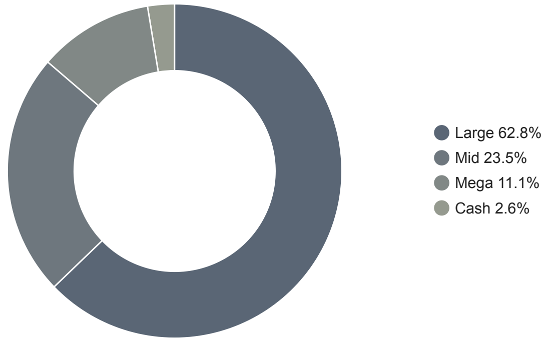
SUBSETS OF VALUE



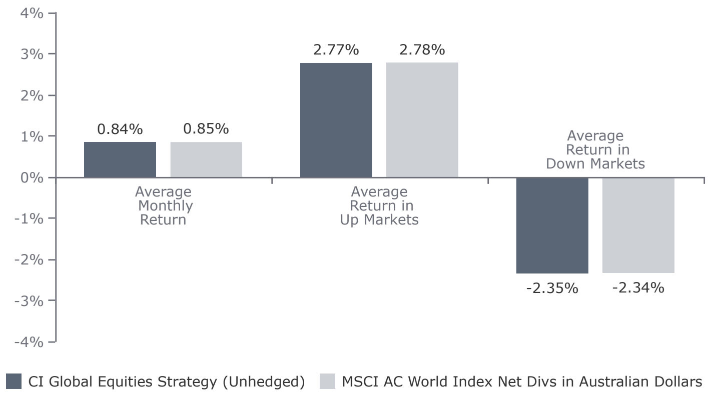
SECTOR EXPOSURE



MARKET CAPITALISATION



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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