CI Australian Equities Fund

QUARTERLY REPORT March 31, 2025

AFS LICENCE NUMBER 221794 ABN 26 100 409 890

Performance Summary

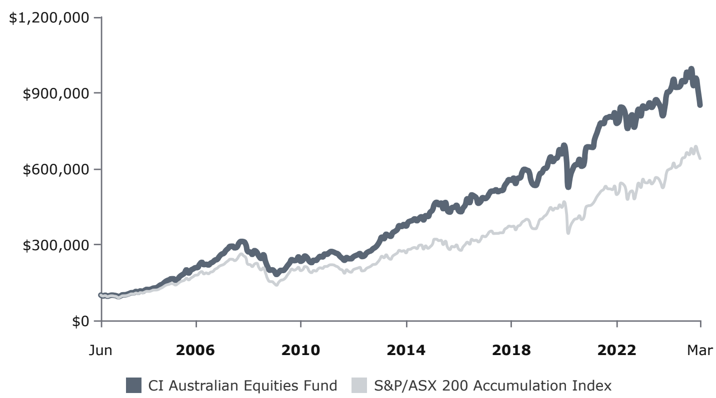
Net of fees and expenses	3M	FYTD	1Y	3Y*	5Y*	10Y*	Inception*	FY2024	FY2023	FY2022	FY2021	FY2020
CI Australian Equities Fund %	-8.34	-8.27	-10.70	0.31	10.08	6.20	9.87	8.49	12.65	-2.72	27.08	-2.13
S&P/ASX 200 Accumulation Index %	-2.80	3.93	2.84	5.62	13.24	7.15	8.50	12.10	14.78	-6.47	27.80	-7.68
Relative %	-5.54	-12.20	-13.54	-5.31	-3.16	-0.95	1.37	-3.61	-2.13	3.75	-0.72	5.55

Past performance is not a reliable indicator of future performance
Source: Internal CI data reports, March 31, 2025

Inception Date: 4 July 2002
*Annualised

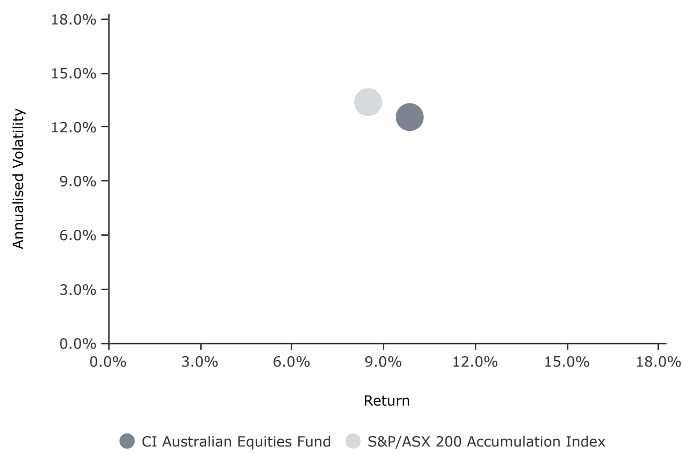
Download Data

$100K INVESTED SINCE INCEPTION (NET)



Past performance is not a reliable indicator of future performance
Source: Internal CI data reports, March 31, 2025

RISK/RETURN SINCE INCEPTION (PER ANNUM)



"A concentrated mind will pierce a rock" – Japanese Proverb

Quarterly Highlights

- The portfolio was down -8.3% during the quarter, underperforming the S&P/ASX 200 index by -5.5%.[1]
- Notable underperformers included **HMC Capital (HMC), Ryman Healthcare (RYM), DigiCo Infrastructure REIT (DGT), Reece (REH)** and **Wisetech (WTC)**.
- Positive contributors included **Sigma Healthcare (SIG), Worley (WOR), Mirvac (MGR), SGH (SGH)** and **Orica (ORI)**.

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

Portfolio Insights & Market Observations

Simply put, too many of our large active weights underperformed and we did not have enough winners.

While in some cases the causes were idiosyncratic (e.g. corporate governance concerns at **Wisetech (WTC)**, we have clearly been too early and aggressive in our entry in several Cyclical exposures. An example is **Ryman (RYM)**, where green shoots in the New Zealand residential real estate cycle (e.g. rising new housing loan commitments) were overwhelmed by a large and dilutive capital raise. While this is disappointing, and it was a large drag on performance, the business is primed to rebound from the "humility" phase with a reset balance sheet and improving industry operating environment ahead. This should significantly improve the growth and return outlook. We articulate our investment proposition in more detail later in the report.

Another case where we have been too early to move is **Iluka Resources (ILU)**. When investing in the Cyclical Subset of Value, we assess Risk-Adjusted Value Latency to be the greatest when the industry is under significant pressure and the stock is priced as such. In practice, signals that we are near a bottom include industry returns being at unsustainably low levels and supply/demand dynamics turning favourable as production is reduced in response to weak price signals. Regarding valuation, we lean into asset-backed multiples given that earnings multiples will tend towards excessive pro-cyclicality. Reflecting on our recent experience, we have learned that it is a better to be a bit late than early. This is particularly so in a market that is increasingly dominated by trending behaviour. Notwithstanding, with industry supply and demand fundamentals, have stabilised, and valuation at only a fraction of book value, we feel that Risk-Adjusted Value Latency is compelling.

After being one of our top contributors in the last quarter, **HMC Capital (HMC)** pulled back sharply on negative sentiment towards the stock. Among the reasons for this were its exposure to data centres (via 19% ownership of DigiCo Infrastructure REIT), which struggled as a sector as concerns grew that DeepSeek would significantly reduce demand, and linkage to under-pressure private hospital Healthscope via its 23% exposure to **HealthCo Healthcare & Wellness REIT (HCW).** While the recent issues are unwelcome, from a longer-term perspective, we see several similarities between the HMC platform today and two up-and-coming alternative asset managers ~25 years ago: modern-day global titans, Macquarie and Blackstone. We outlined our investment proposition for HMC in the prior quarterly and retain our conviction in the thesis.

More broadly, while we have been too early in some of our views and too highly exposed in some situations where operating trends have turned adversely, we see significant embedded value latency in the portfolio. Examples where we see scope for material upside include our positions in **Ramsay Healthcare (RHC)** (structural change, combined with execution, to drive domestic margin improvement), **Lendlease (LLC)** (restructured business positioned for value creation as real estate cycle recovers from cyclical lows) and our **underweight position in banks**, where excessive valuations do not appear justified by the subdued operating environment (notably, after significant outperformance in 2024, the banks started to moderate in the quarter).

Observations From The Road

China

In late March we returned to China, which marked our fourth visit in the past 12 months. On our last trip in November, we noted the increased recognition by central authorities of the challenges facing the domestic economy and the impact this has had on both investor and consumer confidence. This was crystalised via the announcement of a raft of stimulus measures focussed on managing further downside risk in residential property, stabilising inflation and improving consumer sentiment over a multi-year period. These measures appear to be having the desired effect with observations across targeted sectors such as automotives (in particular EV's / PHEV's), appliances and equipment trade-in and renewal demonstrating real traction. We consider the early signs of stabilisation/improving consumer confidence to be a positive step. We anticipate continued targeted policy responses to manage downside risks to the economy that are less focussed on major direct commodity-linked stimulus along the lines seen post the GFC and 2015/16.

US

We also visited the US, which included several meetings on the gaming sector. Our observations included that both **Aristocrat (ALL)** and **Light & Wonder (LNW)** continue to dominate land-based gaming, which is a function of producing the highest quality, most engaging content in the industry. This is supporting relentless market share gains at the expense of smaller competitors. The feedback on Light & Wonder's recent acquisition of Grover Charitable Gaming was unanimously positive: robust industry structure (e.g. unique market offering, recurring revenue base, long-standing customer relationships) support sustainably high 80-85% margins and LNW has scope to further enhance the offering by rolling out its own content. Other attractive latent opportunities include growing higher-margin direct-to-consumer distribution in the digital business, robust organic growth trends in iGaming (albeit the pace of new state openings has disappointed) and, longer-term, the potential for some of the estimated ~US$500bn in unregulated grey market gross gaming revenue to be legalised. This cocktail of opportunities should drive an attractive multi-year growth story.

Stock In Focus

Ryman Healthcare (RYM)

During the quarter, we increased our investment in **Ryman Healthcare (RYM)**. This reflects increased conviction in Risk-adjusted Value Latency following the February capital raise, which has reset the balance sheet. This provides capacity to continue to drive a change agenda that is focussed on actively releasing capital from existing stock and execute on business improvement initiatives that will return the business to disciplined growth in the coming years.

As a reminder, Ryman develops, owns and operates retirement villages in NZ and Victoria. It is currently experiencing its own "Hubris-to-Humility" cycle, with the exceptional 23% compounded total shareholder return delivered in the 20 years to February 2020 followed by an over 80% decline as rising inflation and twelve consecutive increases in the New Zealand cash rate creating an extremely challenging housing and economic cycle. This cycle has exposed fragilities in, and an overextension of, the business model under prior management.

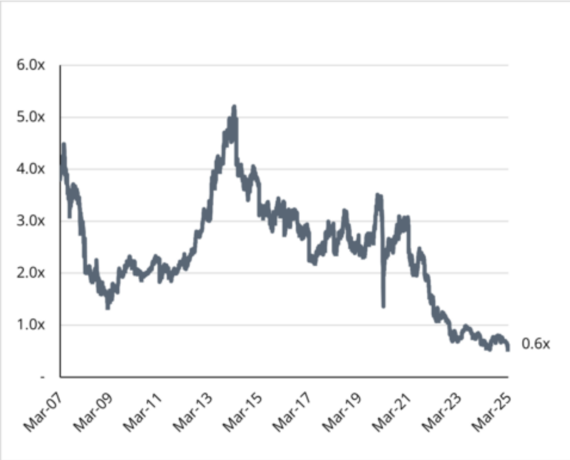
The company has since made significant changes, including a substantial Board refresh led by a highly regarded Chair in Dean Hamilton. This has included a broad management overhaul (e.g. CEO, CFO, Australia CEO), increased conservatism in company accounting (e.g. extended Deferred Management Fee (DMF) tenure, reducing capitalised interest, revenue recognition changes), a progressive wind-down of their large in-house development team, a planned material reduction in corporate overheads and a more sensible pricing structure (moving from below peers to in-line with peers).

These changes are positioning Ryman for a return to the value creation experienced for the 20 years prior to 2020. While this will take time to become apparent, the value latency embedded in the business is now significant.

The unique nature of the business model in New Zealand, in which a resident pays Ryman the "right" to occupy the unit (and gets this quantum back minus the DMF upon exit), acts as a form of near free-funding for retirement operators who retain an economic exposure to existing units and are able to build additional units (exposure to units) with little to no net funding requirement from the operator.

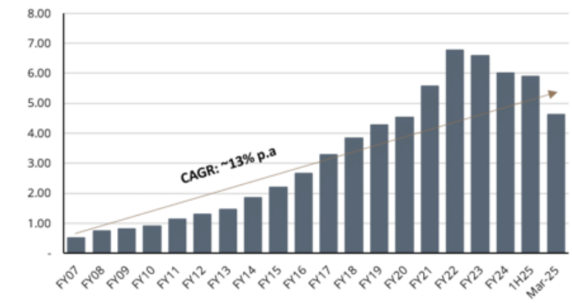
With the stock trading at 0.6x NTA, you are paying ~60% of the value for the existing unit and land base, while getting future growth for free. As the charts below highlight, this is a dynamic that we have not seen in Ryman historically, creating a rare opportunity.

Chart 1: Ryman – P/NTA over time



Source: Factset, RYM company filings

Chart 2: Ryman – NTA over time[2]



Source: RYM company filings

[2] March-25 NTA of ~$4.6ps based on last 1H25 reported NTA adjusted for February capital raise and the impact of accounting changes expected in the 2H

Further, operating and industry trends are now positive.

For example, New Zealand housing market turnover is showing early signs of improvement following 30-year lows in activity levels (important given residents need to sell their house to move into a RYM village).

Chart 3: NZ Quarterly turnover of houses (12mth rolling sum, as a % of dwelling stock)

Source: StatsNZ

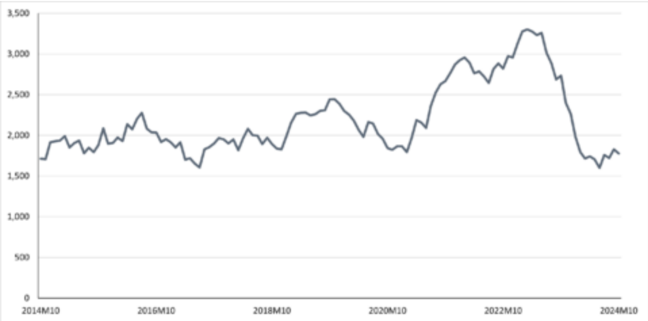
House prices have stabilised after going through the largest correction in 30 years.

Chart 4: NZ house prices YoY

Source: REINZ house price index, UBS, CI estimates

Industry-wide approvals for new retirement units have fallen ~50% in the past 18 months.

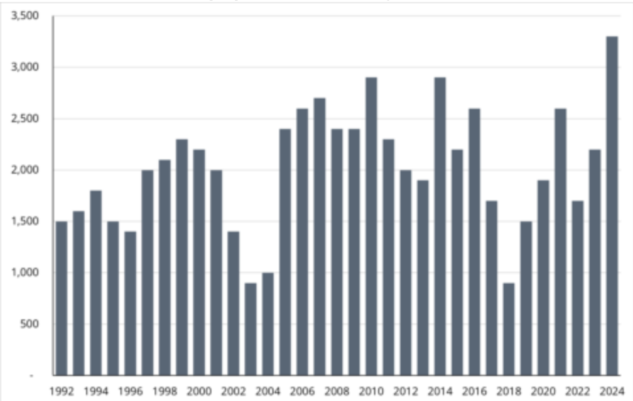
Chart 5: Retirement Villages Consents (12m rolling)



Source: Source Stats NZ, CI estimates

Finally, long-term demographic trends remain supportive of future growth, with Ryman's average age-of-entry into an independent villa being 83 and serviced apartment 87.

Chart 6: Incremental population of 85+ year olds in NZ



Source: Macrobond

Portfolio Snapshot

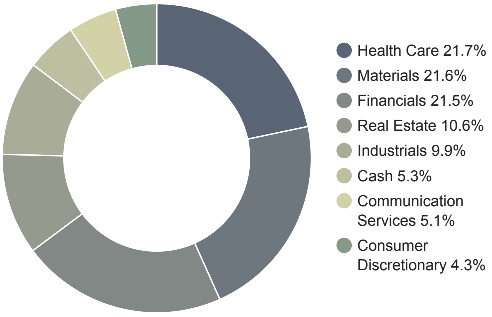
Past performance is not a reliable indicator of future performance

Source: Internal CI data reports, March 31, 2025

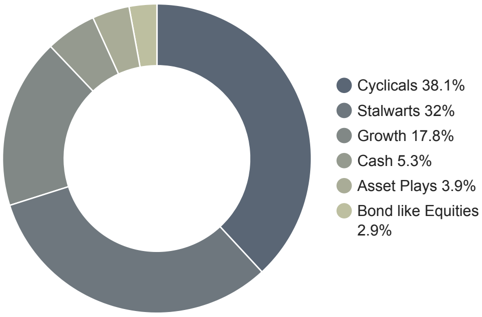
TOP 5 FUND HOLDINGS

NAME	SECTOR	SUBSET
BHP Group Ltd	Materials	Cyclicals
CSL Limited	Health Care	Growth
National Australia Bank Limited	Financials	Stalwarts
Macquarie Group Ltd	Financials	Stalwarts
ANZ Group Holdings Limited	Financials	Stalwarts

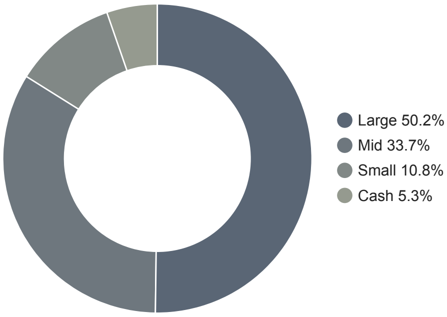
SECTOR EXPOSURE



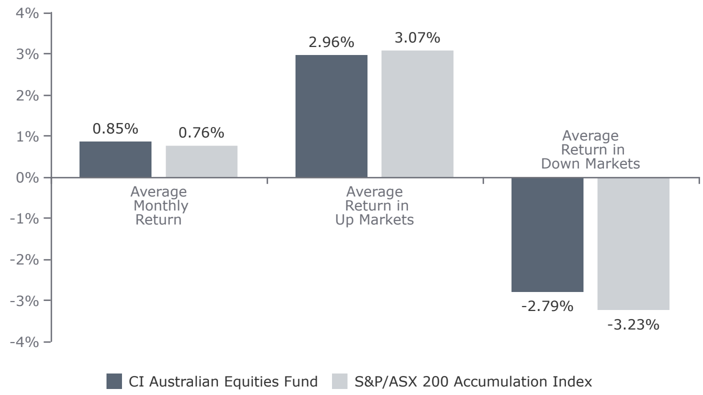
SUBSETS OF VALUE



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:

www.cooperinvestors.com | clientrelations@cooperinvestors.com | +61 3 9660 2600

Zenith RECOMMENDED

Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298), AFSL 240975, is the responsible entity of, and issuer of units in the Cooper Investors Australian Equities Fund (Wholesale) ("the Fund") (ARSN 619 802 890) and has issued this publication. Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT). The investment manager for the Fund is Cooper Investors Pty Limited ("Cooper Investors") (ABN 26 100 409 890), AFSL 221794. This publication has been prepared to provide you with general information only and should not be construed as financial product advice or an opinion or recommendation in relation to the Fund. The preparation of this information did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Investors should obtain individual financial advice based on their own particular circumstances before making any investment decision. Neither Equity Trustees, Cooper Investors nor any of their related parties, their employees or directors, provide any warranty of accuracy or reliability in relation to such information or accept any liability to any person who relies on it, nor is there any guarantee of performance or success. To the maximum extent permissible under law, neither Equity Trustees, Cooper Investors nor any of their related parties, their employees, directors or agents, accept any liability for any loss or damage in connection with the use of or reliance on all or part of, any omission, inadequacy or inaccuracy in, the information in this publication. Past performance should not be taken as an indicator of future performance. You should obtain a copy of the Product Disclosure Statement ("PDS") and target market determination ("TMD") for the Fund and consider those documents before making a decision about whether to invest in the Fund. The PDS and TMD can be found at www.cooperinvestors.com. A TMD is a document which describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where we may need to review the TMD for this financial product.

Zenith Investment Rating

The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) ("Zenith") rating CIP0005AU assigned 06/2024) referred to in this piece is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual, including target markets of financial products, where applicable, and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at Fund Research Regulatory Guidelines.