Cooper Investors Global Equities Fund (Unhedged)

QUARTERLY REPORT March 31, 2025

AFS LICENCE NUMBER 221794 ABN 26 100 409 890

Performance Summary

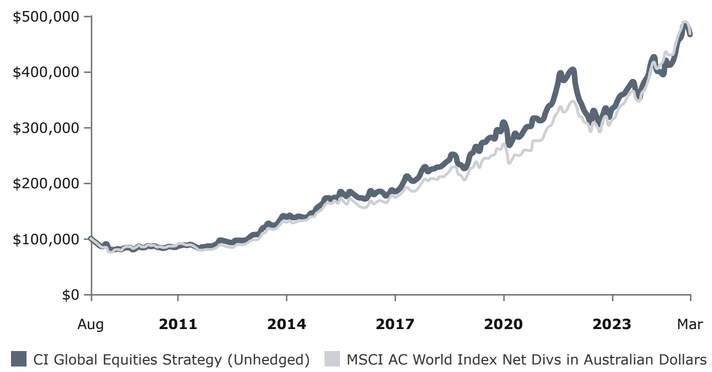
Net of fees and expenses	3M	FYTD	1Y	3Y*	5Y*	10Y*	Inception*	FY2024	FY2023	FY2022	FY2021	FY2020
CI Global Equities Strategy (Unhedged) %	0.91	18.22	9.36	10.98	11.77	10.43	9.73	7.52	19.30	-13.66	26.25	3.65
MSCI AC World Index Net Divs in Australian Dollars %	-1.96	11.63	12.18	13.77	14.77	11.08	9.75	18.98	20.38	-8.02	27.72	4.08
Relative %	2.87	6.59	-2.82	-2.79	-3.00	-0.65	-0.02	-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, March 31, 2025

Inception Date: 1 September 2008
*Annualised

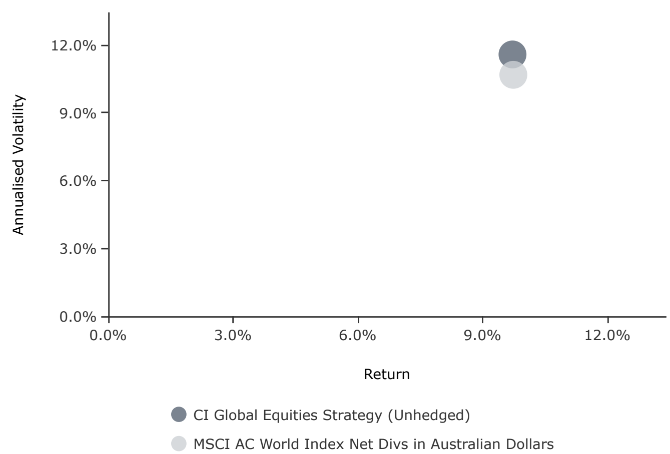
Download Data

$100K INVESTED SINCE INCEPTION (NET)



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

RISK/RETURN SINCE INCEPTION (PER ANNUM)



"The secret of successful retailing is to give your customers what they want… You love it when you visit a store that somehow exceeds your expectations, and you hate it when a store inconveniences you, or gives you a hard time, or just pretends you're invisible". Sam Walton

The Fund invests in companies that provide everyday needs to consumers, productivity to businesses, and long duration royalty assets. We back businesspeople who (like the late Sam Walton) are laser focused on their customers, not the news. During periods of instability their focus will win market share. We seek to emulate this focus in how we invest and manage the portfolio.

Quarterly Highlights

The portfolio returned 0.9% for the quarter compared to the benchmark return of -2.0 %.[1]

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

Portfolio Insights & Market Observations

The largest contributors to returns were **Ryan Specialty Holdings (RYAN)** and **Sony Group Corporation (SONY)**.

We detailed our investment case for RYAN specialty in our December Quarterly Report. During the quarter the company reported Q4 results, which showed strong revenue growth of 13% in an insurance market where pricing continues to normalise. We believe this demonstrates the strength of RYAN's customer proposition (speciality expertise around the most difficult to insure risks). EBITDA grew by 30% which was aided by acquisitions. We expect continued strong performance for 2025.

The Fund has been invested in Sony since March 2020, over which period it has delivered an annualised return of over 26%. Our ownership period has coincided with the leadership of CEO Kenichiro Yoshida, who retired in April. In his final address he said, "during my time as CFO [prior to becoming CEO], I often spoke within the company about moving from internal negotiation to external accountability". In other words, Yoshida-san brought focus to Sony. Sony's quarterly results continued to demonstrate the power of this focus with strong operating trends, particularly in the gaming segment. PS5 sales were strong and the cumulative sales are now equal with the equivalent period of the PS4 but importantly engagement and the monetisation of services are materially higher than the previous generation.

The largest detractors to returns were **B&M European Value Retail (BME)** and **Taiwan Semiconductor Manufacturing Company (TSMC)**.

BME is a variety discount retailer in the UK which has been in the portfolio since November 2022. During the quarter the company reported the continuation of poor operating trends, eventually resulting in the CEO's resignation in February. During our investment period operating trends weakened and whilst some of this was driven by the economic environment, the customer proposition and management execution have both been diluted. We were not fast enough in recognising this and exiting the position.

TSMC is the world's largest semiconductor foundry. The Fund has been invested in TSMC since May 2020. Over this period, the company has cemented its position as the leading manufacturer of advanced chips. This drove Earnings per Share growth of close to 30% pa, and similarly delivered us over 28% annualised returns. More recent growth has been fuelled by the demand for chips used in High-Performance Computing applications (AI). There is increasing concern that this demand may normalise from current elevated levels. However, over the long term the inevitable industry trends of semiconductor proliferation, across High Performance Computing and other markets, and the increasing complexities in the semiconductor manufacturing processes mean that TSMC's long term earnings growth should remain in the mid-high teens range. We do not believe this outcome is captured in the current share price.

Stock In Focus

"I know what can go wrong…I've been around for so long, I've been knocked down so many times and been told either personally or professionally, it's over…I've nearly died 10 times. What's there to be nervous about?" Sir Lucian Grainge, CEO of Universal Music Group

The Fund recently established a position in **Universal Music Group (UMG)**.

We have been invested in the Music Industry since our investment in Sony in 2020 (which remains a holding today). The two other major music labels **Warner Music Group (WMG)** and **Universal Music Group (UMG)** listed in 2020 and 2021 respectively, which means the asset class is still relatively new and hence not well-understood by investors.

In mid-2024 the UMG stock price declined by around 25% as the market became concerned by the slowdown in streamer subscriber growth. Rather than view this as a negative, we saw it as a necessary event to focus and pressure the industry on unlocking their next phase of growth – monetisation. We started buying shares in September 2024.

FOCUSED MANAGEMENT BEHAVIOUR

UMG traces its origins to the early 20th century with the founding of the Music Corporation of America (MCA), originally a talent agency that later expanded into recorded music. Through a series of acquisitions and restructurings, MCA evolved into what became UMG. Vivendi acquired a majority stake in UMG in 2000 and took full ownership in 2006. The modern form of UMG emerged in 2012 following its acquisition of EMI Music, and it was later spun out of Vivendi and listed as an independent public company in 2021.

CEO Lucian Grainge started his career early, by age 17 he was already managing a post-punk rock band. When he took over as CEO in 2010 the music industry was in the midst of a hubris-to-humility cycle. His first major move was acquiring EMI in 2012, capitalising on its low valuation amid industry pessimism. EMI brought with it artists like The Beatles, Coldplay, and Katy Perry. Since then, Grainge has been at the forefront of reshaping the industry, leading early deals with Spotify and other streaming platforms that has created substantial value for both artists and investors.

INDUSTRY AND STRATEGIC TRENDS

The Music Industry went through a hubris-to-humility cycle in the early 2000s as technology disrupted distribution, leading to firstly piracy and then a digital marketplace with power dominated by the distributor (Apple). During this humility phase, through consolidation the top 3 labels accrued more market power.

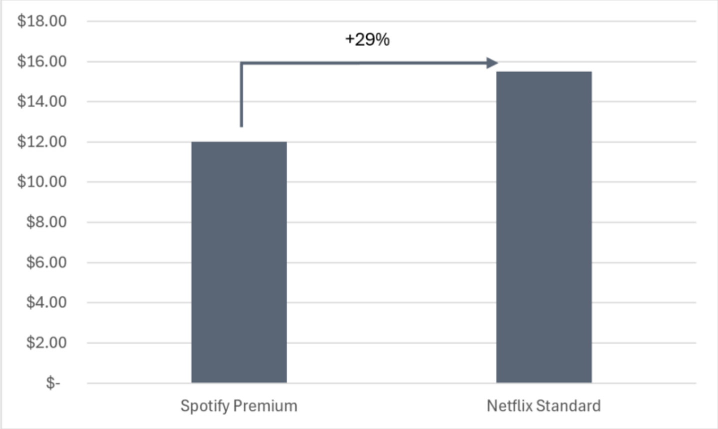
Music companies, like UMG, own and manage a catalogue of existing music and invest in and develop new music and artists. Music is a unique asset as it has high and enduring cultural relevance. Through the advent of streaming the monetisation of music assets improved significantly, from a discretionary, transactional purchase to a long-term, subscription model.

Like all content assets, music goes through monetisation cycles driven by distribution cycles (technology). In the current streaming generation, the early focus was on driving adoption, so market leaders like Spotify kept prices flat. This has created a large value wedge with other content subscription services, like Video, who have already begun their monetisation strategies.

“I think it should have been going up a dollar a year for the last five years. I think it should probably be much **more akin to the Netflix pricing** because Netflix pricing is not based on the entire catalogue of content for television and film and Spotify has every piece of music you could ever want.

Rob Stringer, Sony Music CEO Bloomberg Live 11 October 2024

Chart: 1 Current Sub. Prices



Source: Cooper Investors Analysis

But as penetration matured in more developed markets recently, subscription-led growth has slowed, leading to an increased focus by industry participants on monetisation.

Music assets follow a "power law" with the best assets having to three orders of magnitude more value than the average. But the current streaming monetisation model does not reflect this, as a stream of Sympathy for the Devil costs the same as "brown noise". This is the monetisation opportunity.

Music labels, like UMG, play an important role in the industry, underwriting their right to earn a return on their catalogues. They take on the risk of funding artists, they invest in the sales and marketing and, in aggregate (with the significant market power they hold versus the likes of Spotify) they maintain a strong bargaining position for content owners. This is enabled by their legacy cash-generating assets, scale and skills, which make them hard to displace.

The operating trends around these industry shifts have been positive, firstly led by the language of industry participants around pricing, the limited subscriber churn from initial price increases (during 2024) and the recent major label distribution deals between UMG and both Amazon and Spotify which support more innovation around segmentation and superfans.

VALUE LATENCY

"There are gold mines everywhere" – Rob Stringer, CEO Sony Music

UMG currently trades on a Free Cash Flow yield of 4% and we estimate a base case growth of around 6% driven by subscriber growth and pricing. In addition, we see material value latency from improved monetisation, from both wholesale pricing (general price increases) and segmentation (offering more tiered services for higher willingness to pay subscribers).

And as Rob Stringer highlights above, music assets are embedded with latency that can be manifest by new technologies over time, a gift to the patient, long-term investor.

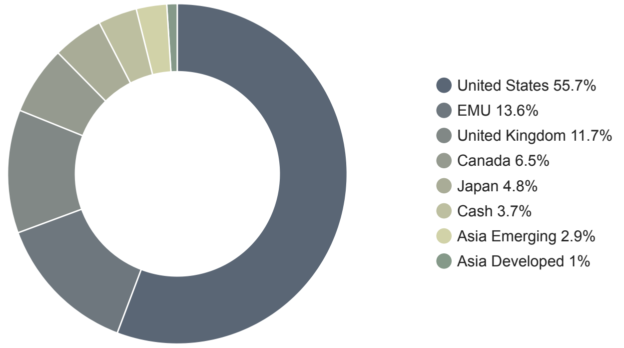
Portfolio Snapshot

Past performance is not a reliable indicator of future performance

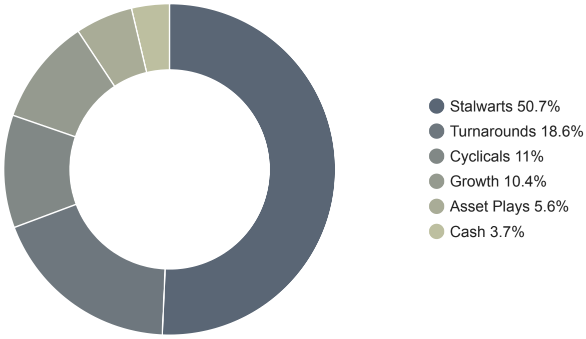
Source: Internal CI data reports, March 31, 2025

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
Liberty Media Corp. Series C Liberty Forumula One	North America	Stalwarts
TKO Group Holdings Inc Class A	North America	Stalwarts

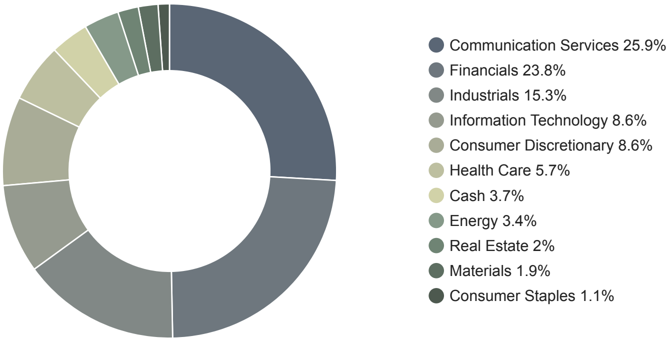
REGIONAL EXPOSURE



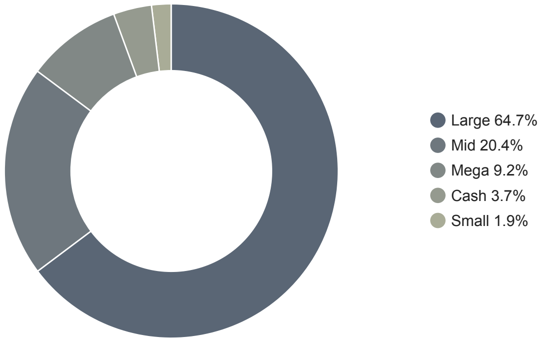
SUBSETS OF VALUE



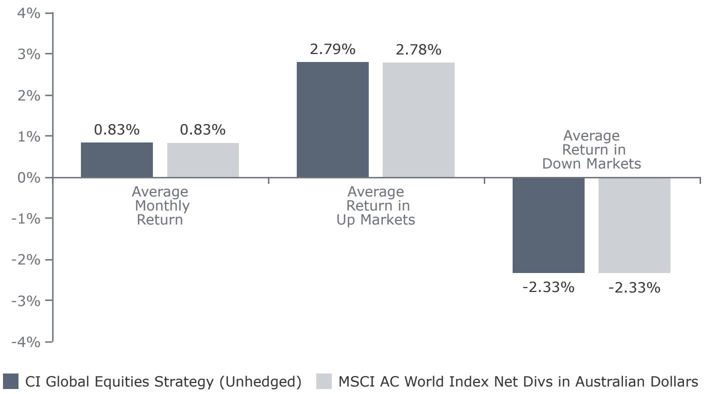
SECTOR EXPOSURE



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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