CI Australian Equities Fund

QUARTERLY REPORT June 30, 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 %	2.51	-5.97	-5.97	4.74	7.28	7.04	9.88	8.49	12.65	-2.72	27.08	-2.13
S&P/ASX 200 Accumulation Index %	9.50	13.81	13.81	13.56	11.85	8.86	8.83	12.10	14.78	-6.47	27.80	-7.68
Relative %	-6.99	-19.78	-19.78	-8.82	-4.57	-1.82	1.05	-3.61	-2.13	3.75	-0.72	5.55

Past performance is not a reliable indicator of future performance

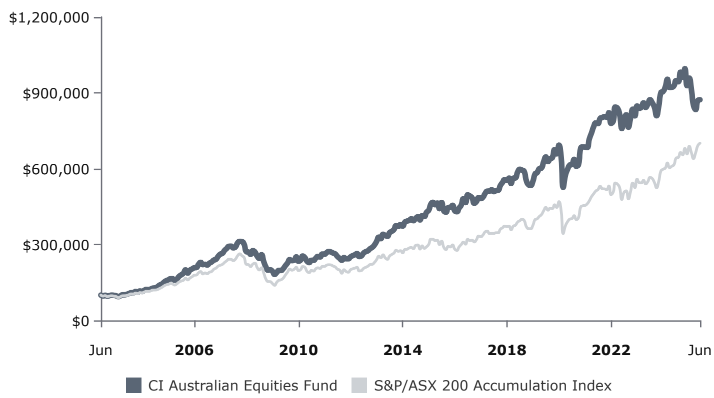
Source: Internal CI data reports, June 30, 2025

Inception Date: 4 July 2002

*Annualised

Download Data

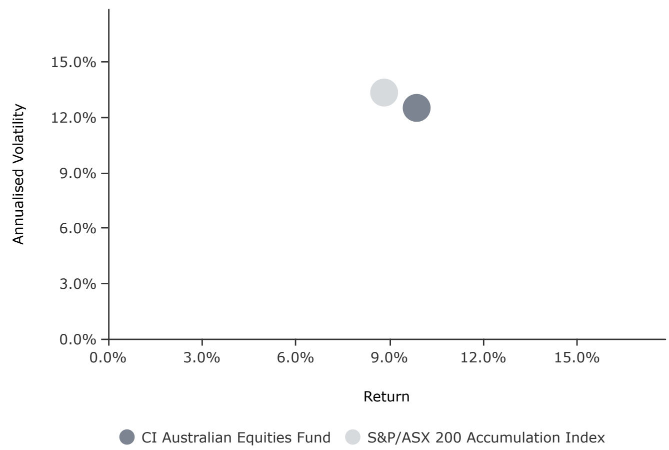
$100K INVESTED SINCE INCEPTION (NET)



Past performance is not a reliable indicator of future performance

Source: Internal CI data reports, June 30, 2025

RISK/RETURN SINCE INCEPTION (PER ANNUM)



"By three methods we may learn wisdom: First, by reflection, which is noblest; second, by imitation, which is easiest; and third, by experience, which is the bitterest" – Confucius

First, thank you to our loyal investors for their partnership and commitment during a time when our results fell short of your expectations and ours. In response, we have made decisive changes that have since stabilised performance.

Performance Overview

This quarter, our fund returned 2.5%, underperforming the S&P/ASX 200's 9.5% gain by 7.0%. Over the past 12 months, the fund declined 6.0%, while the index rose 13.8%, resulting in a 19.8% shortfall.[1]

These results are disappointing and warrant careful analysis, both of what happened and why:

- **We were too early on several cyclical stocks:** In investing, being early is often indistinguishable from being wrong. Our investment in Iluka Resources (ILU) is an example. The lesson: it's better to observe than predict.
- **We had too much exposure to complex turnarounds:** Turnarounds are rarely easy, and they become even harder when the business faces persistent challenges. Ryman Healthcare (RYM), Lendlease (LLC) and Ramsay Health Care (RHC) all fell into this category. The lesson: only pursue turnarounds when the odds are overwhelmingly in your favour.
- **We were too underweight large, high-quality companies:** Capital would have been better placed in established leaders like Commonwealth Bank of Australia (CBA) and Wesfarmers (WES), which continued to deliver compounding growth by leveraging their strategic advantages. The lesson: being significantly underweight in *truly* great companies can be a recipe for regret.

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

Team & Portfolio Reset

In April, we restructured our portfolio management team. Andrew Swan is Co-Portfolio Manager, Frank Podrug has been promoted to Co-Portfolio Manager and Girish Nair has joined as Portfolio Strategist. The new team has reviewed every position and restructured the portfolio.

Our aim is to return the fund to the kind of outperformance that defined our long-term record prior to FY23, when we delivered 11.9% gross annualised performance for a 3.4% p.a. alpha (since inception).

The new team in place is focussed on executing the CI money-making system and philosophies, including:

1. **Structured to be lucky:** we seek value latency, quality-adjusted with asymmetry in VOF trends (value latency, operating & industry trends, and focussed management behaviour). Simply put, we want more upside than downside.
2. **Observation not prediction:** Anchor decisions in facts not opinion. It's better to be a bit late than too early – it's a small price to pay for validation of a signal.
3. **Integration:** Integrate bottom-up, top-down, qualitative and quantitative. Relativities matter as much as absolutes, particularly for the largest stocks and sectors.

We acted decisively to align the portfolio more closely to these principles again. We cut exposure to challenging turnarounds where we could not get comfort on the risk profile, addressed certain factor concentration risks and exited several non-core positions. This resulted in us selling Lendlease (LLC), Iluka Resources (ILU), HMC Capital (HMC) and DigiCo Infrastructure REIT (DGT). We have added some new high-quality ideas and increased our weight in existing positions where conviction was higher.

From 1 July, we are confident that the portfolio is in good shape with high quality, liquid names and 2.7% cash.

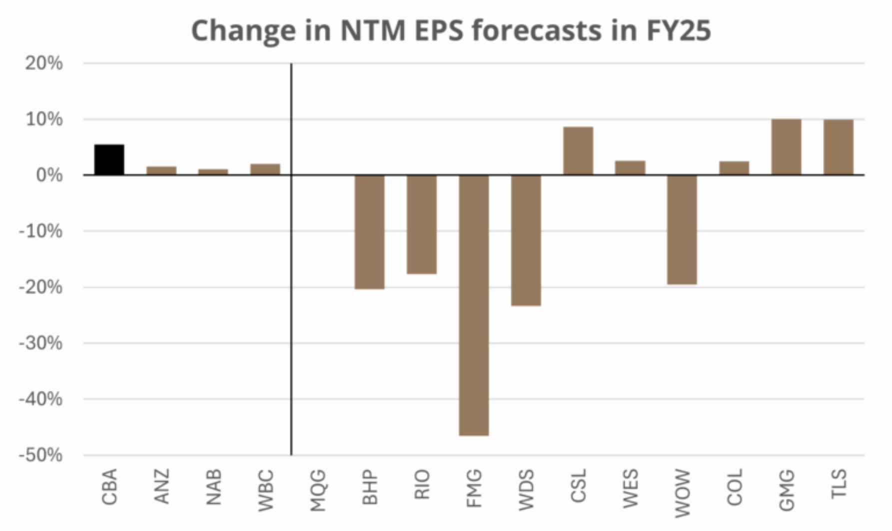
Market Observations

Banks

Bank valuations are clearly very elevated by historical standards: CBA's forward P/E ratio is more than four standard deviations above its 20-year median, while Westpac's (WBC) is at three.

This outperformance has been driven by a combination of factors:

- **Index adjustments & flow dynamics:** A growing weight in regional indices, flows into superannuation funds (which tend to have higher allocations to banks) and passive inflows.
- **Tight share registers:** With close to half the register comprising retail investors, ~30% being passive, and industry/sovereign wealth funds/quants adding another ~15%, active managers are less than 10% of CBA's register. This creates a register squeeze when buying demand increases.
- **Earnings stability:** while earnings growth has been low, the major banks have delivered both consistent earnings and a superior revision trajectory to large alternatives like resource stocks.



Source: Factset

While such extremes are rarely sustained over the long-term, for now operating trends remain robust with various margin swing factors likely to fall in their favour (e.g. short-term wholesale funding costs, deposit repricing) and asset quality proving incredibly resilient. This could lead to further upgrades as we head into FY26.

Miners

In contrast to the banks, miners have endured a very challenging period characterised by earnings downgrades and underperformance. While such a set up can precede a rally, a contrarian setup alone is rarely sufficient – operating trends must show tangible improvement.

While Australia's large miners have exposure to commodities with attractive fundamentals like copper, the core earnings driver is still iron ore. The demand outlook here is largely dependent on Chinese economic policy, with the miners historically benefitting from China's willingness to deploy large scale steel-intensive property and infrastructure stimulus.

However, the current regime has steadfastly pursued a different approach, seeking to escape the infamous “middle-income trap” by transitioning to more advanced value-add manufacturing and consumption-led growth. In practice, this means less steel-intensive growth, which when combined with ongoing weakness in the property sector creates a less favourable backdrop for iron ore demand.

On the supply-side, looming production from the large Simandou iron ore project in Guinea could create a potential 120Mtpa overhang coming years. The ultimate impact will depend on how much high-cost marginal production it displaces.

We will observe closely, looking for underappreciated value and asymmetries that might emerge.

The Australian Equity Fund

This period has been challenging, but it has sharpened our focus and clarified our strategy:

- A **core specialist manager of large cap Australian equities**, and
- We seek **underappreciated value** with **strong quality attributes** and **asymmetric VOF trends**.

We are committed to winning back the trust of our clients by delivering what you have historically come to expect from us: alpha generation through the execution of a quality process.

We look forward to sharing more information on our progress in upcoming reports.

Portfolio Snapshot

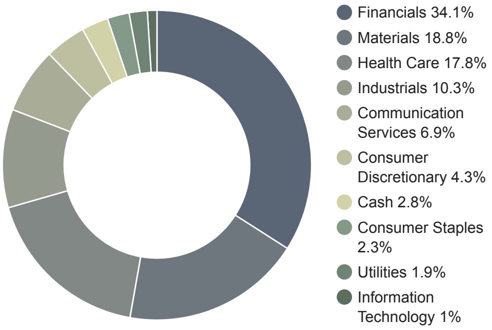
Past performance is not a reliable indicator of future performance

Source: Internal CI data reports, June 30, 2025

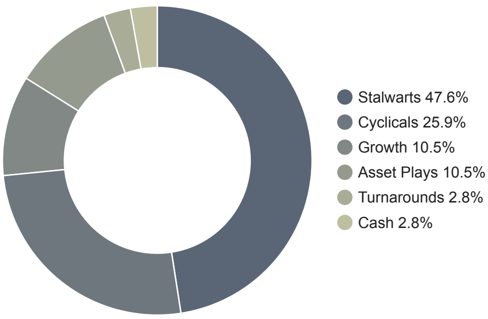
TOP 5 FUND HOLDINGS

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

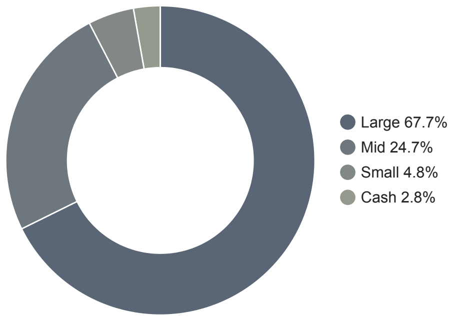
SECTOR EXPOSURE



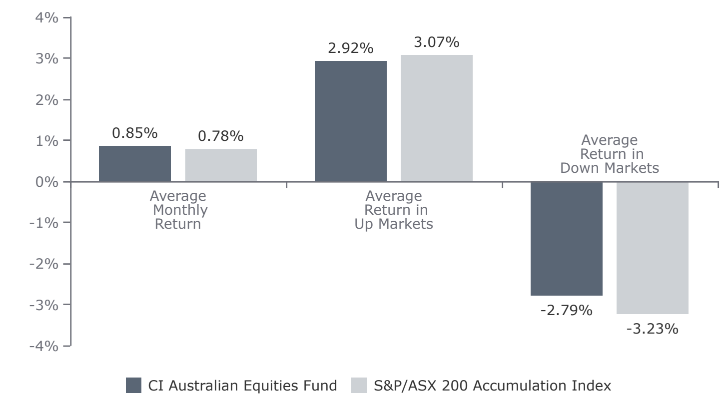
SUBSETS OF VALUE



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, or 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.