Cooper Investors Global Endowment

COOPER INVESTORS

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*	Inception*	FY2024	FY2023	FY2022	FY2021	FY2020
Cooper Investors Global Endowment %	1.72	13.50	13.50	8.39	7.58	9.01	4.28	7.58	-10.41	26.34	1.98
MSCI AC World Net Divs AUD %	6.05	18.38	18.38	16.95	13.33	11.26	18.98	13.56	-13.64	35.32	0.79
Relative %	-4.33	-4.88	-4.88	-8.56	-5.75	-2.25	-14.70	-5.98	3.23	-8.98	1.19

Past performance is not a reliable indicator of future performance

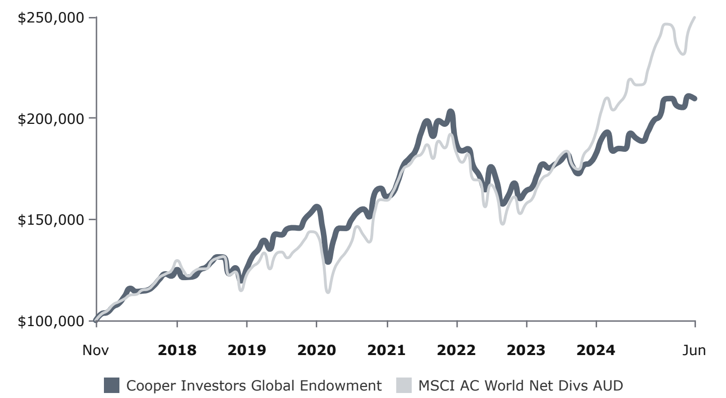
Source: Internal CI data reports, June 30, 2025

Inception Date: 5 December 2016

*Annualised

Download Data

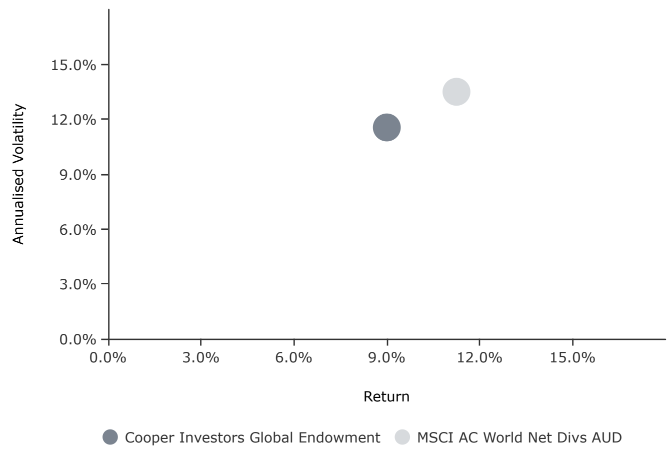
$100K INVESTED SINCE INCEPTION (NET)



Past performance is not a reliable indicator of future performance

Source: Internal CI data reports, June 30, 2025

RISK/RETURN SINCE INCEPTION (PER ANNUM)



"The essence of investment management is the management of risks, not the management of returns. Well-managed portfolios start with this precept." Benjamin Graham

Quarterly Highlights

- The portfolio returned +1.7% in the quarter. [1]
- Notable contributors to return included **Microsoft (MSFT)** (+144bps), **Yellow Cake (YCA)** (+73bps) and **Taiwan Semiconductor Manufacturing Co (2330)** (+70bps).
- Notable detractors to return included **Hess Midstream (HESM)** (-63bps), **Willis Towers Watson (WTW)** (-40bps) and **London Stock Exchange Group (LSEG)** (-32bps).
- The Australian dollar gained +4% versus the US Dollar and at USD 66 cents, is near a 7-month high.
- The quarter saw US stocks outperform Europe and Asia, reversing some of the relative outperformance non-US markets had enjoyed year to date.
- There was a dramatic rebound in risk assets after Trump agreed to a 90-day pause of 'Liberation Day' tariffs to allow renegotiation of trade deals. The market took this as a risk-on signal and bought aggressively; the Nasdaq saw its 2nd best day ever on 9th April rising +12%.
- US Bond yields are relatively unchanged for the quarter with the US 10 Year at around 4.3%.

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

Portfolio Insights & Market Observations

The quarter was marked by pronounced volatility. By mid-April the S&P 500 had recorded the third-weakest year-to-date start on record, yet it subsequently staged the fastest recovery ever from a −15% draw-down. Dispersion within equities was wide: U.S. semiconductor names advanced roughly 30%, while healthcare retreated almost 10%, its poorest relative showing in decades. Over the same period the U.S. Dollar Index fell 11%, its weakest first-half performance in 30 years.

In the context of this volatility, the strategy closed out the year to 30 June with an absolute return of +13.5% (net of fees and expenses) representing the second-best absolute return in its 9-year history. Since inception the strategy has compounded at around 10.3% per annum gross (9.0% p.a. net of fees and expenses) with a beta of 0.77[1].

Key contributors to absolute return for the year included:

- **CME Group (CME)** – The stock is up 45% over 12 months. It is remarkable to think that a year ago CME Group was trading at below 20x earnings as the market fretted over competitive threats from the launch of FMX. The business has achieved several quarters of record volumes since and continues to represent a cash generative volatility hedge with minimal debt that distributes all free cash flow to shareholders, currently offering a ~4% implied dividend yield (inclusive of the annual special).
- **Franco-Nevada (FNV)** – Gold is having its best year since 1979 and there are few better ways to play this than Franco which gained almost 40% in the year. In addition to higher realisation prices, we continue to see incrementally positive news flow around key asset *Cobre Panama*, the copper mine that saw Panamanian government closure in late 2023, weighing heavily on Franco's share price at the time.
- **Games Workshop (GAW)** – The stock gained 58% for the year. We wrote extensively about the fantasy miniature and hobby business in the prior quarter's letter. The core business continues to grow nicely, and recent IP extensions into other media like videogames and TV Series (e.g. *Secret Level* on Amazon Prime) have been well received.

Key detractors included:

- **Alimentation Couche-Tard (ATD) –** The equity narrative around ATD is currently entangled in the group's attempt to acquire Japanese convenience store operator Seven & I (3382). The resolution of this deal should see either a significantly larger group with material cost synergies, or (if it doesn't go ahead) the release of billions of dollars of capital to buyback what management think (and we agree) is undervalued stock. The share closed -11% over one year.
- **CDW Corporation (CDW) –** Operating trends in the hardware business have continued to be soft for much longer than management or investors expected. We reassessed the level of cyclicality in the underlying industry and took the view that the business is less resilient than our thesis had initially predicated, and that capital could be better deployed elsewhere. We exited the position earlier in the year.
- **Rentokil (RTO) –** The acquisition and integration of US pest control giant Terminix (TMX) has, despite initial promise, proven challenging for the UK-based management team to execute on. The group is currently in the midst of a 'hubris-to-humility' cycle and we feel there is yet to be an authentic diagnosis of the underlying issues. We like the pest control industry and continue to monitor events but fully exited the position late last year, shares have continued to underperform since.

The aspiration of the portfolio remains unchanged since we launched the strategy in late 2016; **to compound wealth steadily** with a **smoother journey** than a typical equity portfolio. This is achieved by **growing** and **preserving** wealth over time with a return profile reflecting lower volatility than broader global equity markets while doing better in periods of market weakness.

Given the latter focus on downside protection in this portfolio we are reasonably satisfied that a ~9-10% per annum compounding return through cycle for investors fulfils the 'grow' element, *provided* that the risk management of the portfolio around the preserve or 'protect' aim is intact.

We saw this well stress-tested earlier in the year - over the 'Liberation Day' drawdown the *MSCI All Countries World Index in AUD* fell peak-to-trough -12.6% between 13 February and 21 April. During the same period the portfolio fell only -5.6%, a downside capture of ~44%. For those interested in risk-adjusted returns the portfolio Sharpe ratio was 2.1 for the year.

In terms of expected future returns, commentators have forecast more muted annualised equity market returns in the low single digits for the rest of this decade. This seems feasible given a remarkable 3-year bull run of double-digit global index returns - the *MSCI All Countries World Index AUD* has returned +14%, +19% and +18% for the last 3 years ending June 2023, 2024, and 2025 respectively. We make no such predictions but would observe:

Firstly, the ferocity of the US market recovery from the correction earlier this year means that equity valuations look overextended again in a historical context. The current S&P forward price-to-earnings multiple of 22 times has only been achieved twice in the last 40 years – in the dot-com bubble and the COVID pandemic.

Secondly, behavioural evidence of 'Greed' has re-emerged with capital chasing easy gains in hot sectors such as AI and cryptocurrency. The recent IPO of a company described on *Factset* as "a financial technology company that enables businesses of all sizes to harness the power of digital currencies and public blockchains" floated on 5 June and rallied more than 600% in 3 weeks. Stocks with unproven business models or financial quality launching hot IPOs and trading at multiples of 100-200x reminds us of the frothy 2021 period sooner than we had expected.

Finally, we note geopolitical uncertainty remains elevated. The Trump administration's tariff 'deadline' of 9 July is imminent and conflict in the Middle East has escalated with Israel and the US attacking Iran. These feel like significant global risk events yet equity, bond and oil markets have brushed them off easily with the VIX (CBOE market volatility index) back to a 4-month low. In summary, the market feels becalmed despite growing valuation and macro risk.

At quarter end the portfolio remains balanced with around 53% of capital invested in the 'Protect' bucket (typically lower volatility, lower beta, less index-correlated assets including hard assets, infrastructure, gold, oil, uranium and cash) and 47% in the 'Grow' bucket (operating businesses that compound faster but exhibit commensurately higher volatility and index-correlation).

The 'Protect' bucket consists of three groups of investments:

- **Real Assets** – E.g. Hess Midstream (HESM), the owner of premium pipeline and terminal infrastructure in the North American oil and gas industry. Revenues are largely guaranteed by minimum volume contracts, the stock trades on an attractive 8% dividend yield today.
- **Royalties & Resources** – E.g. Franco Nevada (FNV), a leading gold-focused royalty and streaming business, providing exposure to the gold price and exploration optionality with minimal operating and capex risk.
- **Founder-Led Investment Trusts** – E.g. Investor AB (INVE), the listed holding company of the Swedish Wallenburg family that owns a portfolio of listed and unlisted Nordic businesses that are typically world leaders in their niche (such as ABB and Atlas Copco).

The 'Grow' bucket also consists of three groups of investments:

- **Technology Infrastructure** – E.g. Microsoft (MSFT), global leading enterprise technology, software and Cloud-infrastructure provider.
- **Financial Infrastructure** – E.g. CME Group (CME), the world's leading derivatives exchange with monopolistic positions in its key markets and a counter-cyclical revenue model.
- **Consumer Compounders** – E.g. L'Oreal (OR), the leading global brand owner of beauty, skincare and haircare brands with a diversified portfolio spanning price points, categories, and distribution channels.

Historic risk and return metrics are displayed below since inception:

Table 1: Risk and Return Metrics

	Grow	Protect	Fund	Index*
Volatility	15.0%	12.3%	11.5%	13.5%
Sharpe Ratio	0.64	0.73	0.71	0.69
Downside Capture	104%	**66%**	**75%**	100%
Upside Capture	**104%**	80%	**82%**	100%
Beta	1.03	0.72	0.77	1.00
Correlation	0.92	0.79	0.90	1.00

*MSCI AC World Net Divs AUD

Source: Internal CI data reports, 30 June 2025

During the quarter we rebalanced our position in **Franco-Nevada (FNV)** after strong share price appreciation (reflecting the rapid run-up in gold) had expanded the position to become by far the largest in the fund. We remain invested as a core position. We added to several holdings that had lagged year to date including **Microsoft (MSFT)**, **Canadian National Railway (CNR)** and **HDFC Bank (500180)**.

The portfolio also initiated a new position in US-listed restaurant business **Texas Roadhouse, Inc (TXRH)**, which is written up in the 'Stock in Focus' section.

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

Observations From The Road

During the quarter the team travelled to London to meet our UK-headquartered businesses which account for 20% of portfolio NAV. A highlight was meeting senior management at **London Stock Exchange Group (LSEG)**, where we've enjoyed face-to-face discussions with both the CEO and CFO in the past 6 weeks.

Since the 2023 Capital Markets Day the business has seen notable turnover at C-Suite level with departures of the CFO, COO, Head of Data & Analytics, and Head of Capital Markets. While this would ordinarily be a concern, LSEG has been on a journey of metamorphosis from a mid-cap collection of regional exchanges in 2018, to a US$80bn Mcap global data and analytics powerhouse today.

Many parts of the business needed seriously upskilling with significant investment to run optimally at this scale and see the group legitimately considered in the same peer group as US information services leaders like S&P Global, MSCI and Thomson Reuters. Recent executive hires hit a different standard of quality and experience than the old 'London Stock Exchange' days, being not only consistent with the new elite expectations of ambition and innovation but also with deeper domain expertise in the Data space. As two examples: 1) new CFO Michel-Alain Proch brings capability and experience in understanding, packaging and selling data from French media business Publicis, and has been involved in large integrations with a playbook of analysing and optimising cost bases of content or data businesses. 2) Incoming Head of Data Gianluca Biagini was Global Head of Data, Valuation and Risk Analytics at (former holding) S&P Global as well as Bloomberg Data Solutions, two organisations who have proven highly adept at monetising data sets.

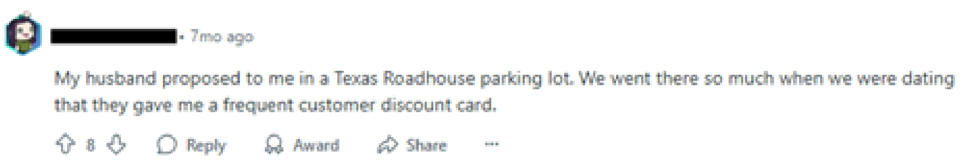
Results in Q1 saw +8% organic growth with +6.4% growth in the annual subscription book and particular strength in the Risk Intelligence and Post-Trade parts of the business which are growing 9-10%+. As a lower volatility 'boring' compounder, LSEG's share often don't participate in risk rallies. This, along with some correlation to the weak USD (half of revenues denominated in dollars) saw the shares stock down 8% this quarter (albeit the US-listed ADR was flat). This weakness should be well timed as we expect half year results to deliver solid growth across the business (especially in the transactional parts given recent market volatility) and a reload of the buyback.

We see value latencies aplenty at LSEG. There is potential for accelerating top line growth via increasing pricing power driven by innovation and better customer relationship management. Prudent handling of the cost base and capital discipline led by new CFO Michel-Alain Proch should boost margins and returns while completion of significant IT investments including a Cloud transition with Microsoft should see capital intensity decline. If this plays out there can be low-teens growth in free-cash-flow per share.

We don't see these outcomes reflected in the current share price (around £106), which should underwrite an attractive IRR over the next few years, with an asymmetric risk profile (LSEG typically outperforms in weak markets) that doesn't require heroic assumptions around a multiple re-rate. Stripping out the group's 51% stake in US fixed income trading platform Tradeweb, we estimate 'core LSEG' trades around 19x next year's estimated earnings. This is a highly attractive price for a 50% EBITDA margin, critical markets infrastructure business.

Stock In Focus

Headquartered in Louisville Kentucky, **Texas Roadhouse, Inc (TXRH)** is a casual dining steakhouse chain with over 700 locations across the US and international markets. Recently surpassing *Olive Garden* as the top US casual dining chain, it is known for its 'scratch-made' food including hand-cut steaks and affordable prices with the brand having built up a cult-like following across blue-collar America.



Source: Reddit

As a mid-cap with a US$12bn market cap it remains relatively unknown outside of the US – indeed the restaurant website still cannot even be accessed on Australian-tagged devices (we have pointed this out to their IT department).

TXRH began its journey with founder W. Kent Taylor sketching out the concept of a steakhouse on a napkin to convince two investors to invest and open its first location. 30 years later TXRH is the US's largest casual dining concept by revenue. We have grown to believe in Kent's vision but needed more convincing than a napkin. Our initial scepticism for casual dining concepts was based on few long-term successes in the space - in terms of business models we typically prefer quick service restaurants (QSR) that enjoy superior returns on capital and, with the right concept, can scale quickly and profitably. Investing is a learning art and our exploration into the TXRH's track record, financial profile and visiting restaurants proved our initial scepticism was misguided.

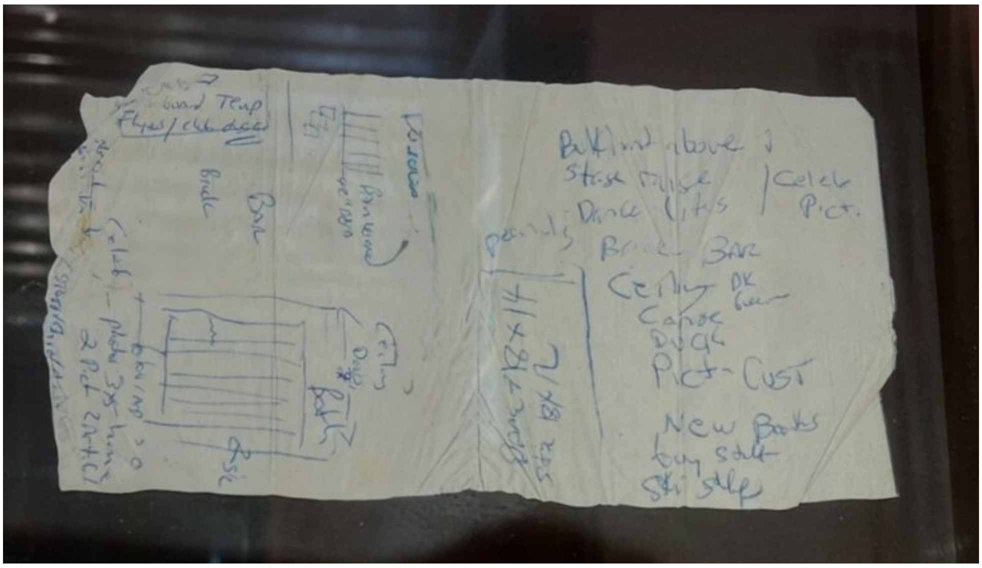
We first visited a *Roadhouse* on a February trip to Tennessee and were shocked at queues stretching from inside the front door well into the carpark. A cursory check of the online waiting list revealed a wait time of multiple hours. In fact, we had to eat the day after our initial planned session and drive more than an hour to reach a location with a reasonable waiting period. A medium rare rib-eye and a 'cactus blossom' side of onion rings later, it was clear we had discovered something special.

After several months of research, we felt comfortable with the future of the core *Texas Roadhouse* concept which relies on an exceptional customer value proposition of fresh, tasty and healthy food, served at a compelling price point with warm Southern-style hospitality. Further work led us to evaluate the future growth opportunities of the company.

A healthy runway of store growth remains for the 600+ *Texas Roadhouse* locations which we think could double over time. The concept remains underpenetrated in many states, with (for example) 20 stores in Kentucky (population 4m) the same as in Georgia (11m), Illinois (13m) and California (40m). States like Washington (8mn), Oregon (5mn) and Mississippi (3mn) represent white space with only 10 locations between them. Throughout this rollout we expect to see management controlling restaurant level margins in the sense that margins could be higher but are intentionally held down to prioritise the 'customer surplus', i.e. customers feeling they are getting great value for money.

This drives store traffic growth which consistently outstrips market expectations. Much like another great American cult consumer brand Costco, *Roadhouse* traffic repeatedly confounds expectations that growth is behind it. There is an opportunity to replicate this success with the group's two other unique home-grown concepts of *Bubba's 33*, a sports bar themed family eatery and *Jaggers*, a QSR focused on burgers and chicken sandwiches. Given the early nature of these concepts, few locations exist outside the home markets of Kentucky, Indiana, Texas and Florida. To better understand the latency and taste them firsthand we met with the business at their HQ in Louisville and had lunch with the team at a nearby *Jaggers.* Spending two hours one-on-one we aimed to observe the cultural aspects we've heard so much about and understand opportunities within their newer concepts.

Immediately apparent, even before entering the building is the sense of reverence the company has for recently deceased founder Kent Taylor. Heartfelt messages and tributes to him written in bricks lay alongside the pathway to the entrance of the office written by employees, customers and friends. Walking into the lobby reveals a replica of Kent's office, complete with a daggy couch, sports memorabilia and cowboy boots. Filling the walls of the office are awards to 'Roadie of the Year' and 'Managing Partner of the Year'. Other pieces of Texas Roadhouse history are also on display with the original napkin and the first ever printed menu that looked astonishingly like the current offering. Kent's legacy lives on and the executives that grew up around him do not want to tarnish that.



The birth of a US$12bn steak empire

During the meeting a few observations became clear. **Firstly**, management is vigilant around pricing relative to competitors ensuring a multi-dollar price gap adjusted twice a year. The philosophy is that pricing is the easy lever to pull when costs are under pressure and TXRH doesn't want to take the easy way out. They never price upward for cyclical beef prices and only price for structural inflation. In most locations an early bird diner can eat a 6oz USDA grade sirloin steak, choice of two 'scratch made sides', free bread and peanuts for an attractive US$11.99. In Australia, we would struggle to buy a raw steak in Coles at that price, let alone dine out. This is an unmatched customer value proposition for a sit-down dinner cheaper than a takeaway for a dollar-stretched American family.

Secondly, it is the people that make TXRH a special company and incentives are aligned. As they like to tout their 'made from scratch' food we think the same about the management team. Current President Gina Tobin and CEO Jerry Morgan started their careers as 'Managing Partners' (the TXRH equivalent of store managers) nearly thirty years ago. Both their portraits have been immortalized on a wall at HQ as the first and third 'Managing Partner of the Year' in the company's history. This model has served TXRH well - Managing Partners receive 10% of the operating profit of their store and are incentivised to manage topline and bottom line as a bonus. This encourages long-term thinking and for them to bring their A-game every day at the store. We recognise this pattern as a 'Decentralized Ownership Culture', something we admire and actively look for in potential investments.

Finally, dining at a *Jaggers* and a *Bubba's 33* made it evidently clear the value proposition, people and culture remain very TXRH. At *Jaggers*, a high-quality burger or chicken sandwich, a side of fries or 'tater tots' and a drink costs less than US$10. Many locations lean into the co-branding with a picture of founder Kent Taylor and a *Texas Roadhouse* sign as patrons enter a *Jaggers*. Both concepts have a long runway - *Bubba's 33* is nearing 50 locations and opening another 30 in 2025 alone - we see potential for several hundred. *Jaggers* is earlier in the journey with under 20 locations, for context *Habit Burger and Grill* has nearly 400 stores of which more than 200 are in California. Both concepts give TXRH additional store growth and extend the already lengthy roadmap.

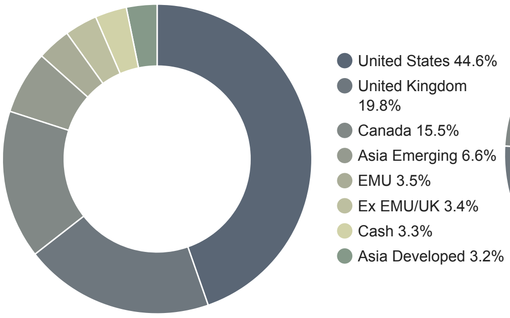
Portfolio Snapshot

Past performance is not a reliable indicator of future performance

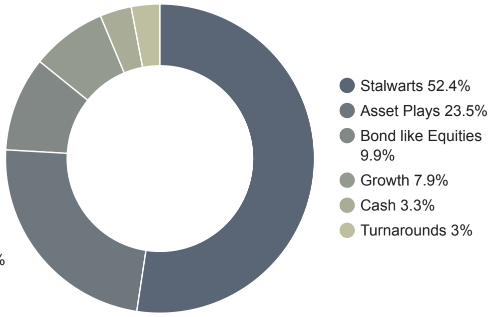
Source: Internal CI data reports, June 30, 2025

NAME	REGION	SUBSET
Franco-Nevada Corporation	North America	Asset Plays
Visa Inc. Class A	North America	Stalwarts
Microsoft Corporation	North America	Stalwarts
CME Group Inc. Class A	North America	Stalwarts
London Stock Exchange Group plc	Europe	Stalwarts

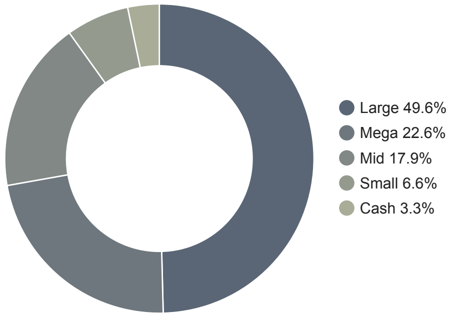
REGIONAL EXPOSURE



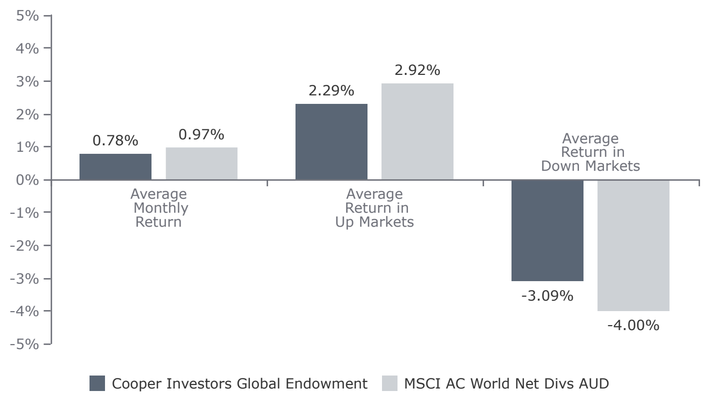
SUBSETS OF VALUE



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:

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Financial product advice contained in this document

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