Cooper Investors Global Equities Fund (Hedged)

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*	10Y*	Inception*	FY2024	FY2023	FY2022	FY2021	FY2020
CI Global Equities Strategy (Hedged) %	6.93	17.77	17.77	12.84	9.69	9.33	10.06	7.35	13.66	-16.85	32.87	0.26
MSCI ACWI 100% Hedged to AUD net dividends %	9.29	13.31	13.31	15.76	12.64	9.71	9.16	19.42	14.64	-13.64	35.32	0.79
Relative %	-2.36	4.46	4.46	-2.92	-2.95	-0.38	0.90	-12.07	-0.98	-3.21	-2.45	-0.53

Past performance is not a reliable indicator of future performance

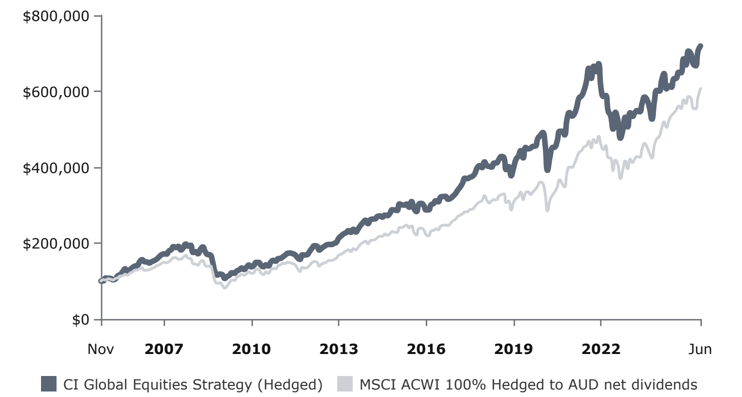
Source: Internal CI data reports, June 30, 2025

Inception Date: 1 December 2004. Initially, the Fund invested predominately in Australian equities. However since May 2006, the Fund has been invested in a broad range of global equities. With effect from 1 October 2020, the benchmark changed to the MSCI ACWI 100% Hedged to AUD Net Dividends (previously MSCI AC World net dividends in local currency).

*Annualised

Download Data

$100K INVESTED SINCE INCEPTION (NET)



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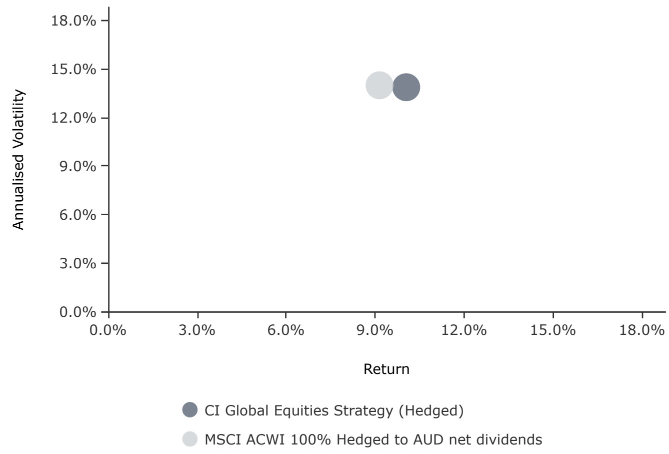
Source: Internal CI data reports, June 30, 2025

RISK/RETURN SINCE INCEPTION (PER ANNUM)



Performance Commentary

The portfolio returned 6.9% for the quarter compared to the benchmark return of 9.3%. For the financial year the portfolio returned 17.8% and the benchmark returned 13.3%.[1]

To align with our long-term investment approach, going forward we will speak to top contributors and detractors over a trailing 12-month period, not on a quarterly basis. If on occasion shorter term share price movements are particularly noteworthy, we will provide relevant commentary.

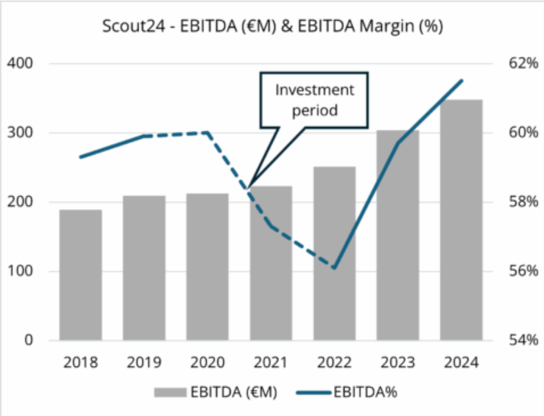
The largest contributors to return for the year were **Scout24 (G24)** and **TKO Holdings (TKO).**

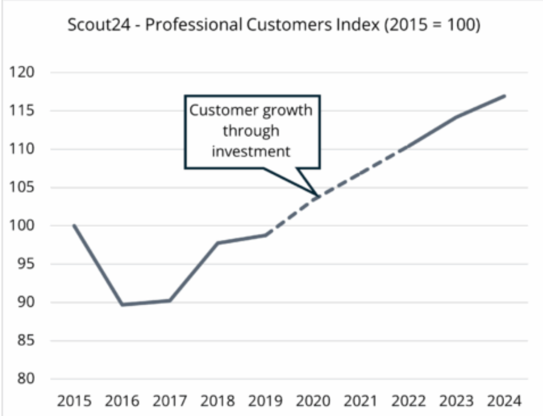
Scout24 is Germany's leading online property portal. We have been investors in Scout24 for over five years, having followed the business for several years prior. Our interest was piqued following the combination of management change and the subsequent sale of effectively half the business in 2020 (Scout24's automotive portal). Generally, management teams don't like running smaller businesses. In this case, Scout24's new CEO Tobias Hartmann identified the lack of synergy between the two businesses, extracted a very good sale price for the automotive portal and then doubled down on the opportunity in property. In his words to us at that time "we want to be an inch wide and a mile deep in our domain". This pivot to focus resonated with us.

Management then began a journey of re-invigorating its customer value proposition. The key goal was to make Scout24 more valuable to all sides of the ecosystem (property buyers, sellers and agents) and then broaden the revenue drivers of the business. This required investment in product as well as back-end infrastructure. Near term financial performance was impacted by this investment – revenue growth was muted and margins contracted. This was reflected in the share price which declined over 40% from its 2020 peak to lows in 2022.

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

Despite this, we could see value building all the while through management's execution at the operational level. Scout24 was increasing the competitive gap with its closest peer, and customer numbers continued growing across the ecosystem. More recently, Scout24's financial performance has begun to reflect the operational improvement in the business – sales growth has accelerated, and margins have expanded. The market has now recognised this with the share price doubling over the last two years. We have begun to exit the position as much of this value is now reflected in the current market prices.





Source: Scout24, CI Analysis

TKO Holdings (TKO) is the owner and operator of the two leading combat sports content assets – the UFC and WWE. We wrote about TKO in our September Quarterly Report (Insights, Fund Performance & Financial Updates | Cooper Investors - Cooper Investors). Since making our initial investment, the company has also acquired Premier Bull Riding (PBR), sports marketing agency IMG and premium (sports) experience provider On Location (in a single transaction). The core UFC and WWE assets still account for the vast majority of TKO's economics.

TKO has had a strong start to 2025; UFC and WWE grew EBITDA 17% and 38% respectively in the March quarter and the company expects to grow EBITDA at a mid-teens rate for calendar year 2025.

An important near-term milestone is the renewal of the UFC media rights in the US. These rights account for over 15% of TKO's revenues, so while the absolute dollar figure is important (and we expect a material step-up from the current deal), we are more focused on the partners TKO chooses to work with. For example, TKO signed a landmark global deal with Netflix for the WWE last year and this is proving to unlock material upside in the other parts of content flywheel, namely sponsorship and live events (site fees and ticketing).

We also believe that there is a larger site fee opportunity for TKO, as compared to our initial expectations. TKO currently earns site fees from local governments on a portion of its 24 marquee annual events (e.g. Wrestlemania, UFC 314). Across UFC, WWE and PBR the company puts on close to 200 annual events. By "festivalising" a combination of these events across multiple days, TKO is demonstrating they can deliver more economic value to cities and hence earn site fees on previously unmonetised events. The agreement between TKO and the Perth Government announced earlier this year demonstrates this with the press release (below) referencing a "weekend takeover" featuring three WWE events and material (circa $50M) economic benefit to hosting such events.

These additional revenue opportunities are especially valuable for a content business where revenue growth drops through to profits at very attractive margins due to low marginal costs. TKO are promoting these events (economically) with or without site fees.

TKO AND WESTERN AUSTRALIAN GOVERNMENT EXPAND PARTNERSHIP TO BRING UFC AND WWE EVENTS TO PERTH

WWE to Take Over RAC Arena with a Premium Live Event, Friday Night SmackDown, and Monday Night Raw

UFC to Return to Perth with Two Events, Including Blockbuster Pay-Per-View

PERTH, WESTERN AUSTRALIA AND NEW YORK, NY – TKO Group Holdings, Inc. (NYSE: TKO), together with the Western Australian Government (WA Government), today announced an expansion of their partnership for Perth to host four additional UFC and WWE events through 2026.

In addition, under a previous agreement with the WA Government, RAC Arena will host one ***UFC FIGHT NIGHT*** later this year. In total, Perth will host five UFC and WWE events over the next two years.

Said the Hon. Roger Cook MLA, Premier of Western Australia, "The return of UFC and WWE in 2025 is a major coup for Western Australia, following the roaring success of ***UFC 284*** and ***WWE Elimination Chamber*** that collectively injected nearly $50 million into our economy last year. Both UFC and WWE have proven to be huge drawcards with a dedicated fan base, and we expect to see thousands of out-of-state visitors travel to Perth to attend these blockbusters."

Source: *TKO Holdings, February 2025*

The largest detractors to returns for the financial year were **B&M European Value Retail (BME)** and **CDW Corporation (CDW)**.

B&M European Value Retail is a variety discount retailer in the UK which has been in the portfolio since November 2022. The company's disappointing results over last 12 to 18 months eventually resulted in the CEO's resignation. During our investment period operating trends have weakened, and whilst some of this weakness was driven by the economic environment, the customer value proposition and management execution have both been diluted. We were not fast enough in recognising this and exiting the position. We are no longer shareholders.

CDW is the largest IT reseller in North America. It effectively serves as an outsourced sales and marketing provider for hardware and software vendors, and an extension of its customer's IT team, who rely on CDW's expertise. Operating trends for the business have been persistently weak as IT hardware spending, which accounts for roughly 50% of its gross profit, has been in a downturn. CDW's customer base, which skews smaller, has also had to deal with higher interest rates and digesting IT spend from the COVID period. We exited the investment in CDW earlier in the year.

Stock In Focus

"Time is the enemy of a bad business, but a friend of a great business. As time melts away, dividends are paid, the business grows and the share count declines." – Andrew Phillips, CEO of Prairie Sky Royalty

Real Assets provide ballast to the portfolio as low correlation investments which maintain their real value over the long term. We strictly avoid highly financialised investments such as those with excessive leverage or high institutional ownership which can dilute the "real" attributes of the underlying asset (e.g. many listed property or infrastructure assets). Instead, we have gravitated towards Royalties and in particular Mineral Royalties.

Royalty investing is a specialist asset class; this is due to the heterogenous nature of both the underlying assets and the structures. A royalty asset could be a 10-year royalty over an asset at the high end of the cost curve, or it could be a perpetual royalty over the most cost advantaged resources.

It is the latter that we focus on, as we believe very long-life assets have significant value latency that is fundamentally misvalued by capital markets. This is because standard valuation techniques fail to capture their magic, and most investors have time horizons measured in months and quarters, not decades.

The largest royalty investment in the portfolio today is **PrairieSky Royalty (PSK)** a perpetual royalty owner over significant lands in the Western Canadian Sedimentary Basin (WCSB). The company's history traces back to 1881 when the Canadian Pacific Railways received 25 million acres of land in exchange for building a railroad across Canada. These lands included the petroleum and natural gas rights. Over the subsequent 130+ years, the assets went through various ownership structures until modern day PSK was spun-off from its parent and listed in 2014.

FOCUSED MANAGEMENT BEHAVIOUR

We have codified the behavioural attributes of exceptional royalty leaders, observing they have a rare mix of:

- Deep technical skills: they understand the most attractive resource opportunities, where the hidden and emergent value lies.
- Intuitive understanding of value creation: a deep, intuitive understanding of the option value that drives royalty value.
- First principles thinking: spend most of their time alone studying, charting their course for which they are laser focused.
- Patient, counter cyclical investing: able to behave counter-cyclically; being patient for long periods and then moving aggressively when opportunity presents (we would suggest it's hard to achieve this without also demonstrating the first three).

PSK's CEO Andrew Phillips represents the very best of what we look for. A geologist by training, Andrew is also an entrepreneur having founded his own successful E&P company.

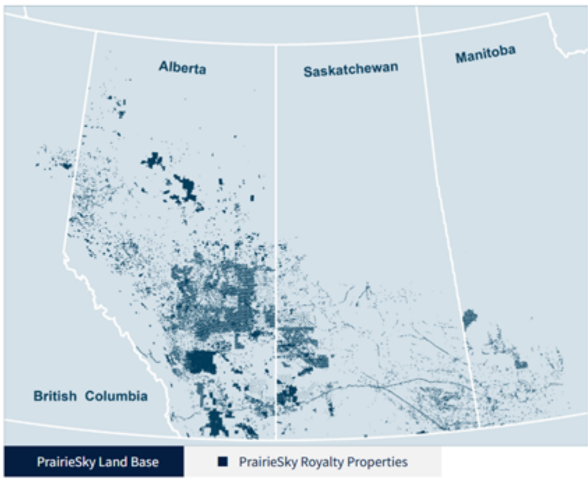
Upon taking the role as CEO in 2014 in his late 30s, he invested C$10M of his own money in PSK shares. He has never sold a share and reinvests all dividends.

Equally important was how Andrew relentlessly set about creating an ownership culture – recruiting people to the organisation who embraced this mindset (and removing those who didn't). Today, all managers, directors and employees own shares in the company.

Andrew and his team's track record of capital allocation is exemplary – aggressive at times when energy prices are low and values are depressed. We think the best demonstration of this is the fact that as a result of astute acquisitions and share repurchases, PSK has nearly doubled its royalty land on a per share basis since listing.

INDUSTRY AND STRATEGIC TRENDS

PSK owns 18.5M acres of royalty lands in Canada's Western Sedimentary Basin (WCSB). The basin is one of the most economically advantaged energy resources globally and continues to attract investment from drillers.



Source: Prairie Sky Royalty

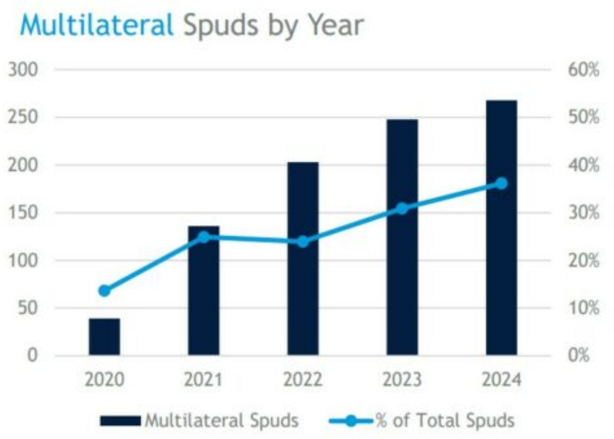
As with any natural resource, transportation and egress are critical factors in production economics. On this front, recent infrastructure investments (Transmountain Pipeline, LNG Canada) have been welcome additions. This has helped reduce the differential between the Canadian and US prices from as much as $20 per barrel of oil to the single digit range. Much of the basin's heavy crude is exported to the US where it is a crucial feedstock into the US's refinery capacity (and not readily available domestically). Despite this mutual dependency, recent trade rhetoric has increased the appetite for further transportation investment on the Canadian side - something which was previously thought of as highly unlikely. Such expansion would be positive for the basin and hence PSK.

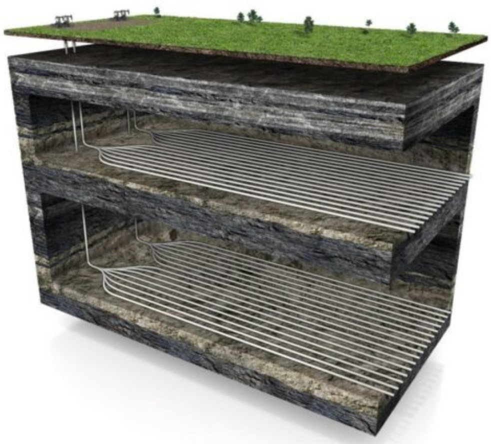
The trends most important to PSK pertain to shifts in drilling activities *within* the basin (towards the most economic plays). These are areas where PSK has large tracts of latent royalty acreage. Given these shifts are driven by economics their underlying driver is most often advances in drilling technology.

One of the key recent technology developments in the WCSB has been the adoption of multilateral wells. Multilateral wells are significantly more efficient as they create multiple laterals per wellhead. This reduces the number of wells required (reducing drilling costs) and improves recovery volumes (enhancing economics of even marginal reserves). In some cases, this can lead to operators doubling their recovery rates. The adoption rate of this technology is increasing across PSK's lands (approaching 40% of wells which are drilled or "spuds") as operators learn and apply it more broadly. The improved economics is driving increased activity across the basin, and therefore bringing forward PSK's economics.

This has been the story of the Clearwater, a play where PSK holds a royalty acreage position of 1.4M acres and is seeing volumes grow at 20% per annum. Ian Currie, CEO of prominent Clearwater E&P Spur Petroleum (humbly) describes his success as follows:

The analogy I'd like to use is, we didn't really find Clearwater, it was always there. The resource was there, just no one knew how to crack the nut. And the best analogy is the Permian. It's not as though they rediscovered the Permian 15 years ago. It was that technology, in that case, multistage fracking, in our case, multilaterals, unlocked that great, great resource.





Source: Prairie Sky Royalty

Whilst the value of a cash flow occurring many decades in the future has little value today, there is extraordinary value in bringing those cash flows forward. There are many plays across PSK's lands where application of newer technology has the potential to unlock previously uneconomic resource and deliver meaningful value to PSK.

To be clear, PSK engages in no operating activity, nor does it contribute the capital required to explore and drill wells on its lands (or build pipelines). That is left to third party operators, who pay PSK a top line royalty of about 6% on each barrel of oil extracted.

VALUE LATENCY

At the 2025 Investor Day in May, PSK provided an update on the value of their royalty asset base. This value, albeit undiscounted, stands at circa C$30B as compared to PSK's current Enterprise Value of less than C$6B.

However, this valuation includes just the currently producing wells and only the most economic potential wells. As discussed above, for the long-term royalty owner, long-term optionality represents *material* latent value.

"No value is assigned…expansions of productive trends, enhanced oil recovery, better type curves with technology, and the discovery of new pools. This…is why I own the company." – Andrew Phillips

Another way to think about this latency is as follows – using long term average energy prices we estimate PSK will earn circa 75% of its market value over the next decade in free cash flow.[1] There is then a further four decades of reserves beyond this. As a top line royalty owner, this all comes without having to spend another cent.

Finally, given PSK's (short-term) revenues and hence share price are linked to energy prices, Andrew and his team will have periodic opportunities to deploy capital counter-cyclically. This is another virtue of the royalty business model – PSK generates meaningful cash flows even at low oil prices. We note Andrew has recently begun to repurchase shares and with future cash flows and minimal gearing he has significant capacity to deploy more capital, as he has done in the past.

[1] Please note that this is a forecast only, based upon Cooper Investors' current views and assumptions, and is not guaranteed to occur. Any forecast may differ materially from the results ultimately achieved.

Portfolio Snapshot

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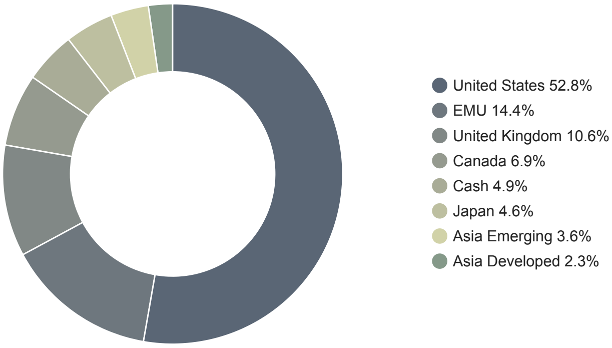
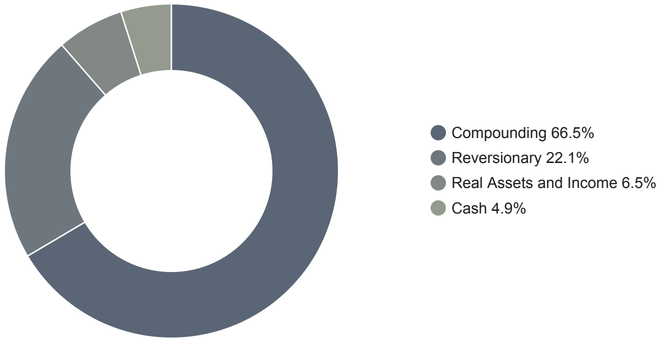
Source: Internal CI data reports, June 30, 2025

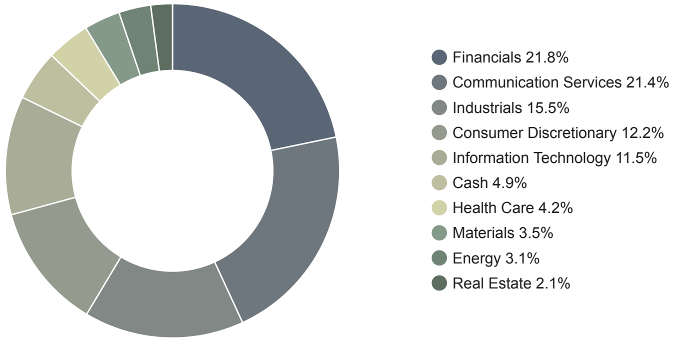
REGIONAL EXPOSURE



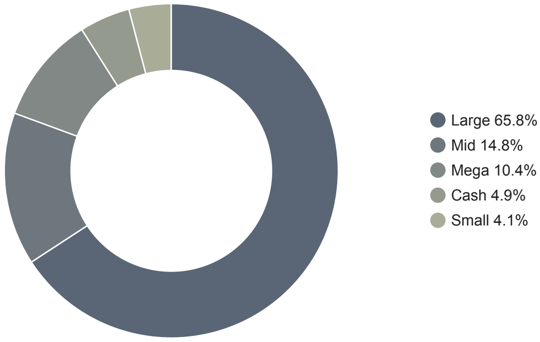
CAPITAL POOLS



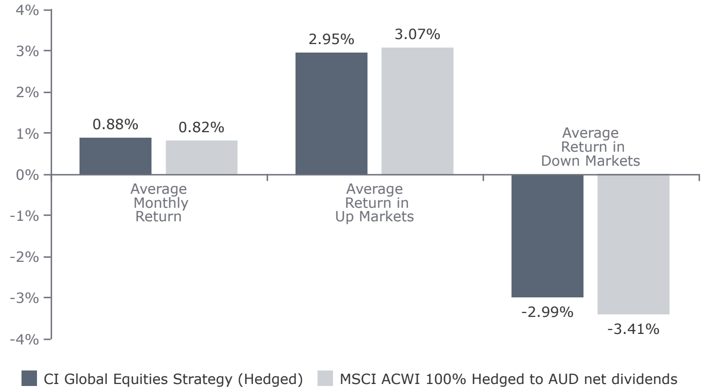
SECTOR EXPOSURE



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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