

# Cooper Investors Global Equities Fund (Unhedged)



QUARTERLY REPORT December 31, 2024

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) %	11.19	17.16	20.64	4.59	9.61	11.26	9.83	7.52	19.30	-13.66	26.25	3.65
MSCI AC World Index Net Divs in Australian Dollars %	10.94	13.86	29.48	11.23	12.89	12.32	10.04	18.98	20.38	-8.02	27.72	4.08
Relative %	0.25	3.30	-8.84	-6.64	-3.28	-1.06	-0.21	-11.46	-1.08	-5.64	-1.47	-0.43

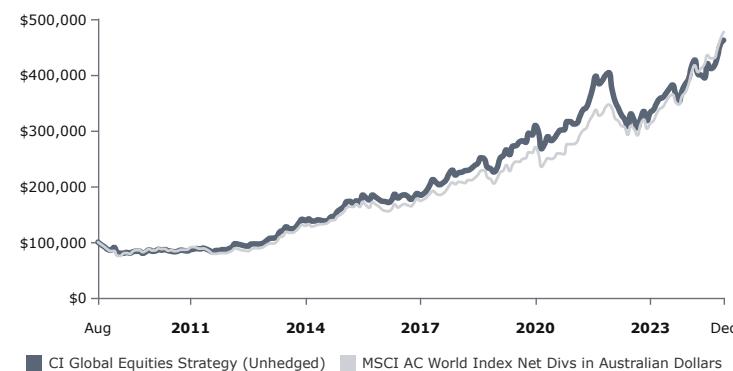
Past performance is not a reliable indicator of future performance

Inception Date: 1 September 2008

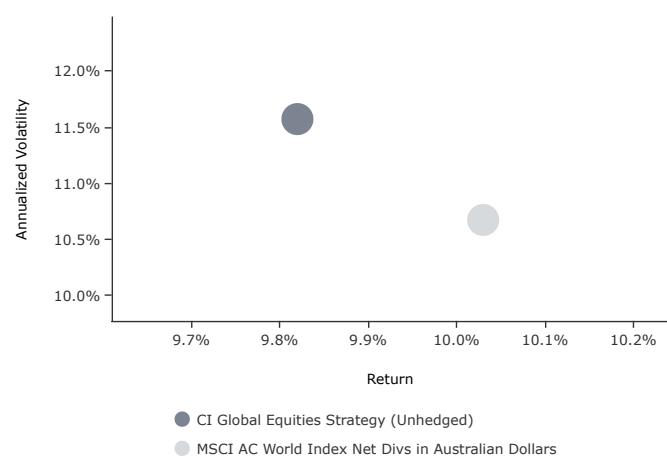
Source: Internal CI data reports, December 31, 2024

\*Annualised

## \$100K INVESTED SINCE INCEPTION (NET)



## RISK/RETURN SINCE INCEPTION (PER ANNUM)



Past performance is not a reliable indicator of future performance

Source: Internal CI data reports, December 31, 2024

"But all along, Tim and I were aligned on differentiating talent, continuing to infuse fresh new talent" – Pat Ryan, Founder Ryan Specialty

"And if there was a secret sauce that separates us from our competitors... many of our superstars today came through that program 10 years ago." – Tim Turner, CEO Ryan Specialty

## Quarterly Highlights

The portfolio returned 11.2% for the quarter and compared to the benchmark return of 10.9%<sup>1</sup>.

<sup>1</sup> Past performance is not a reliable indicator of future performance.

## Portfolio Insights & Market Observations

The largest contributors to returns were **Booking Holdings (BKNG)** and **Liberty Formula One (FWONK)**.

BKNG is the leading global travel platform (larger than Airbnb and Expedia combined on an annual room nights booked basis). Operating trends continue to be strong driven by tailwinds from global travel demand and new CFO Ewout Steenbergen finding cost efficiencies following a period of investment. This resulted in third quarter revenue growth of 9% driving Earnings Per Share growth of 16%, a run rate we believe is now sustainable for the business. BKNG has been a highly successful investment, delivering returns of 130% since our first investment in December 2022. But going forward we see less value latency and have consequently begun to redeploy capital into more compelling opportunities.

FWONK is the owner the Formula One, the oldest and most prestigious global motor racing competition. As described in our September Quarterly Letter with our commentary on TKO Holdings, we are attracted to Sports Content assets. FWONK's operating trends continue to be strong on the track and with fan engagement, this is driving incremental monetisation, including the announcement in October of LVMH signing a 10-year global partner agreement, outbidding legacy sponsor Rolex. We continue to see significant value latency in FWONK, including improved monetisation across their key value drivers (Media Rights, Race Promotion and Commercial), the recent acquisition of MotoGP, and the enhanced strategic value from the impending spin-off of Liberty Live Group, which will result in FWONK converting from a tracking stock to an asset backed company.

The largest detractors to returns were **Eurofins Scientific (ERF)** and **Ashtead Group (AHT)**.

ERF was one of the top performers last quarter as the company appeared as though it had begun to execute following several years of disappointing performance. But their Q3 update showed weaker organic growth than expected and the stock gave up most of its Q3 gains. We met the company the following day at their Investor Day in London. The deterioration in organic growth appears to be driven by an idiosyncratic event with one pharma customer that does not signal a broader issue. We continue to see ERF on a journey to improve their economics by delivering on their strategic plan. But the stock remains challenged as investor trust is low; this was evident by the atmosphere in the room at their Investor Day, as this long-time market darling remains in the doghouse.

Ashtead Group is a leading equipment rental business that we have owned since March 2023. AHT's Q3 results announced in December highlighted operating trends had deteriorated, with their US business delivering organic growth of 3% compared to their longer-term trend of 8%. Neither we, nor the market, anticipated this slowdown. The stock has fallen circa 22% since reporting (and down circa 14% for the quarter). In these circumstances it is crucial to determine the driver of these trends – do they signal a weakening of industry trends and AHT's competitive position? Our conclusion is that they do not. This has been driven by a short-term weakness in local construction markets and the long-term trends driving growth for demand in equipment rental remain strong and at current levels AHT is a compelling investment opportunity for the long-term, patient investor.

## Stock In Focus

One of the Fund's larger investments is in US based wholesale insurance broker **Ryan Specialty Holdings (RYAN)**.

### FOCUSED MANAGEMENT BEHAVIOUR

RYAN was founded in 2010 by Pat Ryan who is very familiar to us at Cooper Investors; the Global Fund was a long-term shareholder of another firm Pat founded, Aon Corporation.

Pat's career started as offering insurance directly to customers of his father's Ford dealership and by his mid-20s he had formed his own firm focusing on this endeavour. Within seven years had taken the company public and would ultimately grow it into one of the world's leading insurance brokers being Aon.

Pat left Aon in 2008 and a couple of years later started RYAN. It was at this time that Pat convinced Tim Turner (who was running leading wholesale broker CRC at the time) to join him. Pat and Tim are a "dynamic duo" with deep domain expertise and passion for talent development, customer service and winning. Over the last decade or so together they have grown RYAN into the second largest wholesale insurance broker.

RYAN listed in 2021 and in October of this year Pat moved to the Executive Chairman role with Tim taking over as CEO. Pat and his family own roughly half of the company today.

### INDUSTRY AND STRATEGIC TRENDS

RYAN is primarily a wholesale insurance broker which means they sit between a retail broker (like Aon) and the insurance carrier to facilitate the coverage of hard to insure risks that cannot be covered by standard insurance contracts. This is known as the Excess & Surplus (E&S) market and insurers can set adequate pricing and terms to compensate them for perceived associated risk.

This is an important distinction and was core to Pat's founding of the business as he observed that risks were becoming larger and more complex (driven by things like significant jury verdicts, climate change, cyber threats and emergent health risks) and that the existing ecosystem was struggling to provide adequate insurance. Over the last decade, the E&S market has grown at a double-digit rate or roughly double that of the standard insurance market.

*"The client will only use us if they need us, so we are building needs".*

RYAN's strategy to exploit the E&S market opportunity has been to recruit and develop the best talent in the industry and then focus this talent via specialisations, for example cyber, transport or construction. Specialisation means RYAN's brokers are the de facto authorities on the most complex insurance niches, becoming a trusted partner within in the ecosystem. They also pride themselves on being nimble and faster than peers, with a healthy paranoia - "everyone else is smart, so it's a speed game".

This focus has also enabled RYAN to successfully grow its "Delegated Authority" business where RYAN takes on more of the responsibilities on behalf of the carrier for example underwriting, binding and administration. Under these relationships, RYAN are able to leverage existing expertise and share in the profits of the insurance contract itself (and as with broking, RYAN are not exposed to balance sheet risk).

### VALUE LATENCY

RYAN currently trades on a circa 3.5% Free Cash Flow yield. The company has grown revenues double digit every year since its founding, and we believe given the structural tailwinds in insurance markets and E&S flows specifically that a 10% growth is sustainable as a base case (2024 organic growth should be circa 14%).

Beyond this are several identifiable latencies:

- Growth - additional product and service expansion for example RYAN established a presence in Europe and will continue to expand the Delegated Authority business

- Margins – the company is currently executing an efficiency program which will boost margins over the next year or so. Beyond this, as the higher margin Delegated Authority business grows this will also help to expand the margins at the group level.
- Capital Allocation - deployment of excess cash flows into M&A has been a very successful playbook for insurance brokers and RYAN is no exception having made 58 acquisitions since founding.

## Portfolio Snapshot

Source: Internal CI data reports, December 31, 2024

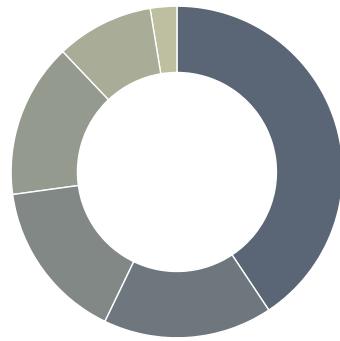
NAME	REGION	SUBSET
Frontier Communications Parent, Inc	North America	Turnarounds
Ryan Specialty Holdings, Inc. Class A	North America	Growth
London Stock Exchange Group plc	Europe	Stalwarts
Visa Inc. Class A	North America	Stalwarts
Liberty Media Corp. Series C Liberty Forumula One	North America	Stalwarts

### REGIONAL EXPOSURE



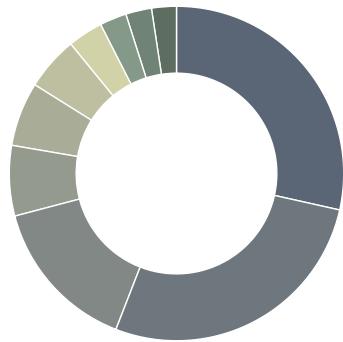
- United States 57.4%
- EMU 13.1%
- United Kingdom 11.7%
- Canada 8.5%
- Japan 3.4%
- Asia Emerging 3.3%
- Cash 2.6%

### SUBSETS OF VALUE



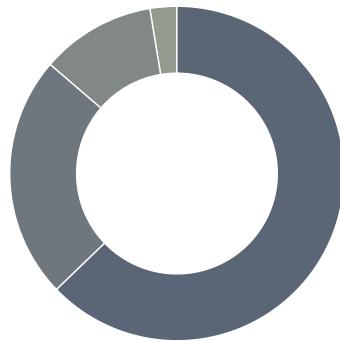
- Stalwarts 40.7%
- Growth 16.5%
- Turnarounds 15.7%
- Cyclicals 15.1%
- Asset Plays 9.5%
- Cash 2.6%

### SECTOR EXPOSURE



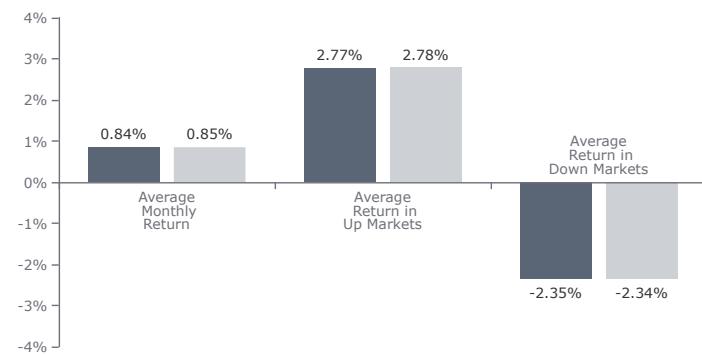
- Communication Services 28.5%
- Financials 27.4%
- Industrials 15%
- Consumer Discretionary 6.8%
- Health Care 6.2%
- Information Technology 5.2%
- Energy 3.4%
- Cash 2.6%
- Consumer Staples 2.5%
- Real Estate 2.4%

### MARKET CAPITALISATION



- Large 62.8%
- Mid 23.5%
- Mega 11.1%
- Cash 2.6%

### SINCE INCEPTION NET RETURNS IN UP/DOWN MARKETS



■ CI Global Equities Strategy (Unhedged) ■ MSCI AC World Index Net Divs in Australian Dollars

## Further Information

Looking for further information regarding the Fund, please don't hesitate to get in touch:

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