

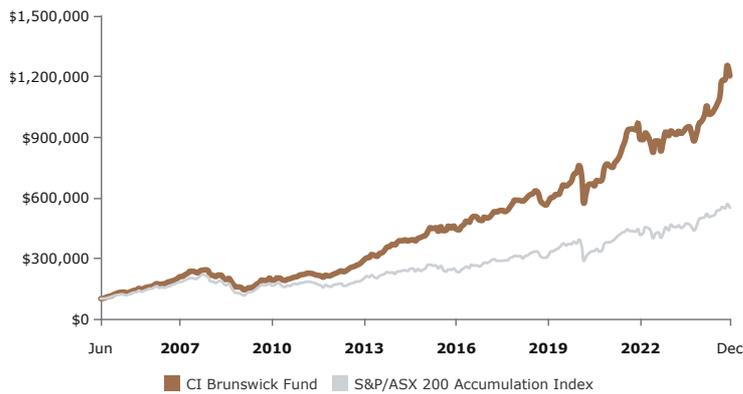
Performance Summary

Net of fees and expenses	3M	FYTD	1Y	3Y*	5Y*	10Y*	Inception*	FY2024	FY2023	FY2022	FY2021	FY2020
CI Brunswick Fund %	1.90	15.91	24.38	7.52	10.68	11.41	12.90	11.67	12.66	-2.85	27.15	4.41
S&P/ASX 200 Accumulation Index %	-0.80	6.93	11.44	7.41	8.05	8.51	8.67	12.10	14.78	-6.47	27.80	-7.68
Relative %	2.70	8.98	12.94	0.11	2.63	2.90	4.23	-0.43	-2.12	3.62	-0.65	12.09

Past performance is not a reliable indicator of future performance
Source: Internal CI data reports, December 31, 2024

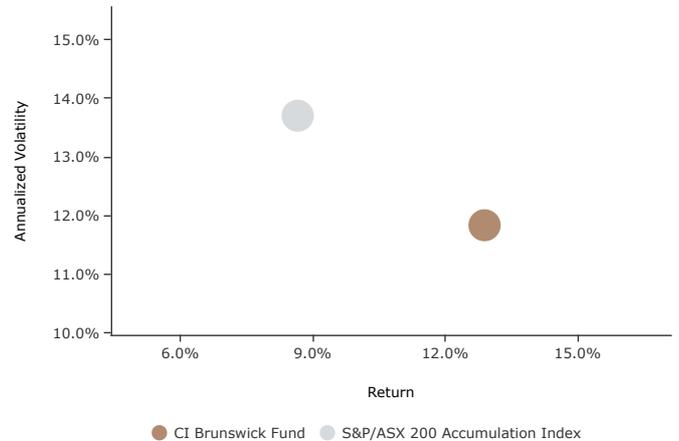
Inception Date: 1 July 2004
*Annualised
^Partial Year

\$100K INVESTED SINCE INCEPTION (NET)



Past performance is not a reliable indicator of future performance
Source: Internal CI data reports, December 31, 2024

RISK/RETURN SINCE INCEPTION (PER ANNUM)



“When people talk listen completely. Don’t be thinking what you’re going to say. Most people never listen. Nor do they observe. You should be able to go into a room and when you come out know everything that you saw there and not only that. If that room gave you any feeling you should know exactly what it was that gave you that feeling.”

Ernest Hemingway

Quarterly Highlights

The CI Brunswick Fund returned 1.9% for the December 2024 quarter net of fees and expenses, compared to -0.8% for the ASX200 Accumulation Index¹. Positive contributors to performance include **Sigma (SIG)** following the backdoor listing of Chemist Warehouse, **Newscorp (NWS)**, **Block (SQ2)** and **Aspen (APZ)**. Stocks that disappointed were **Brickworks (BKW)** and some resource sector exposures including **Deterra (DRR)** and **Iluka (ILU)**.

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

Portfolio Insights & Market Observations

Normally we wouldn't comment too much on the performance of the benchmark (ASX200) given the Fund remains deliberately different, skewed towards the small and midcap part of the market (active share above 90%).

However, the calendar year 2024 (CY24) was somewhat out of the ordinary in the contribution to returns from the banking sector. Including Macquarie, the top five banks are now 27% of the ASX200 and typically perform in a highly correlated manner (given they are very close in nature). The banks returned +33.5% for CY24. In contrast the resources sector fell 13.5%.

'Observation not prediction' is a key tenet to CI's investment philosophy. The relativity of performance of the banks to resources is highly cyclical as we can observe in the chart below:

Chart 1: Banking Sector 12 Month Outperformance vs Resource Sector



Source: FactSet

The standout bank has been CBA which returned around 42% in CY24. CBA's share price appreciation was 38% (~\$111/sh to ~\$153/sh), with the remaining return being the dividend (4.2% on the starting \$111/sh, assuming the dividend is not reinvested). At the start of 2024 the 12-month forward expected earnings (EPS) for CBA was ~\$5.80/sh, which at that date meant the stock traded on a 19.2x PER (price to earnings ratio). Expectations for CBA's 12-month forward earnings grew modestly by around 4% through the year, such that by year-end (i.e. currently) the PER increased to 25.6x. Said another way, most of CBA's share price performance in CY24 can be attributed to a more than 30% 're-rating' of its earnings multiple.

Interestingly, we can observe over the last 20 years that dividends have been a significant part of the total returns made by investors in bank stocks:

Chart 2: Contribution to Total Shareholder Return (20 yrs to end of 2024)



Source: FactSet

CBA's current dividend yield is 3%. If CBA can hold its very high PER, it would need to grow EPS by 7% p.a. over the next 5 years to give investors a 10% p.a. return. We don't have a strong view on whether this is achievable, but we observe that looking back 10 years CBA's EPS has barely grown (per Factset it was \$5.36/sh in FY14, vs \$5.63 in FY24).

The good news is the Brunswick Fund is not relying on the banks to generate its returns. Our single exposure to lending, **Liberty Financial (LFG)**, trades under 7x PER on 12 month forward expected earnings and a ~9% dividend yield (albeit unfranked). LFG trades below its book value – CBA trades at 3.5x its book value. LFG's founder Sherman Ma still owns more than 50% of the equity and is an Executive Director.

Since COVID-19, the backdrop for LFG and the non-bank lending sector has been unfavourable. Government programs helped the banks, which created a highly competitive environment particularly in home lending. In addition, higher interest rates negatively impacted margins as unlike the banks, LFG is reliant on wholesale funding. Eventually this will shift and favour non-bank lenders again which will help them win share at higher returns on equity.

Another interesting comparison to the banks is the Fund's investment in **Aspen Group (APZ)**, given it owns and develops mostly affordable residential housing, i.e. it has a similar end market exposure (it also has exposure to tourist parks and some mining related housing). APZ is a Real Assets and Income investment and was a solid contributor in the quarter. The company upgraded guidance by 5% at its recent AGM and appears well placed to beat this upgraded guidance. The strong operating trend reflects the first quarter run-rate, the nature of its under-rented residential portfolio where momentum is persistent and their intention to accelerate their affordable housing developments.

Unlike CBA's rich 3.5x price to book, APZ has only recently traded towards its net asset value (NAV) of ~\$2.40/sh, which we believe is conservatively stated not just in terms of the valuation multiples (cap rates) used in the NAV, but that the NAV also excludes the significant value creation we see coming from its development opportunities. APZ also trades below 14x PER on a 12 month forward earnings basis, despite growing its earnings by more than 20% p.a. over the last 5 years, with a strong runway to continue to grow earnings double digit going forward.

We continue to see APZ's existing asset base as under-valued, their land-lease development platform which is gaining momentum as under-appreciated, with a management team that has capability and opportunity to create significant value via selective capital deployment as they have done in the past.

In short, we don't need to predict what will happen to CBA in coming years. We see more value latency in a portfolio with exposures to Liberty and Aspen, among others.

Other notable contributors to the Fund's performance in the quarter were **News Corp (NWS)** following its solid Q2 result and the announced sale of Foxtel, and **Block (SQ2)** which enjoyed a rerating following the election of Donald Trump. Finally, one of the strongest performers in the Fund over the quarter and CY24 was **Sigma Healthcare (SIG)**.

For SIG, the quarter saw the ACCC approve the reverse merger with **Chemist Warehouse (CWH)**, which will represent 90%+ of the stock's value on completion. SIG also had a strong trading update. We believe CWH has established a dominant "category killer" retailer with a long organic runway to compound earnings by continuing to take share in Australia and New Zealand, combined with an international store roll-out. CWH has best-in-class store productivity (CWH sales per square metre are more than 2x Coles and Woolworths), strong unit economics (per store profits) and a tremendous track record of both rolling out stores and growing sales within the existing store network.

We are attracted to CWH's business model and exposures – in essence a non-discretionary retailer with a maniacal focus and reputation for lowest prices. We observe Costco and Aldi as comparable analogies for long term compounding and value creation.

Importantly, we have conviction that further growth opportunities and latencies available can be extracted by CWH's best in class (founder/family) management team. The roots of the company trace back to 1972 when Jack and Sam Gance purchased their first pharmacy in Reservoir, Melbourne. Mario Verrocchi (CWH's CEO today) joined as a trainee in 1980 under Sam Gance. The brothers expanded their business and established their own brand, My Chemist in 2000. Building on this foundation, they subsequently launched the Chemist Warehouse brand which has grown to 500+ stores in Australia, 50+ stores in NZ and international expansion into China, Ireland and Dubai.

While SIG's share price has re-rated significantly and market participants point to an elevated one year forward multiple, we continue to see value latency which should materialise over the next 3-5 years with excellent management execution. These include a broader international rollout, dominance in the NZ market, high margin incremental growth driven by retail media, continued opportunity to take share from supermarkets, merger synergies above expectations and a significant transformation across the combined business' logistics and supply chain.

When we first bought SIG it was a small cap stock, with limited market liquidity. This highlights the advantage the Fund has investing across small, mid and large cap companies.

On the underperforming side of the Fund, **Brickworks (BKW)** struggled under a cyclically challenging backdrop and uncertainty around interest rates which impacted sentiment towards its industrial property. Finally, several of the Fund's resource sector exposures performed poorly in the quarter, including recent addition to the portfolio **Deterra Royalties (DRR)**.

By way of background, DRR owns one of the highest quality royalty assets globally – the Mining Area C ("MAC") royalty. We saw a significant opportunity to build a position in DRR after the stock fell ~30% from earlier in the CY24. We will have more to say on DRR going forward.

Observations From the Road

The team did two significant trips in the quarter – one to the US (detailed below) and the other to NZ (next section).

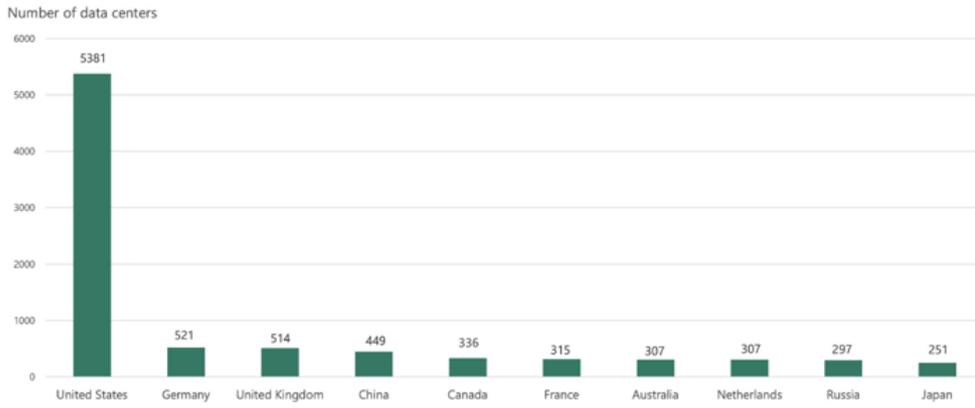
Our US trip focused on deepening our research on existing portfolio companies as well as exploring some major emerging themes. Key observations were centred around the growth of Artificial Intelligence (AI) "picks and shovels", cyclical observations in freight and portability of US restaurant trends to Australia.

AI picks and shovels activity is most intense within the US where the majority of AI models are "trained". For the first time in 30 years, utility power demand in the US has returned to growth and is expected to sustain a 2-3% CAGR for the rest of the decade. While 2-3% CAGR may seem low on an absolute basis it is significant given the historical backdrop of zero power growth and underinvestment in supply. The Fund is primarily exposed to this theme through its holding in **Infratil (IFT)** which owns Canberra Data Centres (CDC). CDC is positioned for this theme through data centre growth in the ANZ region as AI training proliferates beyond the US, and potential latency from leveraging the expertise and relationships developed through CDC to develop a datacentres platform to deploy capital into the US.

Chart 3: Top 10 countries with highest data centers

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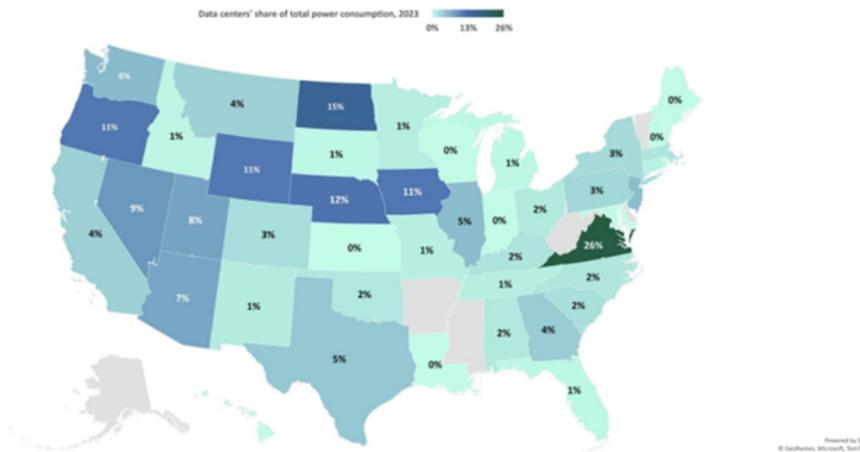
There are more data centers in the US than in all other major countries combined



Source: Statista, Cloudscene, Apollo Chief Economist.

Note: Data as of March 2024

Chart 4: Data centers' share of total power consumption



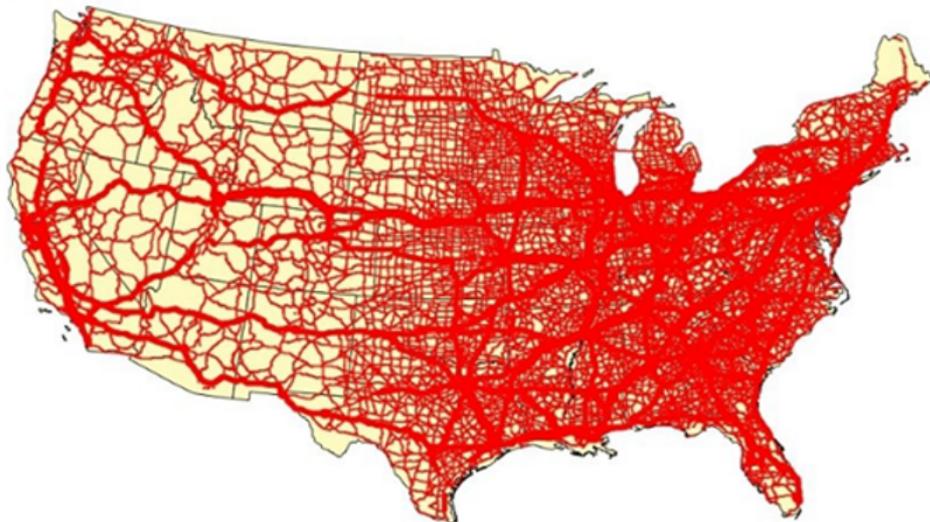
Source: Electric Power Research Institute (EPRI), Apollo Chief Economist

Note: There is no data available for states shaded in grey

We also attended **Mainfreight's (MFT)** investor day in Dallas, where they showcased their newest facilities and management bench strength. The fund first invested in Mainfreight more than 6 years ago when we were attracted to the best-in-class culture and characteristics of the less-than-truckload (LTL) industry. Given the size of the US opportunity, it is a major latency for Mainfreight. While we were impressed by the quality of Mainfreight's facilities in Dallas, we also recognise that success in the US will be a very gradual journey, replicating Mainfreight's culture in the US will be difficult and it will take time to build network density in such a large market. We believe Mainfreight's core compounding engine (it's people and culture) is intact but latency in the US will require patience.

We also observed a potential cyclical opportunity within US trucking and freight as the sector persists through the longest freight recession in history. The freight market underwent a supercycle during COVID, driven by a temporary e-commerce boom and a switch from services to goods, further exacerbated by congested supply chains. The cycle has since reversed, driven by a drop in ecommerce/goods demand and the supply of trucks remaining elevated. We observe increasingly supportive dynamics for the trucking cycle with supply side conditions gradually improving as depressed trucking spot rates operate near cash costs, and a positive demand shock (that has yet to emerge) from US industrial activity recovery and nearshoring under a Trump presidency. We believe the Southern regions of the US are most exposed to these industrial tailwinds, where trucking activity is most intense and the economics of rail is less favourable. Our long-term holding in Mainfreight has provided foundational knowledge of the industry as we continue to investigate opportunities in this space.

Chart 5: Truck Freight Flows, All Commodities
(All truck types; highway freight density in tons)



Source: Federal Highway Administration; Office of Freight Management and Operations

The trip also provided a glimpse into how the Australian quick service restaurant (QSR) and restaurant market could evolve over time. Fast casual restaurants, particularly those with a customisable "bowl" concept (choice of grain, protein and greens) has far greater penetration in the US relative to Australia. We believe fast casual is a superior customer proposition - fresher, healthier, greater customer choice, all at a competitive price and speed of service. We also observed the growing popularity of the Mexican category, driven by demographic shifts, immigration, flavour diversity and western palettes becoming increasingly open to spicy food. The Mexican category is also uniquely flexible across all restaurant formats - QSR, food truck, fast casual, casual dining and full service dining. We are not alone in this thinking and being attracted to this category - as examples Wendy's entering burritos, Chilli's expanding their Mexican menu, Darden Restaurants acquiring Chuy's Mexican and growth (private) equity injecting capital into multiple Mexican restaurants. The Fund remains invested in **Guzman y Gomez (GYG)** as we expect these key intersecting themes to also play out in Australia. We believe GYG is a dominant player which positions it well within these two restaurant megatrends - fast Mexican category growth and the fast casual segment taking share in Australia.

Stock Story/Stock In Focus

During the quarter, we increased our investment in **Ryman Healthcare (RYM)** reflecting increased conviction in its reversionary VoF attributes.

We have visited New Zealand 3 times in the last 5 months as we sensed opportunity from both a top-down perspective (NZ in recession) and a bottom-up opportunity with RYM specifically.

RYM develops, owns and operates retirement villages in NZ and Victoria and has experienced its own 'Hubris to Humility' cycle with the company generating an exceptional 23% compounded total shareholder return for 20 years to February 2020. Since then, the shares have declined more than 75% as the post covid era exposed fragilities within the business model accentuated by an extremely challenging housing backdrop and economic environment in NZ.

The Brunswick Fund owned RYM for much of the last 20 years. We sold out in early 2024 as we lost confidence in management.

The company has since made significant changes with a substantial Board refresh and a highly competent Acting Executive Chair taking advantage of the crisis to push through a difficult change agenda. This included a broad management overhaul (CEO, CFO, Aus CEO and others), increased conservatism in company accounting (extended DMF tenure, reduction in capitalized interest, revenue recognition changes, and others), a progressive wind-down of their large in-house development team, a planned material reduction in corporate overheads which have grown much more rapidly than their resident base, and a more sensible and economic pricing structure (aligned with peers).

RYM's new CEO, Naomi James, who started in November has a strong track record and has been tasked with executing on the revised strategy and transformation.

These changes will take time to become apparent, however the value latency embedded in the business is now significant.

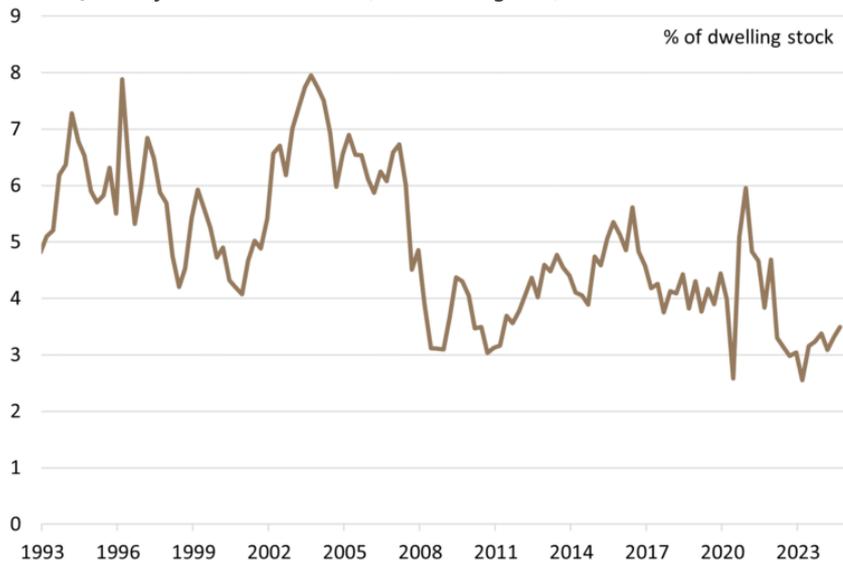
The unique nature of the business model in NZ in which a resident pays RYM the "right" to occupy the unit (and gets this quantum back minus the DMF upon exit) acts as a form of near free financing for retirement operators. It has many parallels with Regis Healthcare and its Refundable Accommodation Deposits (RADs) where you can grow your business with "other people's money". In effect, this means that if you can get an adequate Return on Asset, the return to shareholders can be exceptional.

In our view, the recent operational changes greatly increase the probability of RYM earning a decent return on their assets and its previous flywheel being restarted over the next few years.

Furthermore, the operating and industry trends are also now positive with:

- the NZ housing market beginning to transact again after turnover fell to 30 year lows! (important given residents need to sell their house to move into a Ryman village)

Chart 6: Quarterly Turnover of houses (12mth rolling sum)



Source: StatsNZ

- house prices have stabilised after falling by the largest amount in 30 years:

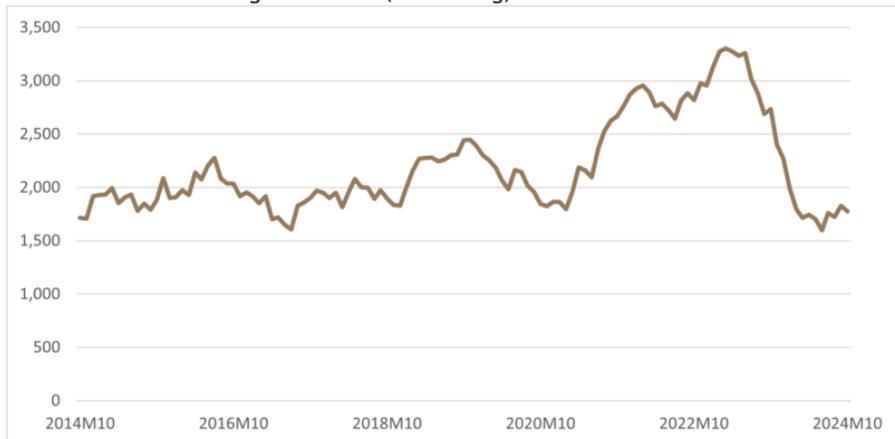
Chart 7: NZ house prices (YoY)



Source: REINZ house price index, UBS, CI estimates

- and the supply side ingredients are moving into place with approvals for new retirement units having fallen ~50% in the past 18 months.

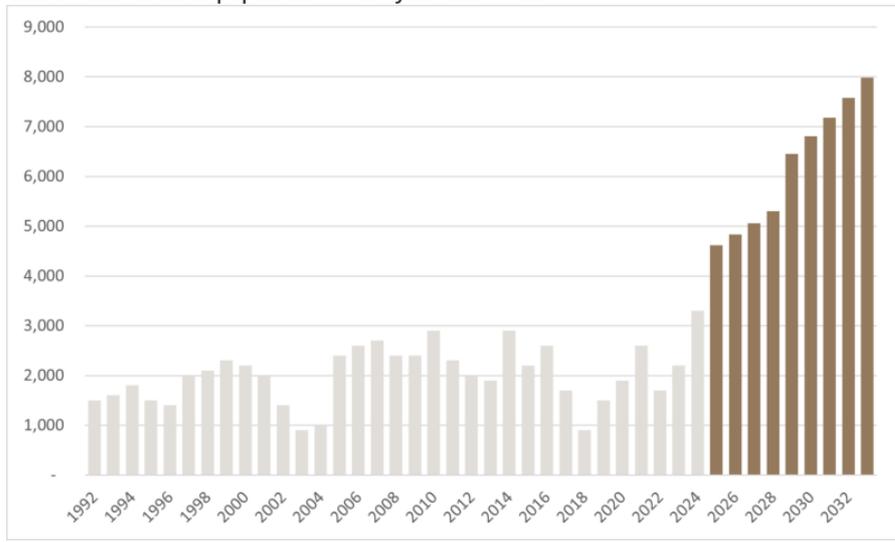
Chart 8: Retirement Villages Consents (12m rolling)



Source: Stats NZ, CI estimates

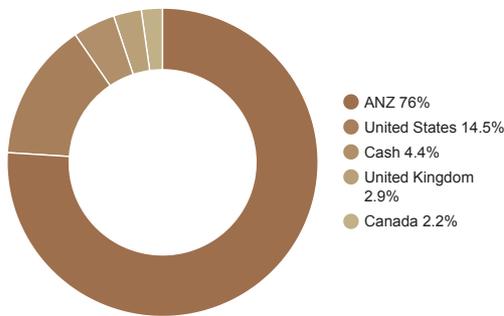
Similar to our investment into Regis Healthcare, the demand equation for retirement villages is likely to be exceptionally strong over the next decade with RYM's average age of entry into an independent villa being 83 years old and serviced apartments 87 years old. Most importantly the target market has recently begun inflecting rapidly.

Chart 9: Incremental population of 85+ year olds in NZ

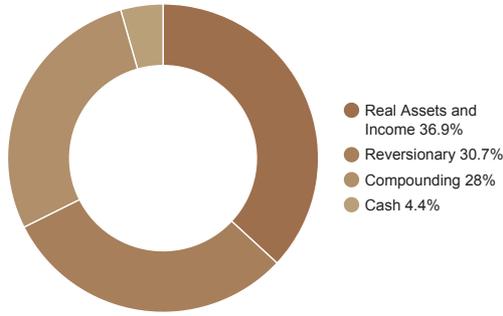


Source: Macrobond, Stats NZ projections, UBS, Ci interpolation

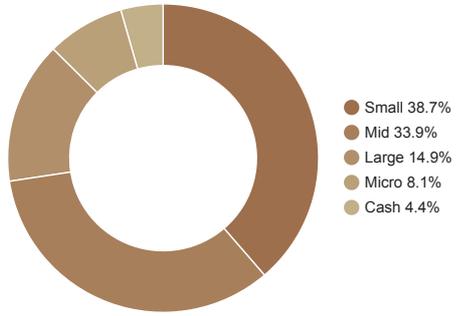
REGIONAL EXPOSURE



CAPITAL POOLS

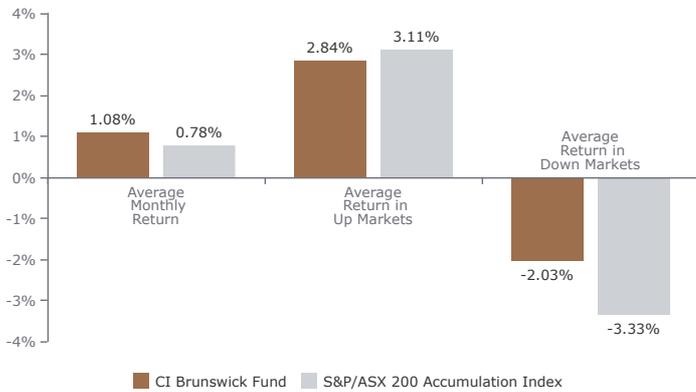


MARKET CAPITALISATION



Source: Internal CI data reports, December 31, 2024

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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