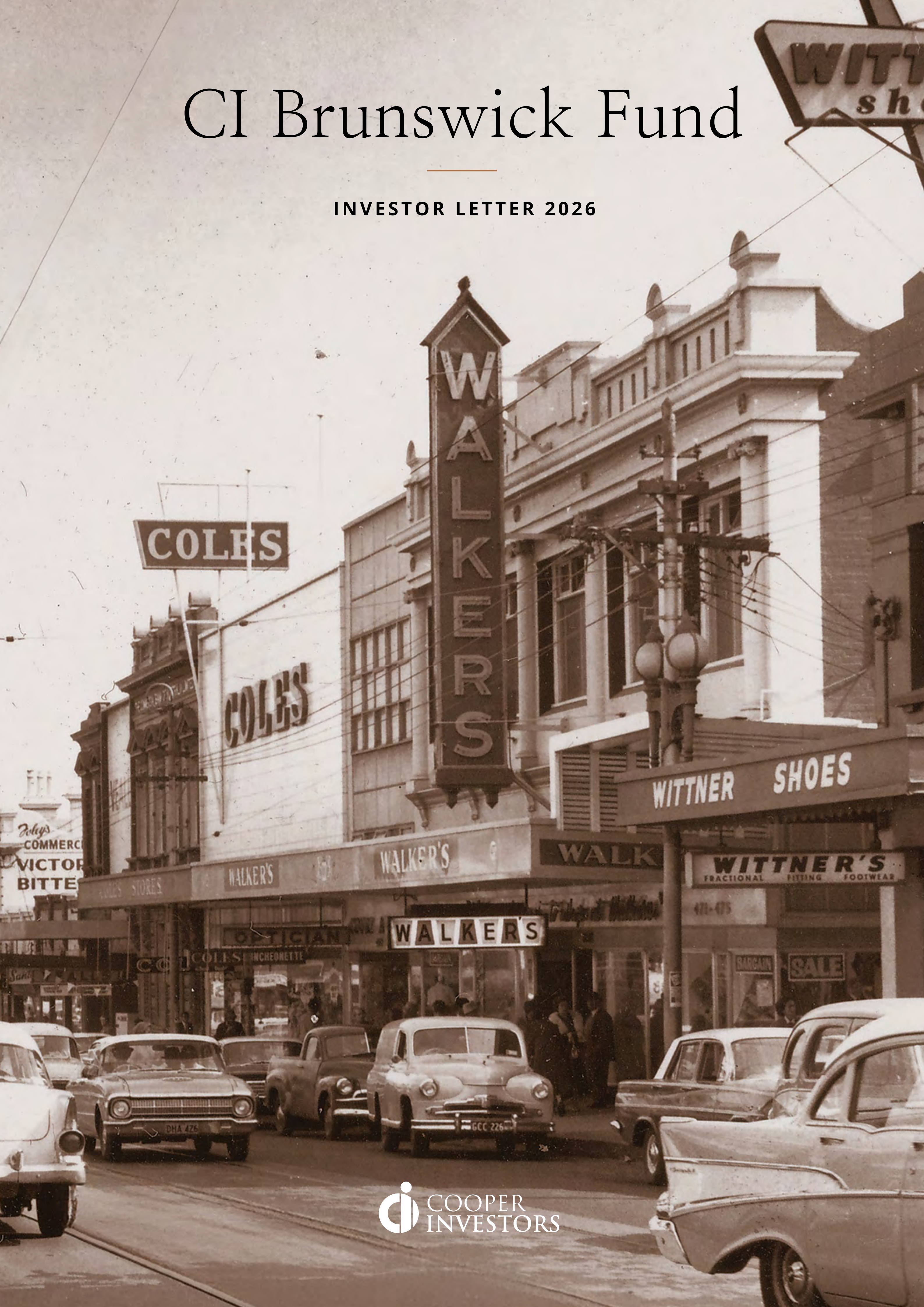
CI Brunswick Fund

INVESTOR LETTER 2026



COOPER INVESTORS

CI BRUNSWICK VS. THE ASX 200 ACCUMULATION INDEX

	ANNUAL PERCENTAGE RETURN (NET)		
12 Months to June 30	**Brunswick Fund****	**ASX 200 Acc. Index**	**Relative**
2026	2.27%	6.11%	-3.83%
2025	22.36%	13.81%	8.55%
2024	11.67%	12.10%	-0.43%
2023	12.66%	14.78%	-2.12%
2022	-2.85%	-6.47%	3.62%
2021	27.15%	27.80%	-0.65%
2020	4.41%	-7.68%	12.09%
2019	3.97%	11.55%	-7.58%
2018	14.73%	13.01%	1.72%
2017	12.12%	14.09%	-1.97%
2016	10.19%	0.56%	9.63%
2015	12.51%	5.68%	6.83%
2014	24.57%	17.43%	7.14%
2013	29.88%	22.75%	7.13%
2012	9.44%	-6.71%	16.15%
2011	14.46%	11.73%	2.73%
2010	17.56%	13.15%	4.41%
2009	-20.07%	-20.14%	0.07%
2008	-13.95%	-13.40%	-0.55%
2007	36.60%	28.66%	7.94%
2006	26.58%	23.93%	2.65%
2005	36.09%	26.35%	9.74%
10 Year*	10.50%	9.44%	1.06%
Since Inception (p.a.)	12.35%	8.65%	3.70%
Since Inception^	1198.34%	520.76%	677.59%

* Annualised
** Returns are net of fees and expenses

^ Cumulative (inception date was 1 July 2004)
Past performance is not a reliable indicator of future performance.

Cover Image: Coburg Historical Society

BRUNSWICK FUND INVESTORS,

The FY26 year was a challenging one for investors. Our focus outside the largest capitalisation stocks and in more eclectic areas of the market (retirement and aged care, healthcare, affordable housing) were less in favour. Index returns were concentrated in a narrow set of stocks, particularly offshore where the AI thematic dominated.

During the year, despite growing earnings and generally having a low risk of AI disruption, some of the Fund's stocks derated. The deratings were linked to increased energy prices, higher bond yields and the risk of recession, and were likely exacerbated by the tide of money flow from active to passive, which tends to favour bigger stocks given index products focus on the largest 200 or 300 companies.

Often when one area of the market becomes well bid, opportunity is created in other parts. Short-term market conditions will inevitably favour particular sectors, styles and themes. Our investment philosophy has been built to look beyond those periods, remaining focused on identifying high-quality businesses capable of delivering attractive long-term returns. We continue to see compelling opportunities for patient, long-term investors.

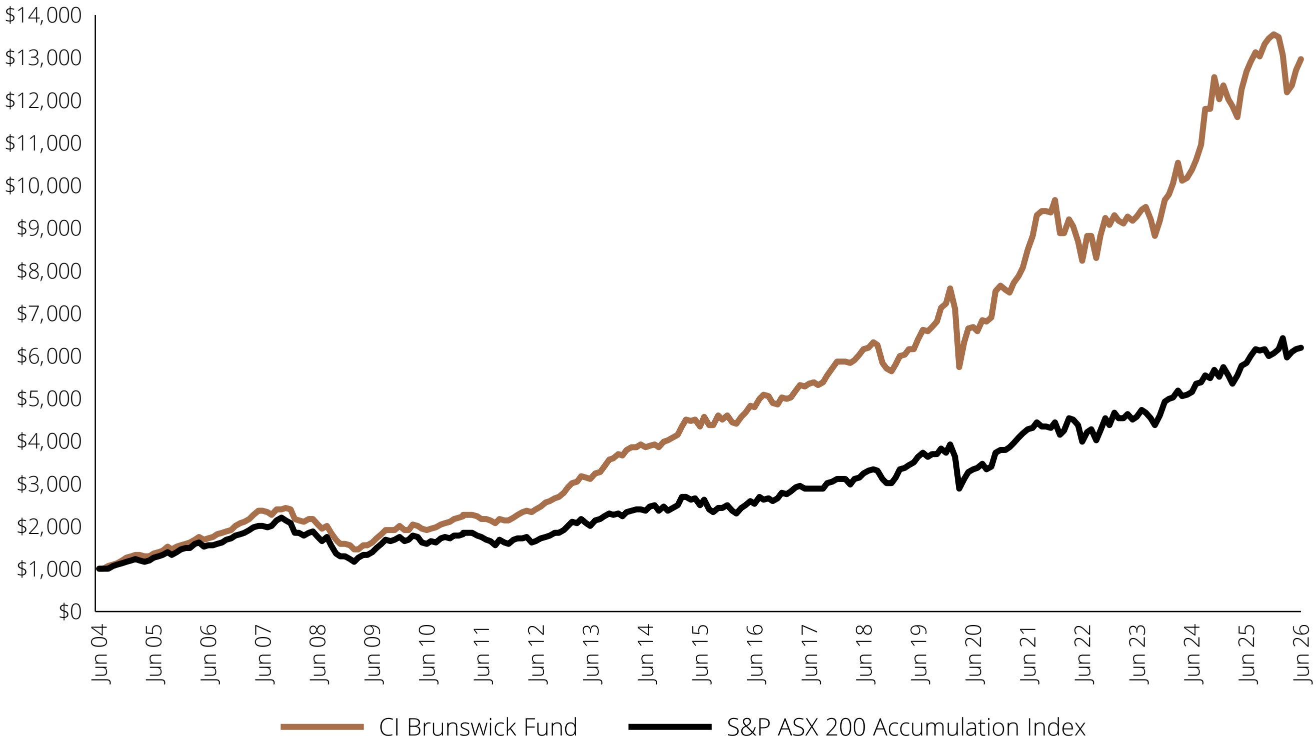
The extreme moves in some areas of the market suggests we are close to the hubris end of the 'hubris to humility cycle'. The record IPO set by SpaceX and its $2.5tn market valuation (at time of writing) has set a mind-boggling precedent. To justify its price, SpaceX needs $100bn of profit after tax…today! This assumes a still above-market average PE ratio of 25x, which is roughly Amazon's current multiple. This, in turn, requires perhaps $500bn to $1tn of revenue, vs SpaceX current (2025) revenue of $19bn. The truth is no one knows what SpaceX will look like in five or 10 years from now. In our view, there is a wide set of outcomes and it is difficult to have any insight that would shift the odds in our favour. Our strategy is to **not play this game**.

The aim of the Brunswick Fund is to offer investors exposure to a diversified portfolio primarily comprising ASX-listed stocks, along with select global comparison companies. The strategy is to apply the CI VoF investment philosophy in a disciplined and patient manner into a relatively unconstrained universe. In essence, going to where we see opportunity. Our focus is delivering strong returns with lower risk and consistency, guided by a 'tortoise over the hare' mindset.

Since inception, the Brunswick Fund has returned 14.8% p.a. on a before-fees basis, and 12.4% p.a. after fees, which translates to 13.0x investors' original investment.[1] The Fund's benchmark, the ASX 200 Accumulation Index, returned 8.7% p.a. or 6.2x investment.

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

Chart 1: **Brunswick Fund returns net of fees (index starts at 1,000 in July 2004)**



Source: CI Data, 30 June 2026
Past performance is not a reliable indicator of future performance.

Finally, some clients have asked us whether Australia remains an attractive place to invest? Government policy and taxes aside (yes, they are very big issues), we continue to believe Australia's abundant natural resources, rule of law, relative under-population and desirable status as a migration destination offer compelling ingredients for long-term returns.

We thank investors for your continued support and remain focused on delivering ongoing performance.

Justin O'Brien, Portfolio Manager

Justin O'Brien
Portfolio Manager

Stuart McLachlan
Deputy Portfolio Manager

Tom Hickmott
Research Analyst

Will Wilson
Associate Research Analyst

Updates for the Fund

BRUNSWICK FUND DISTRIBUTION FOR FY26

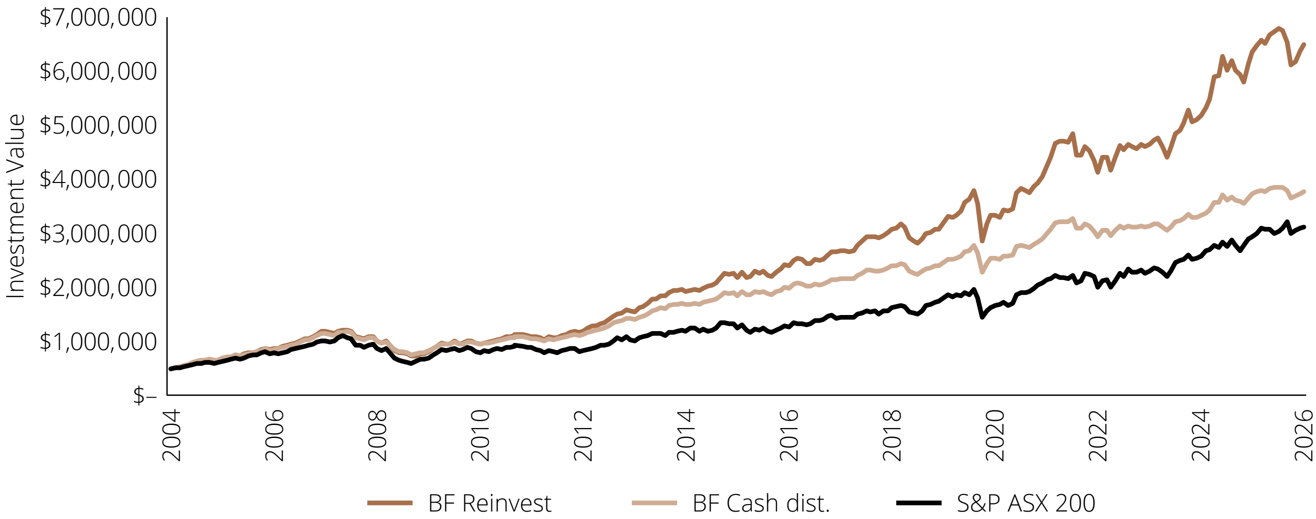
The FY26 distribution is estimated to be $0.606 per security or 16% of the NAV.[2]

The Brunswick Fund is a unit trust that is required to pay all of its realised capital gains at the end of the financial year to unit holders. The timing of realised gains can be lumpy.

Over the last 10 years, the Fund has returned $330m in cash to investors via the distribution, with $205m reinvested.

It's important to note that electing to receive cash distributions will impact your total return over longer periods of time. The chart below highlights the difference in net return if you elected to reinvest versus receive distributions in cash. A good illustration of the benefits of compounding!

Chart 2: Brunswick Fund returns net of fees – distributions reinvested vs cash



Source: Internal CI data, 30 June 2026
Past performance is not a reliable indicator future performance.

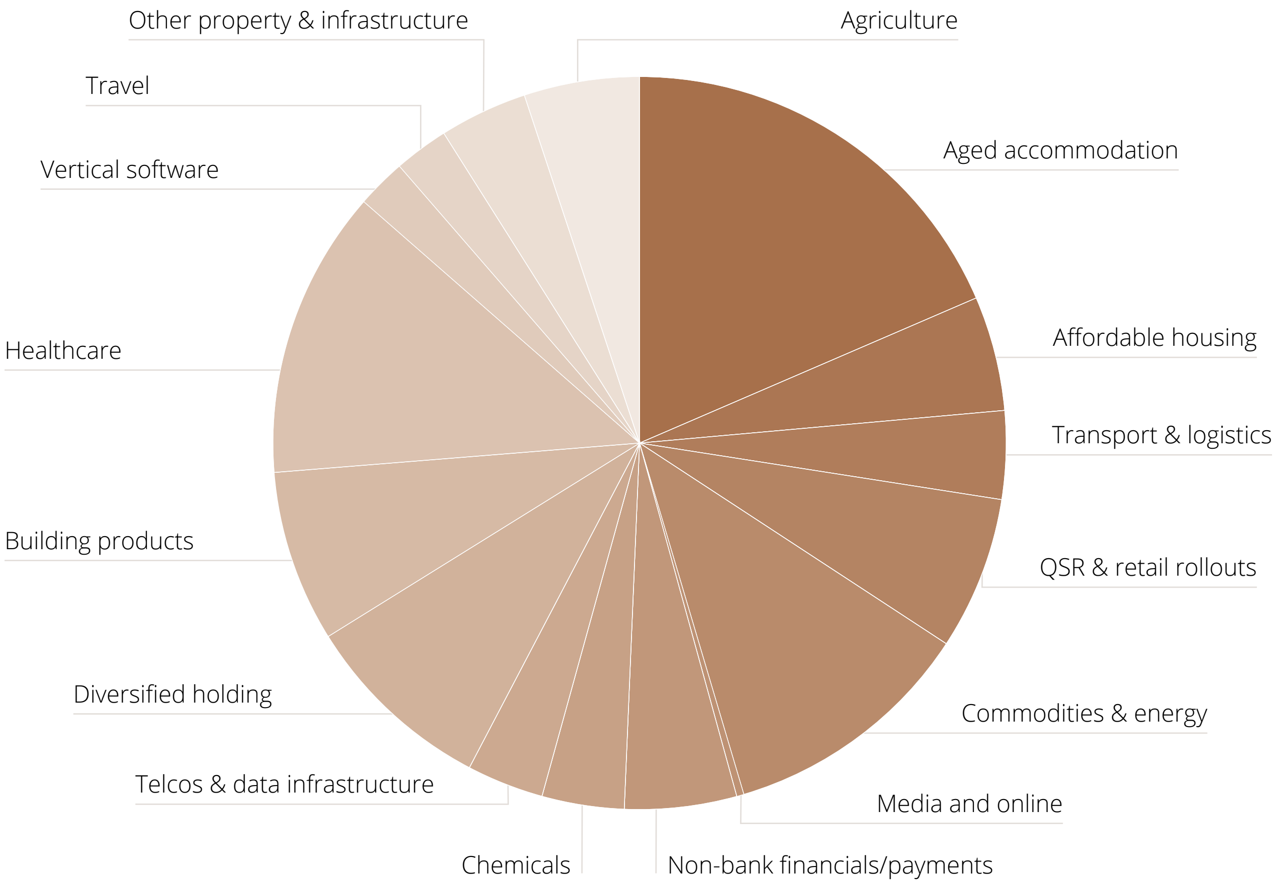
2 Please note these numbers are indicative and are subject to change

What You Own

The Brunswick Fund is composed of a relatively eclectic mix of stocks that own businesses operating in a broad array of end markets; however, there are some sectors that feature more prominently e.g. the aged accommodation sector.

We aim for both diversity (size, geography, business model, subset of value/capital pool) and concentration in key clusters or areas that we think are particularly attractive and where we think our specialist knowledge can add value.

Chart 3: Brunswick Fund by sector – a wide diversity of industries



Source: CI data as at 30 June 2026

The Fund's benchmark is the ASX 200 Accumulation index, which is the reference we use for performance. However, the benchmark does not significantly influence the way we manage the Fund, and we don't spend a lot of time thinking about how the Fund is positioned *relative* to the benchmark.

The top five holdings in the Fund as at 30 June 2026 in alphabetical order are as follows:

1. Aspen Group
2. Glencore
3. Regis Healthcare
4. Ryman Healthcare
5. Washington Soul Pattinson

Investment Philosophy and Fund Strategy

BENCHMARK UNAWARE

The Brunswick Fund's flexible mandate allows us to explore areas and uncover opportunities that can be less accessible to other funds. The Fund has the ability to invest across small, medium, and large-cap Australian and New Zealand securities, with the option to allocate up to 25% of the portfolio to other international markets.

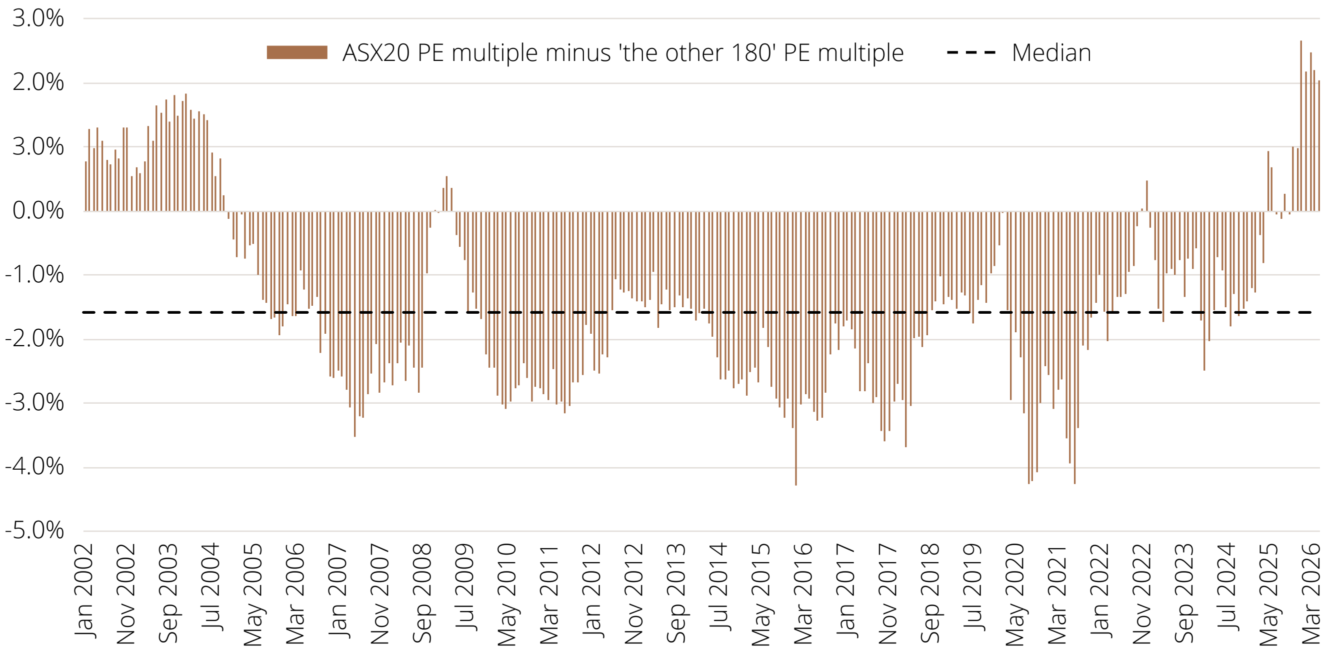
This approach was intentional, having observed that other funds often have constraints related to size, industry, or geographic focus.

SMALL AND MIDCAP BIAS

The performance of small capitalisation stocks has continued to trail larger stocks in recent years – over the last five years, the top 20 stocks (ASX20 total return) has returned 9.1% p.a. compared to the ASX Small Ordinaries Accumulation Index, which has returned only 3.1% p.a.

Interestingly, this appears not to relate to fundamental earnings or earnings growth. Rather, as the chart below illustrates, the top 20 stocks now trade at a material premium versus the rest of the market (note: the chart shows the remaining 180 in the ASX 200 but it looks the same if we plot the next 280 stocks). For the prior 20 years, the top stocks traded at a discount as they typically have a lower growth profile.

Chart 4: Earnings multiple premium for top 20 stocks



Source: Barrenjoey, FactSet

In recent years, we've increased our exposure to small-capitalisation stocks (we define this as <$3bn market capitalisation) to a high level versus the Fund's history. At the small end, we tend to favour lower-risk stocks that are asset-rich or generate recurring revenue streams.

INTERNATIONAL EXPOSURE

Australia is home to many companies like CSL, which operate on a truly global scale. As part of our research, we conduct detailed work understanding and comparing these companies to their international peers.

The advantage of the Brunswick Fund is we can invest in both the ASX listed and the offshore stock. We've applied this approach numerous times – Xero (XRO) and Intuit (INTU) in the accounting software space, Macquarie (MQG) and Brookfield (BN) in infrastructure asset management, Transurban (TCL) and Ferrovial (FER) in toll roads, Reece (REH) and Ferguson (FERG) in plumbing distribution, and more recently, James Hardie (JHX) and Louisiana-Pacific (LPX), in the US housing siding sector.

Sometimes, this global perspective gives us a strategic edge in offshore stocks. For instance, Louisiana-Pacific, with a market capitalisation of around US$6bn is small in the US context with more limited interest and following by US analysts, who tend to focus on its history in commoditised products.

The international allocation also provides access to a broader range of opportunities in niche areas. One example is spinoffs – when a large company demerges and lists a division separately. Spinoffs are attractive for two reasons: first, they often perform poorly immediately after the spin as parent shareholders tend to sell the small stock; second, the new management team often benefits from a refocusing, as the division is typically viewed as a less successful or "orphaned" part of the parent company.

THREE CAPITAL POOLS

The three capital pools are a framework we use to categorise our investment opportunities, primarily to facilitate comparison and analysis of stocks. These pools are quite distinct from one another, a fact we've demonstrated quantitatively (correlation factor), which measures how closely the pools tend to move together.

Having three pools helps diversify the Fund by providing different sources of latent value. This diversification is important because each pool performs differently under various market conditions or economic backdrops.

The first pool is ***Compounding*** ('Compounders'). These are companies that grow, ideally organically and at high rates. We look for businesses with a compelling product or service that allows them to grow faster than the industry average, gain market share, or enter new markets. Examples currently include Guzman y Gomez (GYG), Mainfreight (MFT), and Sigma (SIG). We tend to hold these stocks for the long term – some, like CSL, for nearly 20 years.

The second pool is the ***Reversionary*** pool. It is based on the concept of mean reversion, which is a fundamental market force underpinned by the movement of capital in and out of industries as the profitability of the industry changes over time. Certain sectors, particularly cyclical ones, are more susceptible to these reversionary forces. At the company level, some businesses can also face trouble and require turnaround, often influenced by both industry dynamics and internal factors.

The third pool is the ***Real Assets and Income Securities*** pool. These are asset-heavy stocks that tend to have a lower correlation with broader markets. Often under followed or under researched, these stocks can have complex or obscure corporate structures and a multitude of underlying assets. While generally lower risk, this pool has been our best performer over the past 10 years.

PURE APPLICATION OF CI'S VOF INVESTMENT PHILOSOPHY

The main risk with being unconstrained is having too much to do – too many stocks to look at without focus. This is where we believe our disciplined process is essential.

The "CI Way" – which combines our VoF investment philosophy and the firm's culture and values – includes both bottom-up and top-down elements to choosing stocks and building portfolios. A few central or guiding principles assist us investing across our three capital pools. These principles are:

1. 'Observation not Prediction' – evidence not opinion.
2. The hubris to humility cycle – everything is cyclical in the end.
3. Structured to be lucky – looking for asymmetry in risk and value attributes.

Our observations come from the coal face through our extensive company visitation program.

Top–down Context

Multiple ‘top-down’ issues impacted stock markets and sentiment, particularly in the second half of FY26.

New AI Models

The release of the latest AI large language models (LLMs) from OpenAI, Gemini and Anthropic highlighted some significant advances, particularly in the way AI agents can now write computer code and more generally perform a range of tasks on behalf of humans.

This triggered a significant derating in software stocks and other sectors where business models are perceived to be vulnerable to broad adoption of AI models and AI agents.

In contrast, with more confidence around AI use cases, demand for compute infrastructure rapidly accelerated leading to stellar growth in semiconductor, memory and cloud computing businesses. It also helped the ‘picks and shovels’ contractors working to build out new data centres and, more recently, commodities such as copper, which is needed to support electrification. A ‘build-it-today’ mentality has led to bottlenecks and surge pricing in various forms of labour, and equipment.

The capital expenditure buildout (mostly US, but increasingly in Australia) shows early signs of crowding out other investment. Economists previously penned this “Dutch Disease” reflecting the period where the oil and gas sector dominated investment in Holland, which led to a very high currency, making it difficult for all other export sectors to compete.

In addition, there is an emerging risk that the social cost of the AI buildout – higher power prices, limited ongoing jobs, vast “sheds” housing the compute – could impact the pace of development medium term.

One big uncertainty is whether the investment proves economic. This will likely depend on take-up by Enterprise customers. So far, the growth in LLM revenue has been staggeringly successful – Anthropic’s revenue increased from $87m in January 2024 to $47bn annualised as at May 2026. But this take-up comes at a cost to enterprise as they pay more for the LLM tokens, which will need to be offset by productivity savings (job losses) or productivity growth (more revenue from existing assets and people).

The investment implications will continue to be significant and disruptive. On the one hand, a relatively narrow set of beneficiaries have been richly rewarded, to such an extent many are now towards the “hubris” end of the hubris to humility cycle. In contrast, the disrupted are arguably at the humility end – does this represent an opportunity?

Given the rapid acceleration of model capability – Anthropic recently called for a halt to model “self-development”– we think it is difficult to assess likely winners and losers over medium and longer timeframes. As we highlighted in the March quarterly report, the Fund’s exposure to the first wave of disruption has been limited.

Cyclical Challenges

The other two 'top-down' issues in FY26 were more cyclical – stress in the private credit sector and the impact of higher energy prices. In our view, these have created more significant opportunities for the Fund.

Post the Global Financial Crisis, many of the world's largest banks were required to simplify their businesses, which saw proprietary trading move to hedge funds and provision of some forms of credit move to private credit providers. The private credit sector expanded rapidly; in part, supporting other growth areas in the economy such as private equity, with private credit providing the debt used for leveraged buyouts for example.

However, stress emerged in some areas of private credit through FY26 as investors became concerned loan defaults were rising and that funds had too much exposure to software companies now at risk of disruption. Several funds were forced to halt or restrict redemptions to manage liquidity. This created a few opportunities during the FY26 year.

Secondly, the impact of the war in Iran on energy prices has been well documented. This had two impacts on the Fund:

1. Higher energy prices flowed through more broadly to inflation with a heightened risk of recession (depressed consumer and business confidence). This impacted some of our cyclical stocks, delaying the timeframe of expected cyclical recovery.
2. The increase in inflation led to higher bond yields, which had a negative impact on the valuation of our 'long duration' stocks – typically asset heavy or where cash flows are back-ended (for example some growth stocks).

Reindustrialisation or De-industrialisation?

We continue to look for opportunities in stocks benefitting from reindustrialisation or the return of industrial manufacturing to developed markets, a by-product of a more polarised world. When added to the AI infrastructure buildout in the US, this has created a significant capex cycle.

The rest of the world has been much slower to react. In particular, in Europe, deindustrialisation continues at pace (does Australia faces similar risk?):

- Chemical plant shutdowns across Europe have increased six-fold[3], with little to no new investment on the horizon.
- In 2023, CF shut the UK's last remaining ammonia plant, used for fertilisers, explosives and a range of other downstream products.
- Following recent closures, INEOS now operates the last (ageing) chlorine plant in the UK, needed to treat drinking water and support the pharmaceuticals industry.
- Following recent closures, INEOS now operates the last ethylene plant in the UK, needed for PVC in pipes and siding, polyester, antifreeze, medical devices, packaging, synthetic rubber, tires, foam and polystyrene, and in phytohormones for fruit ripening and crop management.

The chemicals industry works in clusters with companies sharing infrastructure and utilising by-products as inputs for other chemical processes – closing one plant impacts other plants and chemicals produced. Although these chemicals are mostly low value and increasingly imported from China, they are often critical feedstocks to many downstream, higher value-adding manufacturing and production. What happens when China decides it doesn't want to, or can't export anymore?

The Fund continues to own stocks that we think will benefit from a trend to reshore some of these industries.

3 See Cefic and Roland Berger report: https://cefic.org/resources/european-chemical-closures-investments-radar-2022-2025/

The Bullwhip Effect

In his 1961 text Industrial Dynamics, Jay Forrester described what would later be coined the "bullwhip effect":

> *"The operating characteristics of the distribution channel…show that a sudden 10% increase in retail sales can bring about a 40% increase in factory production within a few weeks and a much larger buildup of inventories throughout the system. The fluctuations are self-generated within the distribution system itself, entirely apart from any outside changes in the basic consumer demand."*

In essence, minor rational decisions that occur all the way through a supply chain can lead to large instability across a system – i.e. a minor flick of the hand generates a violent wave at the tip of the whip.

In recent years, we have seen this manifest in numerous hubris to humility cycles for companies and sectors. As examples, both Cochlear (COH) and CSL downgraded profits linked to challenges of excess inventory in the supply chain. Sometimes this reflects underlying demand and competitive issues. However, these issues can also be temporary and while short-term profits can suffer, it can often lead to strong share price reactions, creating attractive entry prices for some stocks.

Hubris to Humility Cycle Opportunities

As mentioned above, the increase in energy prices has led to opportunities across numerous sectors. In some cases, these opportunities were already at the bottom of the cycle – the increase in energy prices and bond yields has added a further leg down, which in our view is likely to make the upswing even stronger:

- Stocks impacted by a prolonged downturn and subdued New Zealand economy (e.g. Building materials)
- New Zealand aged care operators
- Travel related stocks impacted by the war in Iran
- Agricultural commodities
- Non-bank financials trading at depressed multiples (e.g. one fifth of the valuation of CBA)
- Stocks with low liquidity
- Smaller capitalisation stocks
- UK housing stocks
- US housing stocks and related industries
- Energy-related stocks, particularly coal and gas
- Chemicals companies trading below replacement value
- Healthcare stocks (domestic and offshore), particularly hospitals, pathology, and medical devices

Review of FY26

For the FY26 year, the Brunswick Fund returned 3.4% gross, or 2.3% net of fees.[4] The ASX 200 Accumulation Index by comparison, returned 6.1%.

The year was a tale of two halves – the Fund performed well in the first half (6.9% for the Fund net of fees vs 3.7% for the ASX 200) but struggled in H2 (-4.3% for the Fund, vs 2.4% for the ASX 200).

One main difference in returns versus the benchmark was the Fund's underweight position in Resource companies combined with the fact that our small and mid-sized resource companies did not perform as well as BHP and RIO.

The other significant factor was the poor performance of our New Zealand (NZ) stocks combined with a material depreciation of the NZD (~15% over the year). Our NZ stocks were impacted by rising bond yields and inflation around the time of and following the Iran War (our NZ stocks had been performing well just prior).

The NZD has been highly stable versus the AUD over the past 10 years, so we had remained unhedged. The recent depreciation of the NZD vs the AUD was likely linked to strong commodity prices and the relative strength of the Australian economy. The current exchange rate is close to the levels seen in 2010/2011 when Australia's commodity complex assisted a strong recovery post GFC.

Our view is the NZ economy has been at trough level for several years now and that over a three-five-year investment horizon both our NZ stocks and the NZD should recover strongly.

CAPITAL POOLS

The returns by capital below are summarised in the table below. Note the calculations assume we held 100% of that pool.

Table 1: Brunswick Fund returns (gross) by Capital Pool

	Average weight (%) FY26	1 Year return	3 Year return (% p.a.)	5 Year return (% p.a.)
Compounding	28.5%	-14.6%	-0.6%	0.4%
Reversionary	33.5%	12.0%	11.4%	11.4%
Real Assets & Income Securities	34.7%	11.2%	25.0%	17.6%
Cash	3.3%			
Total	**100%**	**3.4%**	**12.8%**	**10.1%**

Source: CI analysis as at 30 June 2026
Past performance is not a reliable indicator of future performance.

The significant drag for the year was the Compounding capital pool. This pool has generally struggled since 2022. The key contributor was Infomedia (IFM), which received a takeover offer from TPG Capital. Most other compounders were detractors, including Guzman y Gomez (GYG) and Regis Healthcare (REG) (which has been re-allocated to Compounders from the Reversionary capital pool).

The Reversionary capital pool provided the strongest contribution to returns in FY26. The pool has been a reliable contributor over three and five years. The key contributor during the year was Glencore (GLEN), underpinned by a strong recovery in the copper price and takeover/merger discussions with RIO in January 2026.

Dyno Nobel (DNL) was also a strong contributor. We have held DNL for several years. The company executed on the sale of its agricultural chemicals (manufacture and distribution) business and continues to demonstrate significant progress

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

towards its ambition of doubling EBIT within the Dyno (explosives) business. Under CEO Mauro Neves de Moraes, DNL has executed an impressive turnaround and restructuring with a focus on improved shareholder returns. Over a three-year hold, our IRR on the stock is ~20% p.a., roughly twice the ASX 200.

The main detractor in the Reversionary pool was Ryman (RYM), a low-risk turnaround stock.

Despite returns from the Real Asset and Income pool not being as strong as prior years, our investment in the affordable housing stock Aspen (APZ) was again a standout contributor for FY26. The 'new' Washington Soul Pattinson (SOL) – which resulted from the merger of old SOL with Brickworks (BKW), as well as royalty company Deterra (DRR), which rerated through the year, were also solid.

In contrast, our holding in Newscorp (NWSA), was the main detractor with its holding in REA dragging on its returns.

SIZE AND GEOGRAPHY

Similar to prior years, we also show portfolio returns in the table below by domestic small (less than ~$3bn market capitalisation) and large capitalisation stocks, as well as by international stocks.

It has been beneficial complementing our larger capitalisation stocks with international comparison companies (all large capitalisation stocks) as these stocks have generally performed better. In the FY26 year, we opted to own Glencore over BHP and RIO as one example. Glencore performed better but our weighting in the stock was not high enough in hindsight.

Table 2: **Brunswick Fund returns (gross) by size and domestic/international**

Category	Average weight (%) FY26	1 Year return	3 Year return (% p.a.)	5 Year return (% p.a.)
Domestic – Small (<$3bn)	48.7%	8.0%	18.7%	13.1%
Domestic – Mid and Large (>$3bn)	32.7%	-5.9%	3.3%	4.7%
International (large)	15.3%	7.5%	13.6%	8.8%
Cash	3.3%			
Total	**100.0%**	**3.4%**	**12.8%**	**10.1%**

Source: CI analysis as at 30 June 2026
Past performance is not a reliable indicator of future performance.

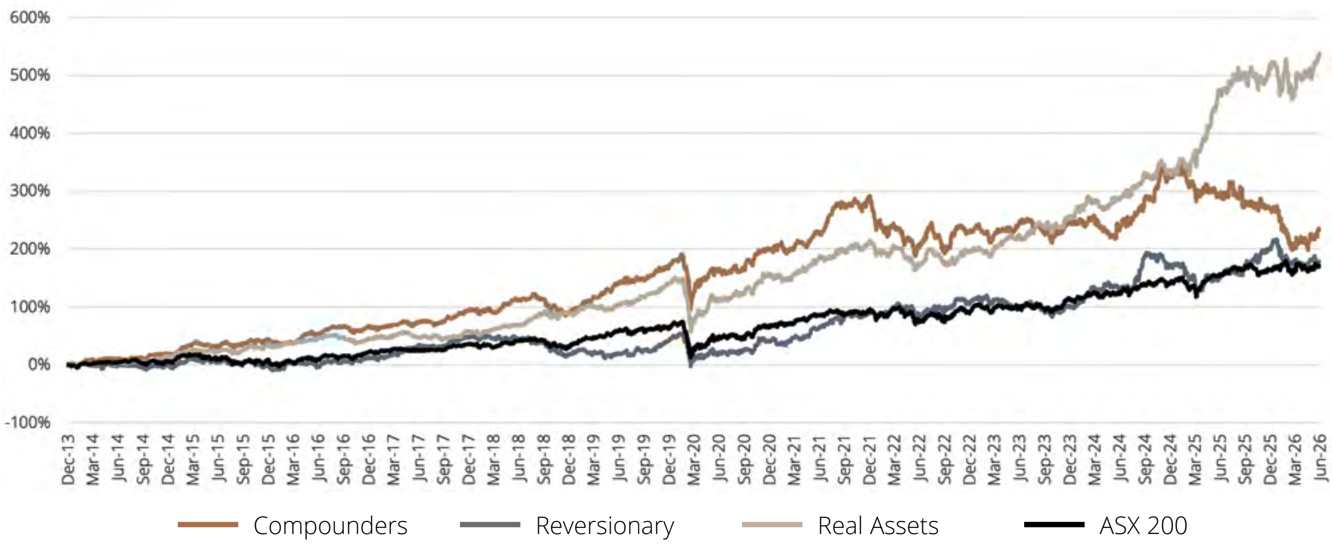
Capital Pools

Capital Pool	Compounding	Reversionary	Real Assets & Income Securities
Subsets of Value	Growth & Stalwarts	Cyclicals & Low-risk Turnarounds	Bond-like Equities & Asset Plays
Features	Underappreciated Growth	Low-Risk Sources of Reversionary	Uncorrelated Endowment-like Assets
Key Attributes	• Runway for organic growth • Proprietorial managers (families and founders and owner-operator cultures) • Pathway of value creation • Identifiable value based on traditional metrics	• Quality businesses • Defensive sectors • Capital or supply scarcity • Balance sheet repair • Corporate events (spin-offs, restructurings etc) • Specific pathway for value creation (eg cost out) • Specialist (expert), aligned management teams	• Asset backing • Lower correlation to markets • Inflation protection (income or assets) • Ability to grow asset value over time • Evidence of valuation anomalies

The chart below shows how each of the Fund's capital pools have performed over more than 10 years, assuming each pool as a separate portfolio. Of note, the Real Assets and Income Securities pool has produced particularly attractive returns over the period, given it has the lowest volatility.

The Reversionary pool has delivered strong returns since COVID-19.

Chart 5: Brunswick Fund cumulative returns (gross) by Capital Pool



Source: CI analysis
Past performance is not a reliable indicator of future performance.

We've also compiled the returns of each capital pool on an annual basis, as well as the annualised volatility of each pool.

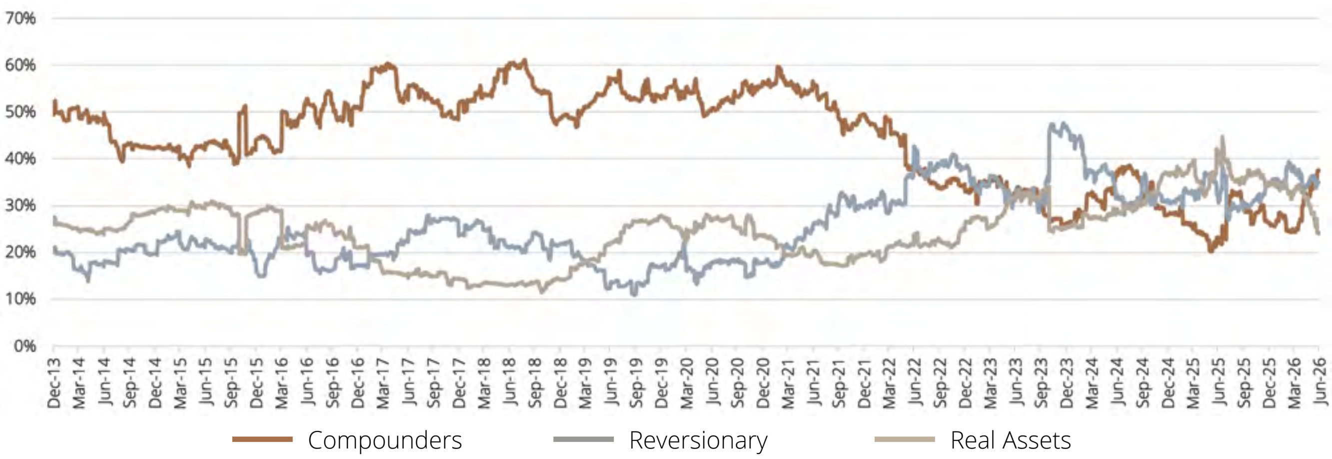
Table 3: Brunswick Fund annual returns (gross) by Capital Pool

Financial year (ending 30th June)	Compounding	Reversionary	Real Assets & Income Securities
2015	18.3%	6.0%	18.6%
2016	18.0%	-5.2%	21.1%
2017	12.7%	34.3%	0.4%
2018	21.8%	9.5%	14.0%
2019	13.5%	-18.3%	20.0%
2020	10.1%	0.9%	4.5%
2021	25.3%	35.9%	34.2%
2022	-8.9%	14.9%	-4.8%
2023	13.7%	7.7%	20.1%
2024	-0.7%	16.3%	19.7%
2025	15.3%	6.7%	47.7%
2026	-14.6%	12.0%	11.2%
Return (Ann.)	10.1%	8.5%	16.0%
Volatility	13.8%	15.8%	12.3%
ASX 200 (Ann.)	8.3%	8.3%	8.3%

Source: Internal CI data, 30 June 2025
Past performance is not a reliable indicator of future performance.

Below, we show the allocations across the three capital pools over time. Through the FY26 year, we mostly held a low weight of compounders. As opportunity has arisen, we have increased the weight in this pool through the year.

Chart 6: Brunswick Fund Capital Pool allocation



Source: CI analysis
Past performance is not a reliable indicator of future performance.

IN DEFENCE OF COMPOUNDERS

> *"Money makes money. And the money that money makes, makes money."*
> ***— Benjamin Franklin***

> *"Understanding both the power of compound interest and the difficulty of getting it is the heart and soul of understanding a lot of things."*
> ***— Charlie Munger***

The 2019/20 COVID pandemic was not only a significant event in and of itself, but it was arguably a fork in the road for the macro backdrop.

For the period post the Global Financial Crisis (2010/11) through COVID (2019/2020), interest rates trended lower as inflation remained low and stable. Growth and investment normalised with economies across the world generally performing well.

This steady backdrop was highly supportive of compounding stocks and the Fund typically held between 45-60% in the Compounding capital pool.

COVID then disrupted various industries – with beneficiaries (health, consumer products, transport) and laggards (travel, services), impacted by pull forward demand and many bullwhip effects. The subsequent reopening saw strong stock price performance, but for many companies this was followed by a COVID hangover in demand (health, transport) and a much stronger inflationary environment.

This backdrop favoured reversionary and real asset companies. After many years of a stable base of Compounders, the Fund had to pivot to find an optimal mix for the next five to 10 years.

The Great Long-term Compounders

Below we have summarised a group of global compounders (mostly in the US). The companies span both consumer and B2B businesses; some have strong and well-known brands; others fly under the radar. Most started small but have demonstrated the ability to grow volumes at two to three times the broader economy over decades, reinforcing their market position over time.

Time is certainly one key challenge for compounders – it is very difficult staying ahead with competitive forces working against compounding over longer periods of time. This is even the case when the business remains strong – Nike has been highly successful with a strong brand, but its returns (~12% p.a. over more than 40 years) are below some of the other great compounding stocks.

The column at right shows the compound total return for the last five years. Except for Apple, five-year returns are below the long run:

Company	Sector	Compound Total Return (p.a.)	Period	Total Return last 5 years (p.a.)
Berkshire Hathaway	Diversified	19.5%	60 years	13.7%
Apple	Consumer products	19.1%	46 years	20.0%
Microsoft	Software	26.2%	40 years	10.1%
Old Dominion Freight Line	Transport	20.5%	35 years	14.4%
Eurofins	Testing	23.7%	29 years	-5.6%
Nike	Consumer apparel	12.7%	46 years	-16.5%
Watsco	HVAC distribution	16.4%	42 years	12.3%
McDonalds	Quick Service Restaurants	18.9%	61 years	7.7%
D.R. Horton	Homebuilder	17.1%	34 years	14.5%
Danaher	Medical devices, other industrial products	28.7%	42 years	-3.3%

Source: FactSet, Google, CI analysis, as at late June 2026

The list of top Australian/NZ stocks, with 30 years of available data is below:

Company	Sector	Compound Total Return (p.a.) over 30 years	Total Return last 5 years
Monadelphous	Contractor	22.0%	27.8%
Computershare	Financial processing	19.7%	21.5%
Mainfreight	Transport	19.2%	-1.9%
ARB	Consumer products	18.4%	-14.9%
ALS Global	Testing	18.3%	15.9%
Eagers Automotive	Car Dealerships	18.3%	11.9%
Infratil	Infrastructure	18.1%	16.9%
Macquarie	Financial services	17.9%	14.0%
Fisher & Paykal	Health devices	17.6%	6.0%
Reece	Plumbing distribution	17.6%	-5.3%

Source: FactSet, Google, CI analysis, as at late June 2026

Other large compounders that produced strong returns over the 30-year period include CBA, Wesfarmers and CSL, all around 15.5%.

In essence, these strong returns are why we have a compounding pool in the Fund. However, a buy-and-hold strategy has proven to be challenging (five-year returns well below long-term returns). That said, given the recent changes to capital gains tax for Australian investors moving forward, good quality, long-term compounders, that can be held for long periods of time, will likely be even more attractive to Australian investors.

Our strategy is to be diversified across various opportunities and attributes. As mentioned, a key attribute is the ability of the company to grow volumes over decades. This would typically happen via:

- The introduction of a new product that is superior to an established product (e.g. Xero's cloud software being superior to MYOB desktop)
- Industry consolidations – e.g. listed US Homebuilders have enjoyed multi-decade market share gains, mostly from unlisted players, underpinned by the relative advantages of scale and a lower cost of capital being listed
- Structural tailwinds, such as demographics that have supported growth in the healthcare sector (for example)

In addition, our preference is to favour sectors that are core products or services (everyday needs) including in niche markets. Some examples that we like include food (QSR), transport (of core products), housing /accommodation and related products, testing, healthcare products, infrastructure, financial and transaction-linked companies. These core/everyday needs sectors are much less likely to suffer large cyclical swings or be disrupted by new businesses/competitors.

The main challenge with compounders is the share prices can reflect past success and the perception of low-risk returns going forward. However, while compounding businesses can be relatively steady growers, they still have their own cycles. These cycles are then often magnified by the stock market, providing the Fund with attractive entry opportunities if we are patient and retain a relatively high bar for entry.

Capital Pools and Key Stock Performance

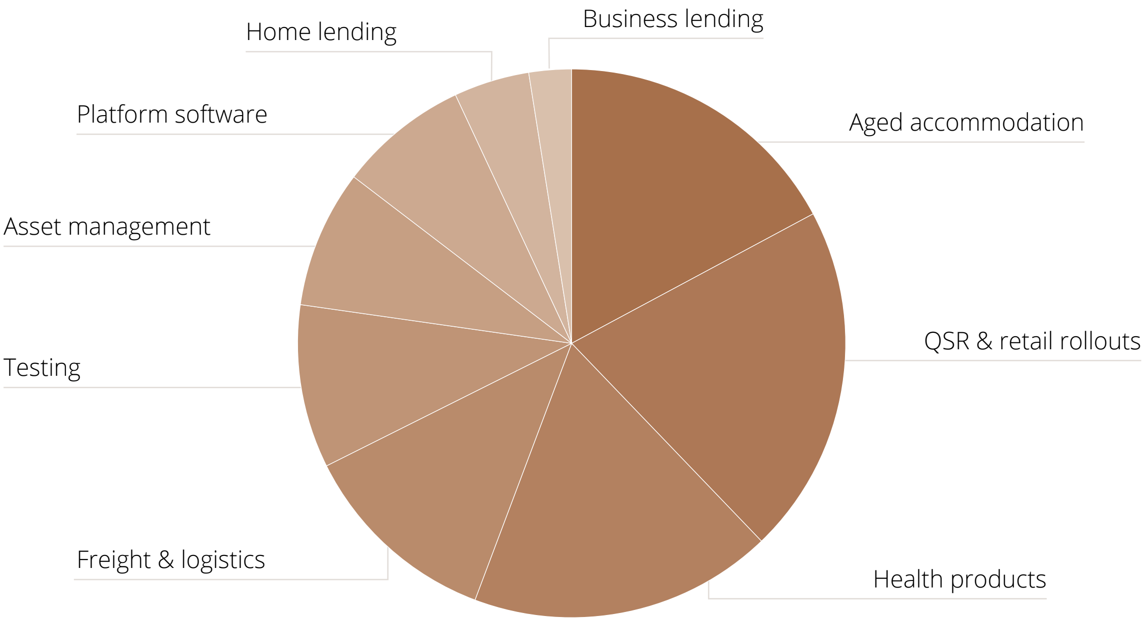
COMPOUNDING CAPITAL POOL

The Compounding category consists of world-class global, regional and domestic companies with preferential businesses or assets and a pathway to future underappreciated value options.

Currently, the Fund is exposed to a number of key clusters or groups including:

1. Ageing & Health
2. QSR and retail rollouts
3. Niche industrials, e.g. Freight and Testing
4. New Economy

Chart 7: Compounding pool by sector



Source: CI data as at 30 June 2026

Ageing & Health

The ageing and health group includes stocks that provide products and services to people aged 65+, which is growing at twice the rate of underlying population growth. The Fund is currently exposed to companies producing health-related products.

QSR & Retail Rollouts

Our focus is on restaurants and retailers servicing everyday needs with low-cost positions, strong unit economics, large growth or rollout opportunities, managed by proprietorial cultures able to scale businesses longer term.

Niche Industrials

This includes companies that are leaders in areas of ‘business-to-business’ service or niche branded products. Our focus currently is on services in the less than container load (LCL) freight market, logistics (warehousing) facilities, and freight forwarding (Air and Ocean) and testing businesses (food safety, pharmaceutical and health). It also includes niche providers of financial services in asset management and banking.

New Economy

This group of stocks typically provide mission-critical software in vertical niches or industries where entry barriers are high. It also includes horizontal platforms that cut across industry sectors.

NOTABLE STOCK PERFORMANCE

Infomedia (IFM)

Infomedia was acquired by TPG Capital in late 2025.

We initiated a position in Infomedia (IFM) in early 2024 but materially increased our exposure during early 2025 to own nearly 10% of the company. Infomedia was founded in 1987 by Richard Graham as a single flagship product called Microcat (an electronic parts catalogue software) which provided a digital solution to Australian dealerships that relied on cumbersome physical documentation.

Subsequently, Infomedia expanded into a multi-product global software provider to the automotive industry, primarily selling to OEM dealerships. While Infomedia's growth has matured, it has many attractive characteristics that we like in software businesses – it is very sticky with high customer retention rates and is an 'operating system' that many automotive dealerships rely on.

Our investment thesis was underscored by its attractive financial characteristics – excellent earnings quality, modest valuation and a solid, recurring earnings base that continues to grow. In addition, Infomedia had 15-20% of its market cap in net cash and an un-optimised cost base, which we believed could increase its earnings by at least 30%.

During our period of ownership we have engaged extensively with the company on forging a clear path to maximising shareholder returns – focusing on strengthening the Board, management incentive structure, capital allocation and cost efficiency.

Regis Healthcare (REG)

While Regis Healthcare has been a strong performer in prior years (to date our IRR on the stock is ~64% p.a. over more than five years), the stock under performed during FY26.

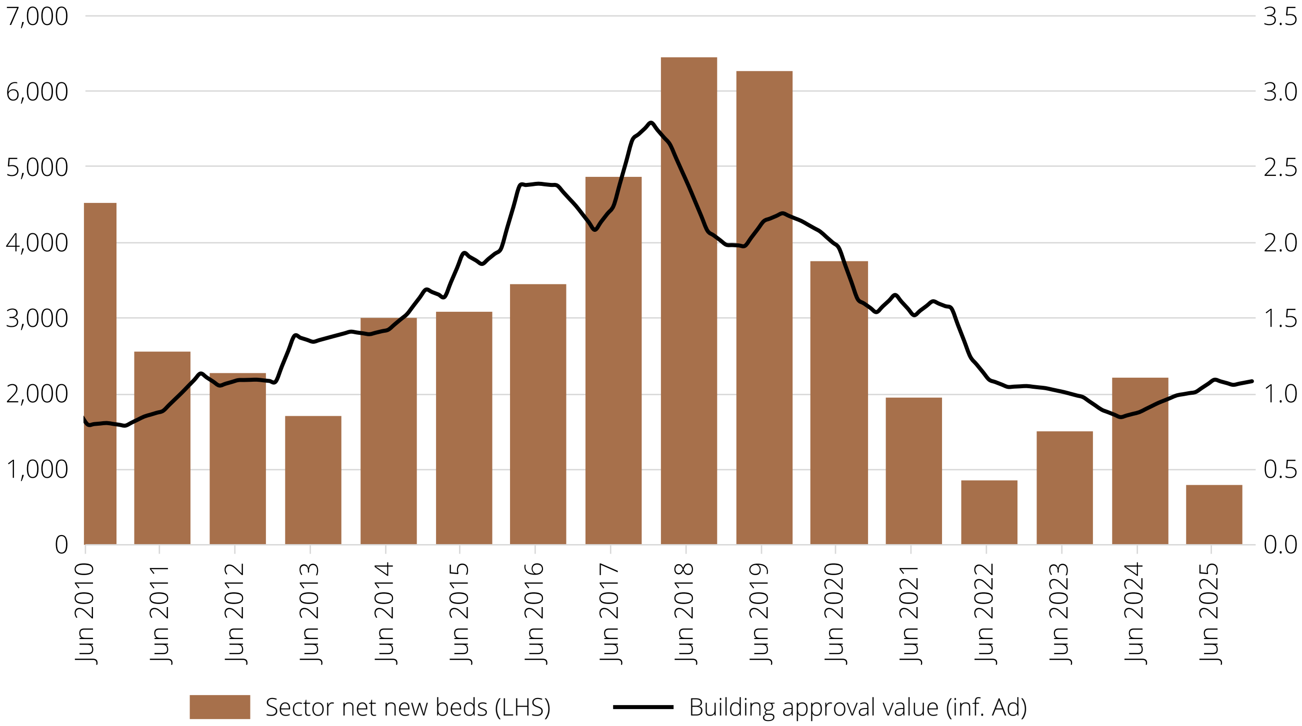
The company is one of the largest aged care providers in Australia, with 8,400 aged care beds across 74 freehold facilities that are predominantly located in more affluent areas.

Our original investment proposition was predicated on a proprietorial company operating in an industry with a significant supply/demand mismatch in the medium term. This was driven by low incremental supply as a result of very low industry profitability, high build and operating cost inflation and staff shortages, and on the demand side, a sharp rise in the number of 80+ year-olds in Australia.

Since then, the fundamental supply/demand thesis has strengthened; however there were a number of mildly negative surprises, which had an outsized share price impact, particularly given increased investor expectations combined with a potential index inclusion event. The first one was a slightly disappointing government funding outcome for aged care, and the second was the poaching of the CEO to a private equity-sponsored company in an unrelated industry.

Looking forward, the structural under supply of aged care beds continues to increase and, importantly, room/RAD pricing is responding to this imbalance. Under the new Aged Care Act, this will further strengthen Regis' already strong balance sheet and drive strong incremental earnings post the introduction of the 2% RAD retention. Given industry returns are still too low to incentivise meaningful new supply, we see further funding reforms as likely being required over time. If this does not eventuate, we expect that Regis' existing high-quality asset base will increasingly attract higher room pricing and their strong balance sheet will provide M&A optionality.

Chart 8: **Australian aged care net new beds**



Source: ABS, Ord Minnett

NEW COMPOUNDERS

During the year, we added several new compounding stocks. The first was global testing company Eurofins (ERF), a comparison company to ASX-listed ALS Group and Sonic Healthcare.

ERF was founded (and is still led) by Giles Martin in 1987. It has become the world's largest provider of independent laboratory testing services in the food, environment, pharmaceutical, and clinical diagnostics sectors. The group operates a decentralised network of over 950 laboratories across 59 countries, staffed by approximately 65,000 employees and offers a particularly broad array of testing methods. Eurofins' service is a classic low-cost but high-value offering to customers. Testing for characteristics like product quality and safety are relatively inexpensive yet can save significant financial and reputational costs for customers by avoiding product recalls or safety issues.

Over multiple decades, ERF has proven an outstanding compounder of returns. However, the last five years have been challenging, reflecting both a COVID hangover and, more recently, inflation impacting margins. With volumes and margins recovering, we expect a solid outlook for returns over the next three to five years.

We also bought Cochlear (COH), the leading provider of cochlear implants globally. Our purchase of Cochlear followed the stock's 70% decline over a ~12 month-period, which followed a series of profit downgrades. Underlying the poor profit trends, COH's sales growth had slowed and it had built too much inventory. While we remain cautious of a short-term recovery, over the medium term, COH's value proposition in market remains strong. Volume growth prospects are positive, driven both by an aging population and a very underpenetrated adults and seniors segment. Further, COH's balance sheet remains in excellent shape, allowing it to weather current short-term headwinds. The stock currently trades on multi-decade low multiples of revenue, earnings and assets.

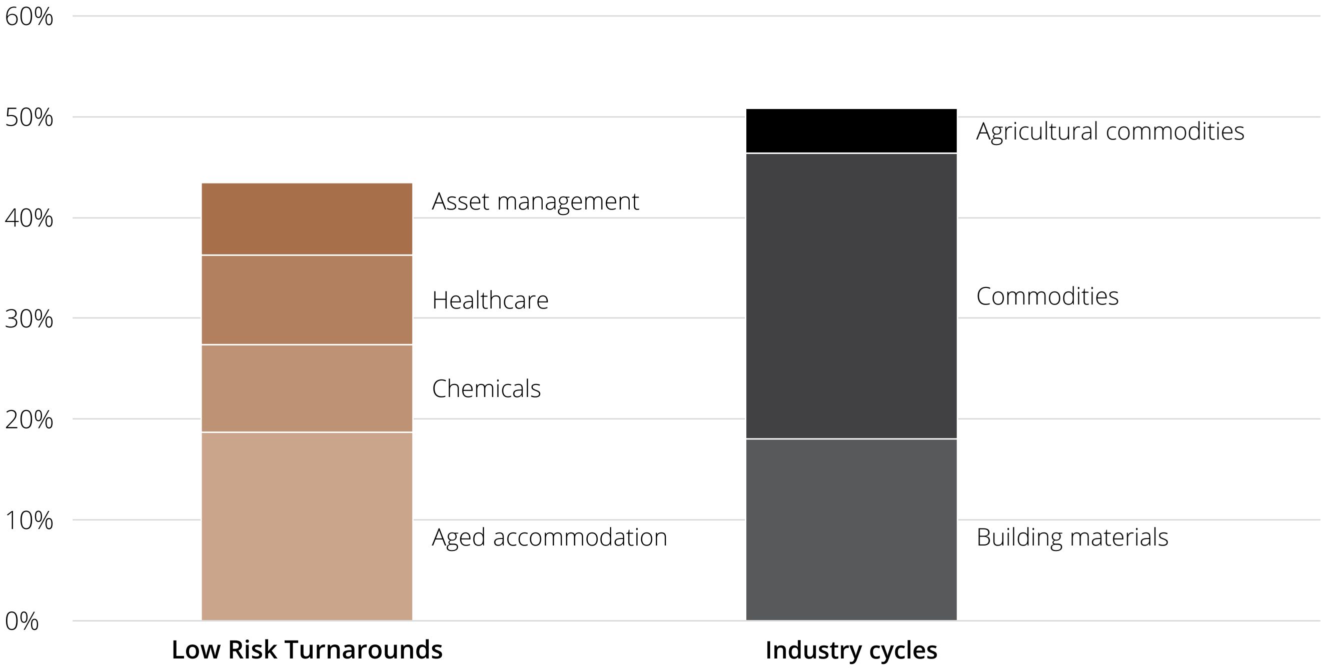
REVERSIONARY CAPITAL POOL

In the Reversionary capital pool, we are looking for situations where both companies and industries are performing below long-term levels of profit, and where behavioural events can explain why the stocks have not yet been priced for reversion. We particularly like spin-offs, privatisations and large-cap liquidity events (such as sell-downs). Typically, we need to see management in place with a plan for unlocking value, with follow-on value creating opportunities, and assets that are attractive to other potential owners. Sometimes a management team reset is a good precursor for realising reversionary value.

The Reversionary pool includes the following key sub-groups:

- Industry Cycles
- Low-Risk Turnarounds, Events & Special Situations

Chart 9: Reversionary pool by sector (% of Reversionary pool)



Source: CI data as at 30 June 2026

Industry Cycles

We look to invest in select industries where the returns are below long-run averages, industry return drivers are beginning to exert upward pressure (via capital starvation, bankruptcies or demand outstripping the supply response, higher incentive pricing is required etc) and valuations remain attractive relative to replacement cost, private market pricing and/or the normalised earnings power of the business.

The Fund owns a number of stocks exposed to cycles in commodities, specialty chemicals, and building materials.

Low Risk Turnarounds, Events and Special Situations

In this category we are generally looking for an idiosyncratic (specific to the individual stock) event that has created an attractive opportunity.

Our favourite sub-category is 'spin-offs' (also called de-mergers) which involve the separation and listing of a division from the parent. There is significant research that supports outperformance of spin-offs over-time relating to a 're-focusing' dividend that combines operating improvements (e.g. cost-outs) with improved capital allocation (spin-offs are sometimes starved of capital) and more aligned incentives for management.

We also lean into re-capitalisations where a good business has had a bad balance sheet. Often this cleansing act results in lower risk profile ex-post accompanied by significant reversionary value. This was a particularly fruitful category during 2020, for example, as good businesses were forced into recapitalisations.

Finally, events relating to asset sales, capital returns, wind-downs, change of primary listing, and activist investor situations have all provided sources of this type of reversionary value in the past.

KEY STOCK PERFORMANCE

Ryman Healthcare (RYM)

Ryman Healthcare again frustrated, albeit mainly for exogenous reasons this time. While the share price ended the year flat in local currency terms, it was a significant negative contributor with the NZD depreciating 15% in FY26. In addition, the Iranian war and its likely second-derivative impacts on the NZ housing market contributed to the stock retracing its positive share price performance seen in the first half of the year.

The company's internal turnaround appears to be gaining momentum, with increased corporate cost-out, the successful completion of the majority of its remaining developments and improved aged care profitability. In addition, the increasing prospect of positive aged care reform in New Zealand provides a potentially underappreciated medium-term catalyst. While the timing and quantum remain uncertain, the emerging framework appears likely to share some similarities with the Australian aged care reforms, which materially improved the profitability of Australian aged care operators.

However, resales velocity remains the missing piece of the transformation. This continues to be impacted by a relatively soft NZ housing market, excess retirement village supply following the 2021–2024 overbuild and a sales function which, while improving, remains less effective than peers. We remain actively engaged with the Board as we continue to see highly significant value latency across numerous areas.

REAL ASSETS AND INCOME SECURITIES CAPITAL POOL

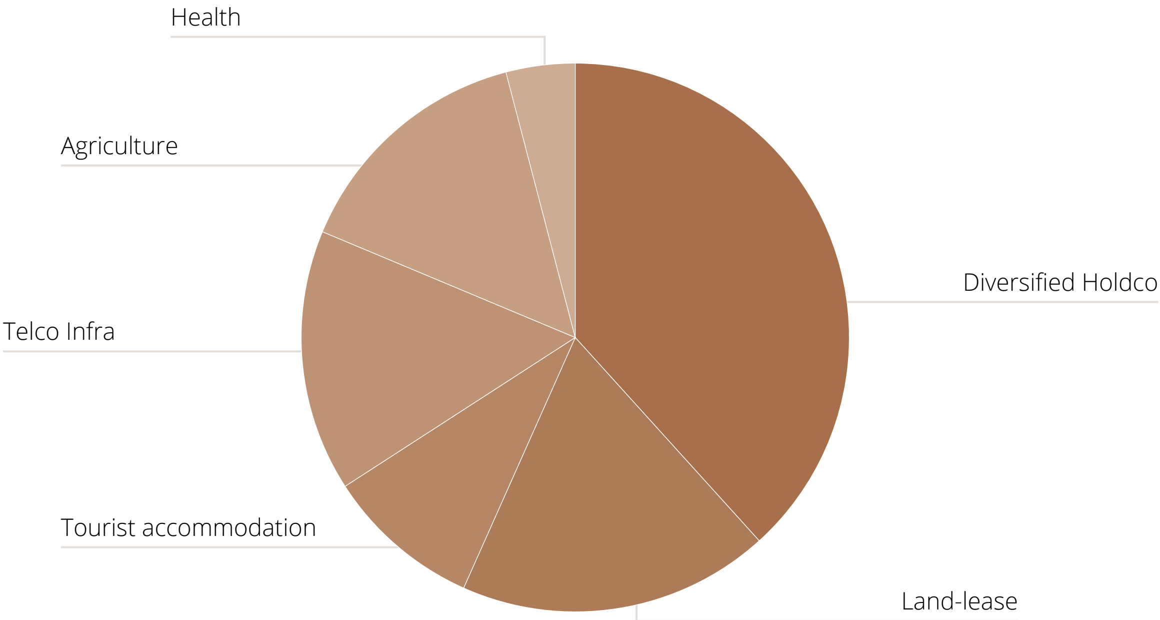
These are stocks with specific risk and non-correlating attributes that make them very different to broader equity indices. All of these securities are traded publicly. Our hope is these stocks will provide relative and perhaps absolute protection to the portfolio in times of monetary inflation, economic upheavals, and stock market corrections.

This pool invests in:

1. Asset-rich stocks across specialist real estate, agriculture and infrastructure
2. Royalties and gold
3. Family-linked holding companies and asset discounts

This includes holding companies, Listed Investment Companies (LICs), royalties and royalty companies, infrastructure, specialised real estate and other asset-rich companies with growth and hidden value options, and catalysts for capturing value.

Chart 10: **Real Assets and Income Securities pool by sector**



Source: CI data as at 30 June 2026

Asset rich stocks across specialist real estate and infrastructure

In general, we seek a combination of strong inflation protected income streams from rent, management and development fees, tolls, access and other regulated fees.

Exposures at present include developing and operating affordable accommodation spanning caravan/tourist parks, rentals, land-lots and land-lease communities. The infrastructure exposure includes mobile towers with long-term leases. While the agriculture exposure is to large scale, branded olive oil.

Royalties and Gold

We also like royalty streams over quality, long-life assets/commodities such as gold, iron ore and oil and gas. We look for quality, long-life assets with options for extension of the operating asset and royalty life. Royalty companies with the ability to build long-term optionality via counter-cyclical opportunities are particularly attractive.

Family-linked Holding Companies and Royalties

This includes exposure to diverse 'asset plays' backed by long-term conservative management teams where valuation discounts are observable with a pathway to grow net asset value per share over time.

KEY STOCK PERFORMANCE

Aspen Group (APZ)

Aspen was again a strong performer for the Fund, although its share price ended the year ~20% below peak levels. This was despite the company further upgrading its forecasts for FY26 and FY27.

We continue to see significant upside in the stock over the medium to longer term. In particular, Aspen's ability to deliver latent value in its rapidly growing land lease business remains under the radar.

Led by its proprietorial management team, the company has assembled a land bank opportunistically over the years, which is the main reason it can continue to sell quality product at affordable price points. We believe demand for this product is uncapped, particularly with the current backdrop of high build costs and few properties available for sale or rent at affordable levels. Affordability drives high sales velocity, ties up minimal capital and produces very strong returns.

While the recent government changes to negative gearing and capital gains tax will likely impact residential property markets, the changes will have minimal impact on Aspen. If anything, there is a reasonable likelihood of a reduction in the stock of rental accommodation, which should drive up rents medium term; and Apsen remains a meaningful landlord. In addition, with house prices falling and build costs still high, development margins will be challenged for many competitors to Aspen, who don't have the same land acquisition cost advantage.

EXOR (EXO-NL)

A new addition to the Fund late in the year was EXOR. The group is ~55% owned by the Agnelli family and is one of the largest listed family conglomerates in Europe. The history of the group and its various assets dates back to Giovanni Agnelli's founding of Fiat in Italy in 1899. Exor's main assets are large minority stakes in Ferrari, CNH Industrial, Phillips and Stellantis, as well as a range of small stakes and some private assets. Ferrari, CNH and Stellantis all trace their roots back to Fiat. Ferrari is currently EXOR's largest asset by some distance; it's one of the world's truly iconic luxury brands and garners long waitlists for its vehicles.

EXOR has a chequered past but its performance since current CEO and family member John Elkann took over more than 15 years ago has been strong. EXOR's NAV per share over the last 10 years has compounded at 12% p.a. He has proven to be an astute capital allocator and has evidenced an ability to attract high-calibre talent to both EXOR and its investee companies.

Our interest in EXOR combines both the quality and diversity of its asset base with the now very material more than 50% discount the EXOR group's shares trade relative to the sum of its parts, with a look-through price to earnings multiple of 8x and low gearing. In part, the discount reflects share price trends in its underlying listed assets which has then been magnified at the holding company level. Our experience is that these asset plays have cycles and can offer attractive risk-adjusted returns for the patient investor buying into quality assets, backed by families, at meaningful valuation discounts.

Risk and Portfolio Attributes

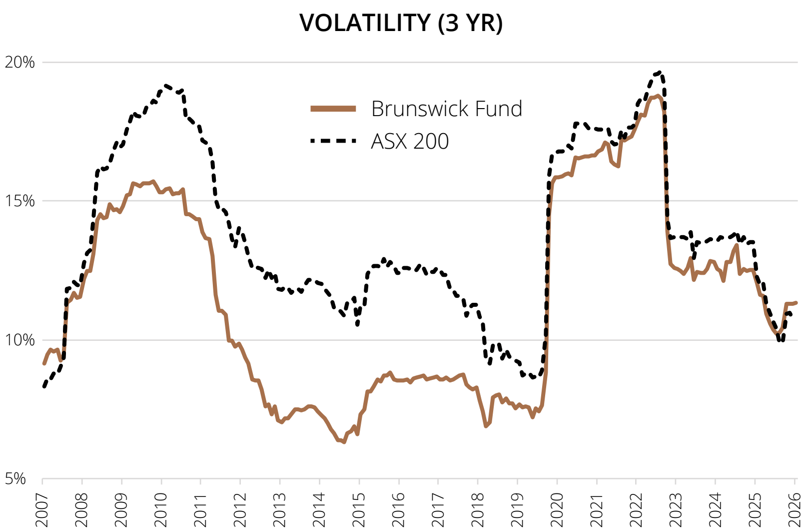
There are many ways to think about risk and its impact on performance. Some considerations include statistical measures summarising returns profile, drawdowns (maximum fall), and historical volatility at the portfolio level:

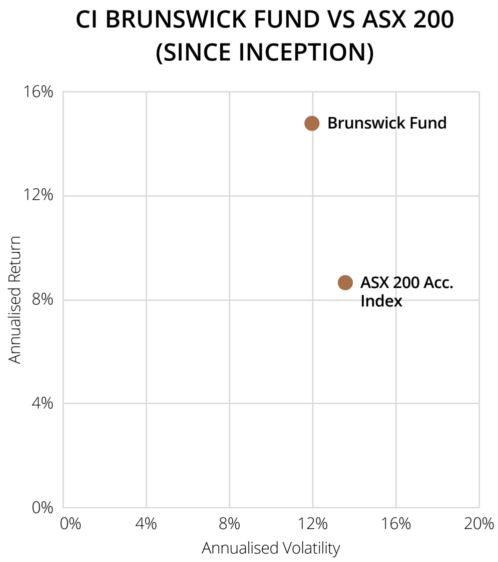
Table 4: Portfolio risk attributes

	*Portfolio	#Benchmark
Total Return	+1987%	+521%
Max Drawdown	-40.0%	-47.2%
Best Month	+10.9%	+10.2%
Worst Month	-18.9%	-20.7%
Positive Months	67.8%	64.4%
Negative Months	32.2%	35.6%
Annualised Volatility	+12.0%	+13.5%

* Cumulative (1 July 2004), pre fees and expenses
# S&P ASX 200 Accumulation Index
Max Drawdown for the Brunswick Fund occurred December 2007 to February 2009.
Source: CI data as at 30 June 2026

Chart 11: Brunswick Fund historical volatility

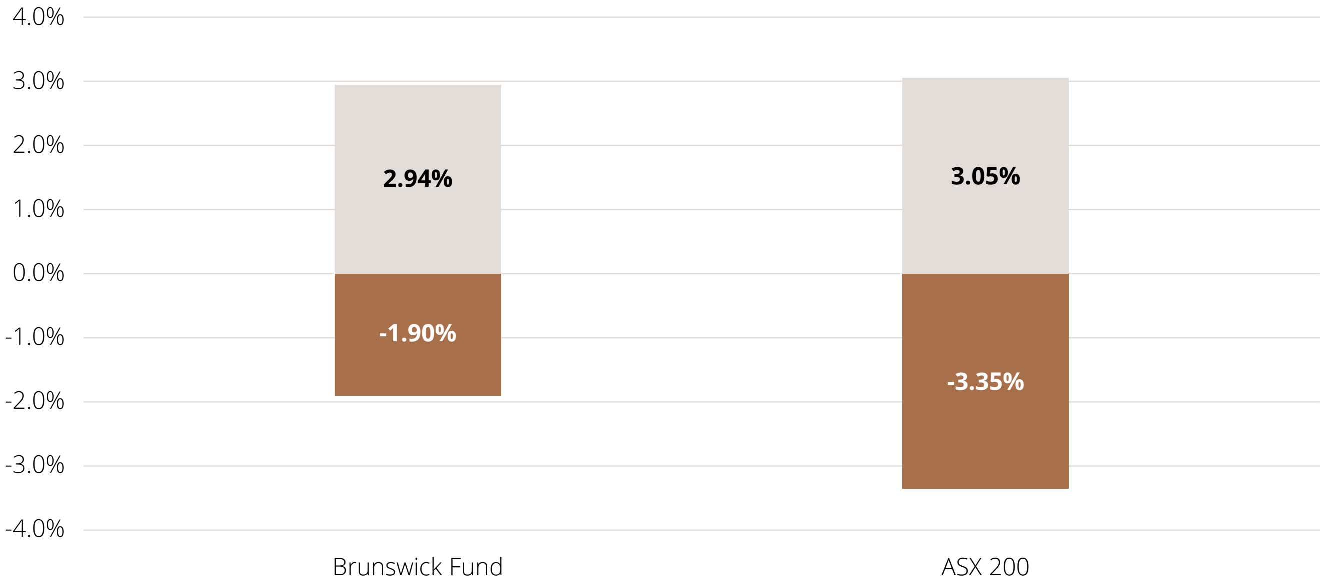




Source: CI data as at 30 June 2026

One important aspect to the Fund's performance historically has been that most of the attribution comes from performing better in down markets. Since inception, this has occurred in 80% of down markets (based on monthly returns).

Chart 12: Average monthly returns



Based on 264 monthly data points, 170 up months, 94 down months
As at 30 June 2026
Past performance is not an indicator of future performance

As we reflect on it's history, the Fund has remained true to its namesake, Brunswick. By investing in everyday products and services, genuine people with strong values and beliefs, and businesses that are run by their proprietors, the Fund continues to deliver value to investors.

Looking ahead, the current opportunity set is increasingly attractive for disciplined, longterm investors. Our investment philosophy has remained consistent for more than two decades and continues to guide every investment decision we make. We remain focused on identifying high-quality businesses, managing risk prudently and delivering attractive long-term outcomes for our investors.

Thank you for your continued trust and support.

Best Regards,

The Brunswick Fund Team

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