GLOBAL ENDOWMENT FUND

COOPER INVESTORS
AFS LICENCE NUMBER 221794
ABN 26 100 409 890

QUARTERLY REPORT | JUNE 2022

FUND STRATEGY

The objective of the Fund is to generate long term returns by investing in a range of internationally-listed securities through the application of our VoF investment process. It is a diversified, long only portfolio of 25-50 stocks. The Fund aims to have lower volatility than the global equities market and to out-perform the market during periods of market weakness. It may be considered appropriate as part of an overall portfolio for people / entities in the pensions / decumulation phase as well as charities and endowments.

FUND FACTS

Portfolio Manager	Chris Dixon and Allan Goldstein
Structure	Global Equities Fund, $AUD hedged
Stock Restrictions	The Manager will not invest in companies whose primary business is the production of tobacco, controversial weapons or gambling
Inception Date	5 December 2016
Benchmark MSCI	MSCI AC World Index 100% Hedged to AUD Net Dividends
Management Fee	1.0% per annum of the Net Asset Value (before fees and expenses) plus GST calculated and paid monthly in arrears directly from the Fund
Performance Fee	Nil
Unit Pricing	Every Tuesday and the last day of the month
Minimum Investment	$500,000
Maximum Cash	20%

CURRENT HOLDINGS BY COUNTRY

- USA 43.2%
- UK 16.6%
- Canada 9.1%
- Italy 4.4%
- Spain 3.1%
- Other Countries 10.8%
- Cash & equivalents 12.8%

CURRENT HOLDINGS BY SECTOR

- Financials 20.5%
- Industrials 18.5%
- Health Care 11.6%
- Information Technology 9.7%
- Real Estate 9.5%
- Consumer Staples 7.9%
- Materials 5.6%
- Communication Services 2.4%
- Utilities 1.5%
- Consumer Discretionary 0.0%
- Cash & equivalents 12.8%

FUND PERFORMANCE#

	Portfolio	Benchmark	Value Added
Since Inception*	10.63%	8.33%	2.30%
Since Inception^	75.52%	56.16%	19.36%
Rolling 3 months	-10.62%	-14.30%	3.68%
Rolling 1 Year*	-9.40%	-13.64%	4.24%
Rolling 3 Year*	6.09%	5.61%	0.48%
Rolling 5 Year*	8.83%	6.72%	2.11%

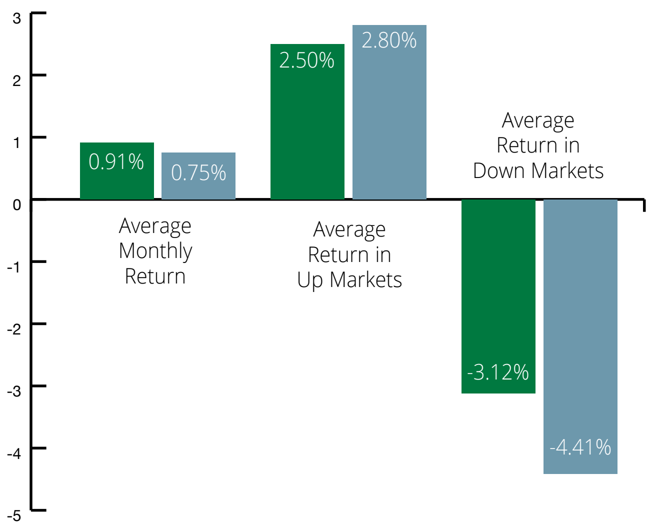
* Annualised
^ Since inception refers to the inception of the Strategy (5 December 2016).
The inception of the Fund was 1 May 2017.
Returns are gross of fees and expenses.
Past performance is not a reliable indicator of future performance.

PORTFOLIO SNAPSHOT

Stock	Subsets of Value
American Water Works	Bond Like Equities
Rentokil	Stalwarts
Franco-Nevada Corporation	Asset Plays
IDEX Corporation	Growth
Ferguson Plc	Cyclicals

SINCE INCEPTION RETURNS IN UP AND DOWN MARKETS

- CI Global Endowment
- MSCI AC World (100% Hedged to AUD)



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GLOBAL ENDOWMENT – JUNE '22 FACTSHEET COMMENTARY

The key Strategy objectives are to provide an attractive absolute return over the long term, perform relatively better in down markets, and be relatively less volatile than global equities.

This has been achieved since inception with a 10.6% annualised return, downside capture of 71% and relative volatility of 86%.

We apply a risk framework over portfolio construction of 60/40: the stocks in the '60' portion are intended to drive the bulk of absolute returns and those in the '40' portion assisting with downside capture and dampening volatility. To that end, the constituent metrics of the 60 and 40 components are as different as the roles they play in the portfolio. Thus:

	"60"	"40"	Index
Volatility	15.0%	12.5%	14.3%
Sharpe	0.60	0.94	0.51
Downside Capture	95%	55%	100%
Upside Capture	104%	88%	100%
Beta	0.99	0.66	1.00
Correlation	0.94	0.76	1.00

Since inception to 30 June 2022

Asset prices have continued to sell-off in 2022 with multiple elements culminating in a bear market. From the starting position of ultra-loose monetary policy and high valuations the world is now staring down the barrel of a tricky period with persistently high inflation triggering the most rapid tightening of financial conditions in recent memory. There has been little place to hide, bonds have suffered their worst year in many decades meaning a traditional 60/40 portfolio has not acted defensively.

While commodities have outperformed year to date the darkening growth outlook in recent months has seen prices begin to roll over as demand destruction gets anticipated.

The portfolio NAV was not immune to the ongoing turmoil falling around 11% in the quarter, albeit less than the market which fell around 15%. The portfolio benefitted from its diversification across a range of factors, deliberately designed to minimise correlation risk and ensure returns are generated from a wide range of sources. By example the biggest contributor to return in the quarter was **Royalty Pharma** (+8%) that effectively provides capital to drug and biotech companies in return for a royalty on future drug sales. Its financial success is not tied to the economic cycle but rather the capital allocation skill of its team which continues to be led by founder Pablo Legorreta.

If we are indeed in for a recession the portfolio should be relatively well insulated as it owns businesses that are highly resilient in terms of both business models (**Royalties, Everyday needs, Mission critical services, Real Assets with inflation protection**) and balance sheets. On the latter point, companies heading into this crisis with minimal debt have an inbuilt advantage over peers, noting that BBB+ debt costs have more than doubled in the US from around 2% to >5% in recent months. The average level of gearing in the portfolio (excluding asset-backed infrastructure) is around 0.6x EBITDA – a dozen holdings have no debt whatsoever.

PORTFOLIO UPDATES

The portfolio bought a position in **Aker ASA**, a founder-led Asset Play trading at a 25% discount to NAV. Aker specialises in offshore engineering in the Norwegian Continental Shelf region with deep experience in oil and gas, shipping and marine bioscience. While making an early foray into renewables Aker's crown jewel remains a controlling stake (via listed AkerBP) in the giant Johan Sverdrup field which boast some of the lowest emissions and cheapest lift costs per barrel of any reserve globally.

The portfolio sold its 6-year position in Swiss flavours business **Givaudan**. The investment generated a nice double-digit annualised return but as wonderful as the business is it simply became too expensive given inflationary challenges facing European chemicals companies and an elevated level of debt after recent acquisitions.

The portfolio also sold **Warner Music Group** where there is uncertainty over the quality of incremental returns from its growing capital deployment strategy.