

Cooper Investors Global Endowment Fund



QUARTERLY COMMENTARY | JUNE 2024

AFS LICENCE NUMBER 221794 ABN 26 100 409 890

FUND STRATEGY

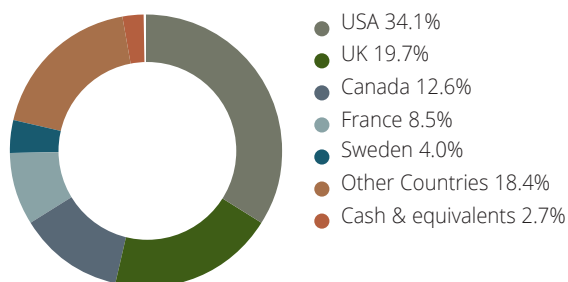
The objective of the Fund is to generate long term returns by investing in a range of internationally-listed securities through the application of our VoF investment process. It is a diversified, long only portfolio of 25-50 stocks. The Fund aims to have lower volatility than the global equities market 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

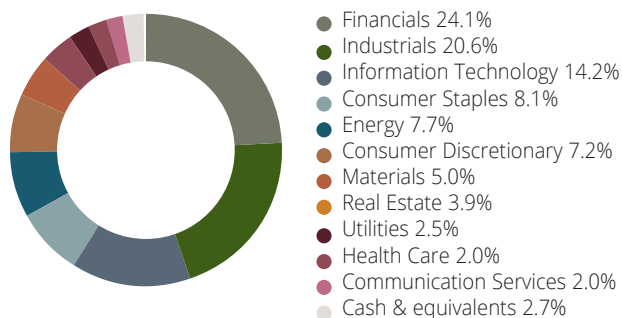
Portfolio Manager	Chris Dixon
Stock Restrictions	The Manager will not invest in companies whose primary business is the production of tobacco, controversial weapons or gambling
Inception Date	5 December 2016
Benchmark**	MSCI AC World Net Divs AUD
Management Fee	1.0% per annum of the Net Asset Value (before 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%

** From 1 November 2022 the Fund is benchmarked against MSCI AC World Net Divs AUD. Prior to this, the Fund was benchmarked against MSCI ACWI 100% Hedged to AUD Net Dividends.

CURRENT HOLDINGS BY COUNTRY*



CURRENT HOLDINGS BY SECTOR*



FUND PERFORMANCE#

	Portfolio	Benchmark	Relative
3 months	-4.05%	0.49%	-4.54%
1 Year	5.58%	18.98%	-13.40%
3 Year*	1.37%	5.28%	-3.91%
5 Year*	6.54%	9.73%	-3.19%
Since Inception*	9.71%	10.36%	-0.65%
Since Inception^	101.81%	111.00%	-9.19%

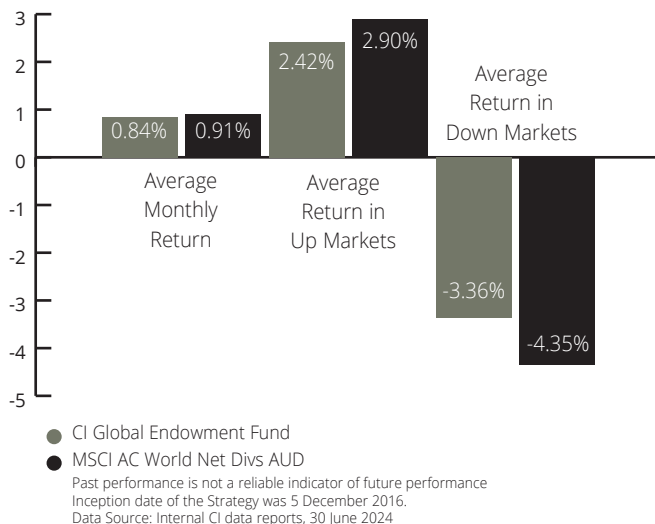
* Annualised
 ^ Cumulative since inception refers to the inception of the Strategy (5 December 2016). The inception of the Fund was 1 May 2017.
 # Returns are gross of fees and expenses.
 Past performance is not a reliable indicator of future performance.
 Data Source: Internal CI data reports, 30 June 2024

PORTFOLIO SNAPSHOT

Stock	Subset of Value
American Water Works	Bond Like Equities
Rentokil	Stalwarts
Investor AB	Asset Plays
Brookfield Asset Management	Growth
TSMC	Cyclicals

Data Source: Internal CI data reports, 30 June 2024

GROSS PERFORMANCE IN UP AND DOWN MARKETS



*Numbers are approximate / may be rounded, CI internal sector definitions
 Data Source: Internal CI data reports, 30 June 2024

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MARKET AND PORTFOLIO PERFORMANCE

The portfolio returned -4.1%¹ for the quarter. Stronger performers included **TSMC** (+54bps), **HDFC Bank** (+25bps), and **Investor AB** (+28bps).

Laggards included **CDW** (-57bps), **LVMH** (-57bps) and **YUM China** (-53bps).

The portfolio operates two pools of risk, 'Grow' and 'Protect'. We present the table below to inform investors of historic risk and return metrics in these pools. The fund is today positioned 53% in the 'Protect' bucket, 44% in 'Grow', with 3% cash.

	Grow	Protect	Fund	Index
Volatility	15.1%	12.2%	12.0%	13.9%
Sharpe ratio	0.53	0.74	0.66	0.62
Downside Capture	104%	63%	77%	100%
Upside Capture	101%	79%	84%	100%
Beta	1.01	0.69	0.78	1.00
Correlation	0.93	0.79	0.91	1.00

MSCI AC World Net Divs AUD
Source: CI Internal Reports. Updated 30 June 2024

Markets continued to rally through the second quarter of 2024, with renewed optimism that the 'inflation dragon' has been slain, three key central banks cut rates in June. Attention will shift to politics in the second half of the year, with elections in the UK, France and the US. Polls in each country indicate swings in from incumbent to opposition, meaning political risk is higher than in typical years. Meanwhile geopolitical risk has not diminished with the conflicts in Ukraine and Gaza ongoing.

As markets move higher, valuations continue to climb. Our observation is that material risks exist in certain sectors where a small number of richly valued stocks appear to be holding up the index.

Returns in global equities have narrowed further as the year progresses, with hype around generative AI sucking capital into fewer and fewer perceived winners. Outside of semi-conductors, not much else has participated in recent months - the S&P 1500 Composite is down 5% year to date, which arguably tells the true story of markets outside of a small number of mega-cap winners.

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

PORTFOLIO UPDATES

The portfolio owns 32 listed securities and is highly diversified across region, industry, size, ownership structure and business model.

The portfolio is constructed by Clusters, and the 'Protect' bucket owns three Clusters, one of which is Real Assets. This provides exposure to physical assets that enjoy long duration cash flow streams, growth opportunities and typically inflation-protected pricing mechanisms. Asset mix, and thus risk, is widely diversified across many areas and jurisdictions including toll roads, airports, railways, water infrastructure, data centres, cell towers, gas pipelines and urban logistics.

One stock that is well diversified, in and of itself, is NZ-listed **Infratil**, in which the portfolio participated in a NZ\$1.15bn placement this quarter.

The proceeds from the placement will be primarily used to accelerate and fund the growth of Canberra Data Centres (CDCs), a key growth platform which represents ~40% of Infratil's NAV. The placement will allow CDC to capitalise on strong industry tailwinds from generative AI by accelerating the development of a large 720MW data centre campus, which is twice the size of CDC's current operating capacity.

While CDC is a key beneficiary of, and has "picks and shovel" exposure to, growing computational intensity and generative AI, it retains the defensive characteristics that fit within the "Protect" bucket.

CDC has secured long-dated contractual cash flows through 15-20 year contracts with AAA rated counterparties (hyperscalers and government). Critically, we can observe the de-risked nature and quality of CDC's proposition through its 0% historical customer churn. As a firm, Cooper Investors have been long-term investors in Infratil and have high regard for management's capital allocation capability and the long-term track record to back this up (~19% TSR p.a. since inception over 30 years).

The portfolio exited **Ferguson** and **Fortive** this quarter. Both have done well over a multi-year holding period but the underlying exposure to the US industrial cycle is less attractive given recovery in share prices since the trough in 2022.

Capital was reinvested in existing positions, along with two other small new positions that we will discuss next quarter.

Terms and Conditions

Financial product advice contained in this document

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Past performance warning

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