GLOBAL ENDOWMENT FUND

COOPER INVESTORS

AFS LICENCE NUMBER 221794
ABN 26 100 409 890

QUARTERLY REPORT | SEPTEMBER 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
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 43.9%
- UK 15.0%
- Canada 10.7%
- Italy 4.5%
- Japan 3.3%
- Other Countries 10.6%
- Cash & equivalents 12.0%

CURRENT HOLDINGS BY SECTOR

- Industrials 21.1%
- Financials 19.4%
- Consumer Staples 8.6%
- Information Technology 7.9%
- Materials 7.3%
- Real Estate 7.2%
- Health Care 7.1%
- Consumer Discretionary 2.1%
- Communication Services 1.9%
- Utilities 1.5%
- Cash & equivalents 12.0%

FUND PERFORMANCE#

	Portfolio	Benchmark	Value Added
Since Inception*	9.37%	6.91%	2.46%
Since Inception^	68.40%	47.55%	20.85%
Rolling 3 months	-4.06%	-5.52%	1.46%
Rolling 1 Year*	-16.58%	-18.05%	1.47%
Rolling 3 Year*	3.80%	3.32%	0.48%
Rolling 5 Year*	7.33%	4.58%	2.75%

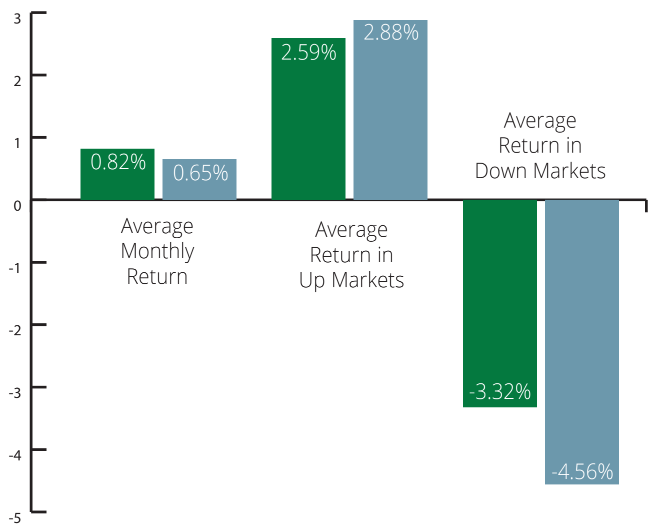
* Annualised
^ Since inception refers to the inception of the Strategy (5 December 2016).
The inception of the Fund was 1 May 2017.
Returns are gross of fees and expenses.
Past performance is not a reliable indicator of future performance.

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 COMMENTARY

The portfolio NAV fell 4.0% in the quarter versus the Reference Index which fell 5.5%.

As the bear market in equities has unfolded over the last 6 months portfolio NAV has declined 14.2%, which represents downside capture of around 75% of the index which has fallen -19.0%.

We estimate the businesses in the portfolio can deliver on average 10% earnings growth over the next year, implying a ~25% derating in terms of multiple has occurred. The market has seen a >30% derating, its largest since 2002.

The portfolio has the following risk metrics - note that we apply a risk framework over portfolio construction of 60/40: stocks in the '60' portion intended to drive the bulk of absolute returns and those in the '40' portion assisting with downside protection and dampening volatility:

	"60"	"40"	Index
Volatility	16.0%	13.0%	14.8%
Sharpe	0.49	0.75	0.39
Downside Capture	97%	60%	100%
Upside Capture	107%	87%	100%
Beta	1.02	0.68	1.00
Correlation	0.94	0.78	1.00

While bear markets are unpleasant, 2022 is unprecedented for the fact that Treasuries (the risk-off asset) have actually fallen more than stocks. In our White Paper '*The Age of Endowment*' we wrote that: "The traditional 60/40 framework no longer works in a world where bonds and equities become positively correlated."

Unfortunately that has proven prescient – with the synchronised sell-off in 2022 (to date) the 2nd worst year in history for a traditional 60/40 fund, down 21% so far (the worst was -27% in 1931).

PORTFOLIO UPDATES

The portfolio owns 32 listed securities and is highly diversified across region, industry, size, ownership structure and business model. We studiously avoid concentration in portfolio construction. Rather the portfolio seeks to own assets with highly sustainable and growing cash flows, run by intentional owners and operators from a widely diverse range of sources.

This includes areas as different as vacation housing for retirees in the US sunbelt (**Equity LifeStyle Properties**), private Italian family-owned businesses via a discounted LIC (**Tamburi Investment Partners**), and the world's largest provider of subscription academic medical journals (**RELX**). This diversification of risk and return leads what we describe as '*The Smoother Journey*'. Thus, since inception portfolio NAV has compounded at +9.4% per annum versus the Reference Index at +6.9%, yet with only ~86% of the volatility of the broader global market and downside capture of around 74%.

A key feature of our process is to foster close relationships with management. In September we visited several holdings across the US. Our observation is that these companies continue to track well despite tougher times, with focused strategies and plentiful opportunities to grow.

IDEX Corp is a diversified industrial that deploys excess cash into M&A and saw +12% growth in Q2. While it sells what appear to be quite basic pumps and valves, products are highly engineered with end markets carefully curated for better returns and superior growth. For example, providing precision agriculture solutions to farmers, driving productivity in a sector seeing record levels of inflation. The long and short term outcomes for IDEX shareholders have been outstanding; the stock is actually up 1% over 12 months versus most industrials down double digit.

One new investment was made in the quarter in **CCL Industries**, a Canadian family-linked provider of specialty packaging. As the world's largest label maker with a highly defensive and diversified business, CCL is a key partner for branded food and beverage companies who demand rapid innovation and global distribution. There is also an increasing need for environmentally friendly packaging which is initially expensive and difficult to source at scale so relatively advantageous for an experienced incumbent. The business grows consistently 4% organically which it can augment with M&A using an almost completely un-geared balance sheet.