Cooper Investors Global Endowment Fund

COOPER INVESTORS

QUARTERLY COMMENTARY | MARCH 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.

FUND PERFORMANCE[#]

	Portfolio	Benchmark	Relative
3 months	8.92%	13.16%	-4.24%
1 Year	13.76%	26.49%	-12.73%
3 Year*	5.86%	7.52%	-1.66%
5 Year*	8.69%	10.29%	-1.60%
Since Inception*	10.69%	10.66%	0.03%
Since Inception^	110.32%	109.98%	0.34%

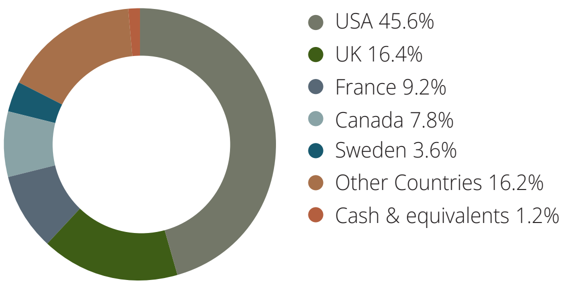
* Annualised
^ Cumulative since inception refers to the inception of the Strategy (5 December 2016).
The inception of the Fund was 1 May 2017.
Returns are gross of fees and expenses.
Past performance is not a reliable indicator of future performance.
Data Source: Internal CI data reports, 31 March 2024

PORTFOLIO SNAPSHOT

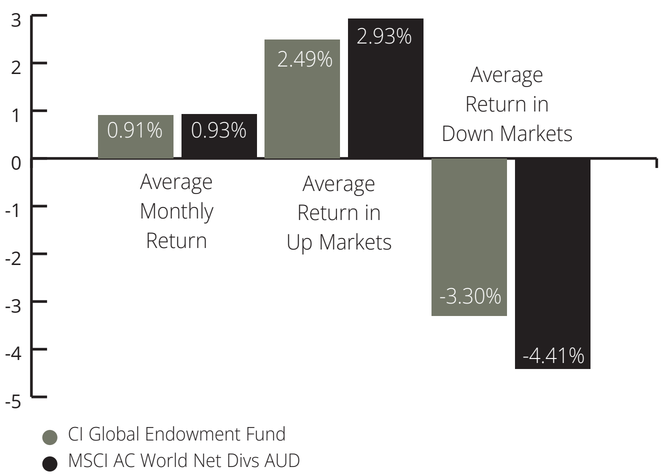
Stock	Subsets of Value
American Water Works	Bond Like Equities
Rentokil	Stalwarts
Investor AB	Asset Plays
Brookfield Asset Management	Growth
Ferguson Plc	Cyclicals

Data Source: Internal CI data reports, 31 March 2024

CURRENT HOLDINGS BY COUNTRY*

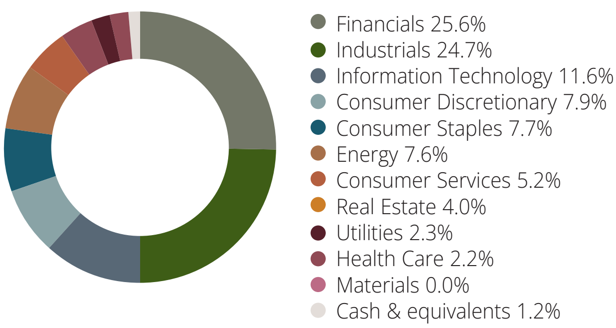


GROSS PERFORMANCE IN UP AND DOWN MARKETS



Past performance is not a reliable indicator of future performance
Inception date of the Strategy was 5 December 2016.
Data Source: Internal CI data reports, 31 March 2024

CURRENT HOLDINGS BY SECTOR*



*numbers are approximate / may be rounded, CI internal sector definitions
Data Source: Internal CI data reports, 31 March 2024

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MARKET AND PORTFOLIO PERFORMANCE

The Portfolio returned +8.9% in the March quarter and under performed the global equity benchmark (MSCI AC World Net Divs AUD) by 4.24%.[1]

Stronger performers included Hess Midstream (+81bps), Microsoft (+74bps), and TSMC (+71bps).

Laggards included HDFC Bank (-31bps), Aker ASA (-21bps) and Unicharm (-16bps).

The portfolio operates two pools of risk, 'Grow' and 'Protect'. The table below illustrates the historic risk and return metrics in these pools. The Fund is today positioned 58% in the 'Grow' bucket, 41% in 'Protect', with 1% cash.

	Grow	Protect	Fund	Index*
Volatility	15.4%	12.5%	12.5%	14.3%
Sharpe ratio	0.57	0.73	0.69	0.51
Downside Capture	98%	**62%**	**74%**	100%
Upside Capture	**105%**	83%	**87%**	100%
Beta	1.01	0.69	0.78	1.00
Correlation	0.94	0.79	0.91	1.00

Source: CI Internal Reports. Updated 31 March 2024

*MSCI AC World Net Divs AUD

The rally that began in late October 2023 has continued into 2024. Driven by the surge in tech stocks linked to the AI theme, US markets are leading with the S&P500 making fresh all-time highs for the first time since rate hikes began. The S&P is up almost 25% in the last six months, with most bears throwing in the towel on the 'recession that never came'.

Spending time in the US during the quarter, the market optimism is understandable. GDP growth has surprised to the upside, unemployment is low, supply chains have eased and a series of economic boomlets are occurring in Southern states (Texas, Georgia, Florida, Tennessee) where incoming capital investment is getting 'shovels in the ground'.

In this environment Cyclical and Growth stocks have continued to drive the bulk of benchmark returns, with defensive assets broadly seeing their worst period of underperformance for many years.

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

Ironically this could be a window of opportunity in great Stalwarts on a multi-year view. While the market is becalmed there remains considerable macro uncertainty this year, including, but not limited to: the timing and extent of Fed Rate cuts, the US election, the US debt ceiling, the stability of the Chinese economy, the resolution of two ground wars in Europe and the Middle East and the energy requirements of the AI build-out.

A company that loves uncertainty is **CME Group (CME)**, a large and long-term holding in the portfolio. Value latency has re-emerged with shares underperforming over 5 years.

As the largest derivatives exchange globally, CME offers leading liquidity pools to risk managers across multiple asset classes including equities, interest rates, FX, energy and agricultural commodities. The management culture at CME exemplifies the pragmatic, no-nonsense Midwest attitude that we admire of Chicagoans – no coincidence that the portfolio owns four Chicago-based companies today. This was reinforced in a recent meeting with newly appointed CFO Lynne Fitzpatrick. CME know what they are and what they're not, with a solid record of avoiding market fads and blow-ups.

We see several avenues for CME to grow earnings and cash flows today, irrespective of market volatility, as well as continuing to pay the special dividend for a total yield of ~4-5%. The business rarely changes hands as cheaply as it does today, trading at an average market multiple versus typically a 30-60% premium. Routinely generating over 50% returns on invested capital and carrying no debt today, CME is far from an average business.

PORTFOLIO UPDATES

The portfolio owns 33 listed securities and is highly diversified across region, industry, size, ownership structure and business model.

During the quarter the portfolio initiated small positions in three new names, including two European Asset Plays trading at discounts to NAV, and a US industrial property trust that has the best proprietorial management team we have seen in the space.

As a 'Bond-Like Equity' the latter has seen its share price almost halve since the heady days of zero interest rates at the end of 2021. This particular Real Estate Investment Trust is more like a Growth business, with a roadmap to double-digit funds from operations growth (effectively free cash flow) for at least the next 3-5 years through re-leasing its under-rented portfolio at higher rates, along with brownfield development.

Investments were paid for with full exits from Danaher and Haleon.