COOPER INVESTORS FAMILY AND FOUNDER FUND

COOPER INVESTORS

AFS LICENCE NUMBER 221794
ABN 26 100 409 890

QUARTERLY REPORT | DECEMBER 2021

The aim of the Cooper Investors Family and Founder Fund (Fund) is to generate attractive long term returns by applying Cooper Investors' VoF investment process to build a concentrated portfolio of listed Family and Founder (F&F) led businesses. These companies must meet our high bar for a Family and Founder company – the unique and rare management teams and boards with extreme levels of financial and emotional skin in the game, or "Soul in the Game".

Our observations and experience lead us to believe that a portfolio of these companies – those which exhibit the highest quality stewardship combined with operating and capital deployment excellence – will deliver attractive long-term returns.

Financial Year	**Portfolio	#Benchmark
2020	9.43%	2.64%
2021	29.95%	27.72%
2022 FYTD	12.37%	8.99%
Since inception^	**59.80%**	**42.87%**
Since Inception*	**20.60%**	**15.32%**

^ Cumulative (2 July 2019) *Annualised (2 July 2019)
# MSCI AC World Net Divs in Australian Dollars ** Returns are gross of fees and expenses

QUARTERLY PORTFOLIO REVIEW

For the quarter the Fund returned 4.9%. For the calendar year, the Fund is up 30% and since inception the Fund is up 60% or 20.6% pa.

For reference the MSCI ACWI was up 6.0% for the quarter, 26% for the year and 43% since inception or 15.3% pa.

Our investee companies have continued to perform strongly operationally. They have sustained their recovery from the lockdown period of 2020 with share gains or have benefited from savvy acquisitions completed over the last year or so. A key theme for the quarterly reporting period was strong results but the resumption of more normalised outlooks, as the depths of COVID have now been overlapped.

The top performers for the quarter were varied, with 9 companies up double digits in local currency, led by APi Group up 26%. API is the largest fire safety services company in the US and results showed strong momentum in the business with revenues growing nearly 10%, despite exiting some businesses, and margins holding up notwithstanding inflationary headwinds.

Software businesses were the weaker area for the quarter, but the main drag to performance and a disappointment was related to a single stock, Upland Software which saw its shares down 46% for the quarter and 60% for the year.

After a solid 2020 where Upland's share price increased 27%, the shares gave it all back and much more in 2021. The harsh share price response followed the most recent earnings release where management revised down forward expectations for revenues by ~5%. The benefits from investments made and the recovery from COVID haven't quite come to fruition yet and management prefer to be conservative when looking ahead and see these as upside, not baked in to forecasts. Hence the reduction in expectations. Given a 5% reduction in revenue expectations, the majority of the share price fall has been due to a de-rating of the earnings multiple. PE multiple on the shares has fallen from 15x to 10x post the earnings call; an unforgiving move.

Upland is an enterprise SAAS company with ~$300m of revenues and ~$100m of EBITDA. But it is a different type of SAAS company than the typical high flyer you may think of. Upland was founded in 2010 by CEO Jack McDonald with the support of billionaire Joe Liemandt. Management and Joe still own ~14% of the company. Jack saw an opportunity to buy underappreciated, maturing assets from venture capital. Not everything from venture capital becomes a unicorn and not everything goes bust. Some turn into nice $10-20m revenue software businesses with steady growth. These are the businesses Upland looks to acquire. Today, Upland serves 10,000 customers with key point solutions to help companies automate last mile workflow processes.

We expect the company to generate >$60m of profits next year with a pathway to doubling the business over the next 5 years through acquisitions plus some organic growth. Upland is acquiring these businesses with an immediate teens return on capital. With the enormous amounts of money invested in venture capital over the last decade, there is a large pool of opportunities and targets. While it has been a disappointing investment thus far, there continues to be an attractive opportunity for shareholders as we see the company generating $100m of profits and cash flows by 2025. This should be done whilst maintaining current leverage ratios that sit at ~3.2x net debt/EBITDA. From our conversations with management they are hurting and understand consistent execution is the name of the game. Should they deliver on the opportunity set and grow the cash flows, on any reasonable multiple they will generate an attractive return for shareholders over the next 5 years given the $550m market cap today.

For the calendar year, the Fund was up 30%. The Fund saw a diverse crop of contributors for the 12 month period spanning healthcare (Danaher, Eurofins), property services (Colliers, FirstService), retirement community operators (Equity Lifestyle), real asset investors (Brookfield), logistics operators (TFI International) and technology (Sprout Social, Topicus, Intuit).

Upland was the key detractor alongside Royalty Pharma, another holding that was down for the year.

STOCK NEWS

During the quarter **Colliers** announced its new 2025 plan. Founder, CEO & Chair Jay Hennick is known for setting of 5-year plans, which typically calls for a doubling of the business. Jay has compounded shareholder capital at ~20% for 20 years and used these 5 year plans as strategic and financial goalposts along the journey.

Jay began his business career when he was 15. He went for a summer job as a lifeguard at an apartment building, where he heard the tenants grumbling about how hard it was to get good pool staff. Jay offered to staff and manage the pool, and continued to grow this business while still in high school, running a business managing 100 pools. This business eventually became FirstService which listed in 1995, and in 2004 FirstService acquired Colliers. In 2015, Colliers and FirstService separated with Jay moving with Colliers as CEO and Chairman. Colliers has been one of the Fund's largest holdings since inception, with the shares up 61% in 2021 and doubling since the Fund's inception. FirstService was in the portfolio until being sold during the year due to a lack of value latency as shares approached 45x PE. Jay continues to be the largest investor in Colliers as well as chairman of FirstService.

Colliers' success has been borne from Jay and the team driving a professional and entrepreneurial services business. The slide to the right, from a Colliers presentation, contains two simple words that are the bedrock of the company's success "culture counts". At the same time, they have deployed capital into high returning and strategic acquisitions. Over the last 5 years, the company has transformed itself from its traditional leasing and transaction businesses. Colliers now derives half its revenues from faster growing, recurring, high margin businesses: engineering and design, project management, property management, loan servicing, valuation & advisory and investment management.

The next 5 years calls for a continuation of the ambitious growth profile but also the continued build out of these higher value service lines. A characteristic common to many of the Fund's holdings is the reinvestment of profits back into the business. But we want our companies to continue getting better and not just bigger, to keep moving to where the opportunities are and continue to build more recurring, higher margin and enduring business. Colliers has shown the potential returns on offer when culture, client service and capital deployment all come together.

OBSERVATIONS & POSITIONING

A number of changes in the portfolio occurred during the year. The Fund sold a few positions due to a lack of forward-looking value latency. Following strong performance, companies such as Latour, FirstService and Sprout Social began to trade at extreme levels and no longer presented attractive value latency. For example, Latour, a Nordic investment holding company was trading at a 50% premium to its NAV and Sprout Social re-rated to more than 20x revenues.

The Fund reallocated capital to attractive family and founder companies that meet our VOF criteria. APi is one that has already performed strongly, up 40% this year after being acquired in the beginning of 2021. Colfax is another core investment made during the year. It has yet to deliver any meaningful returns but one we are excited about. Colfax was founded in 1995 by Mitch and Steve Rales, the brothers who founded Danaher, also a large Fund position held since inception. Colfax was a private equity-like vehicle for the brothers to buy, improve and potentially sell businesses. Colfax was eventually listed in 2008 but had a difficult decade as they owned cyclical industrial businesses with leverage. In 2015 Matt Trerotola, a former Danaher exec joined as CEO and began to steady the ship. Cyclical businesses were sold, the balance sheet repaired and the company moved into Med Tech. In 2021, Colfax announced they will separate into 2 businesses – Enovis, a leading orthopaedics company and ESAB, a leading welding company.

We had first spoken with Colfax nearly 10 years ago back in 2012. We had been owners of Danaher for a number of years at that point in time and on hearing the brothers' involvement in Colfax, we sought to learn more. But the low-quality cyclical and highly geared nature of the company meant it did not tick all the VOF boxes. The repairing of the balance sheet, improvement in underlying businesses and split into independent companies has now created an attractive investment proposition.

We are particularly excited about the Med Tech opportunity. The new company to be called Enovis will be a $1.5bn revenue business with a clear number one position in orthopaedic prevention and rehab products as well as an emerging reconstructive surgery product business. It is a well-run business with a lot of upside. First, COVID and subsequent strains of delta and omicron have caused non-emergency surgeries to be pushed out and near-term growth to be dampened. There is a pathway to mid to high single digit growth on the other side. Secondly, EBITDA margins are nice at 17% but they lag med tech peers in the 25% range, which can be achieved with an increase in size and scale. Lastly, The Rales modus operandi is to reinvest cash flows back into the business via M&A to accelerate strategic and financial objectives. Altogether, over the next 3-5 years and longer we see an attractive earnings growth profile with a business trading on ~18x PE led by a highly accomplished management team and board led by Mitch Rales with support of his brother Steve, who combined own 12% of the company.

The Fund currently owns 23 companies. Today, the Fund's average insider ownership is sitting at 18%. This is a tad higher than the previous few quarters as some of the 2021 new buys have come in with higher levels of insider ownership.

We seek to invest in a diverse group of businesses that meet our VOF characteristics. While it is a more concentrated portfolio, we seek to have an appropriately diversified portfolio for this reason. We saw earlier this year our larger, more predictable businesses were lagging as the recovery took steam. More recently, this has reversed and they have been the stronger performers.

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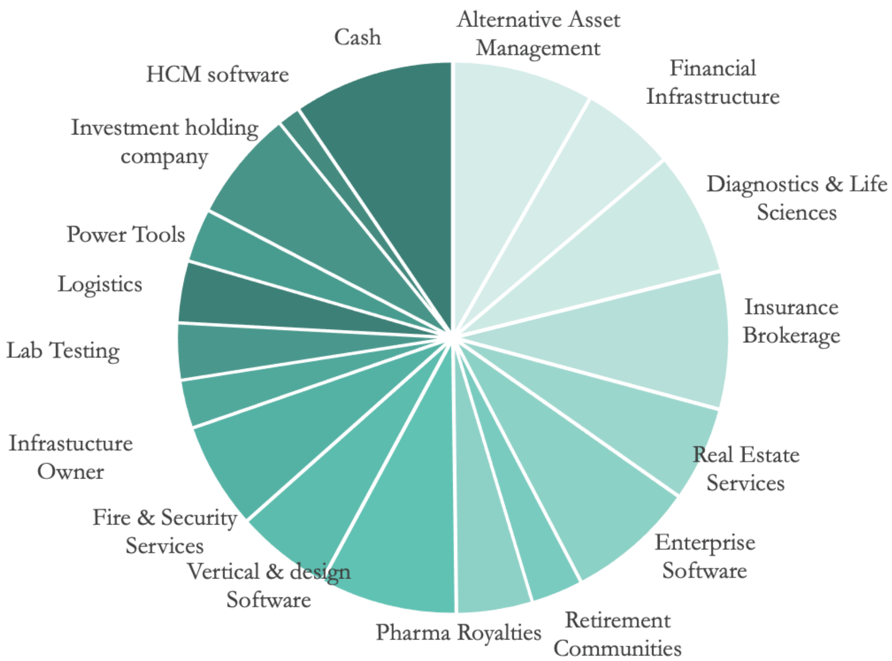
The Fund has exposure to a diverse range of businesses. By end market, healthcare is the largest industry exposure at 20% of the Fund but again is diversified amongst life sciences, pharmaceutical royalties, med tech and lab testing. Other big end markets are software and professional & commercial services. Cash is at 9%.

As we have discussed in prior quarterlies it has been pleasing to see our companies attempt to make the most of the downturn. It has set them up well and we want to see them continue capitalising on these business opportunities. While we start to enter a more "normal" environment post the lockdown period and subsequent re-opening, it is still anything but. There will likely be more curveballs but, as the last two years has proven, these businesses and management teams are well placed to adjust.

The Fund has a profile of high single digit organic growth, margin expansion and a reinvestment of cash flows that results in a teens earnings growth profile. We would expect that large M&A is likely put to the side for the near term, while tuck-in deals continue and balance sheets strengthen further. Given the financial profile mentioned there is an attractive outlook for our companies and should any major further downturns occur again we would hope to see our companies and management teams capitalise and invest in a major way, just like they did over the last two years.



Yours sincerely

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CLIENT RELATIONS

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