

Performance report | 31 May 2025

Canopy Global Small & Mid Cap Fund

Overview

The Canopy Global Small & Mid Cap Fund invests in a concentrated portfolio of high quality and attractively priced small and mid-cap listed companies, with balanced exposures across a range of sectors and regions. The fund will primarily invest in companies with demonstrable competitive advantages, aligned management, strong financial results, and favourable ESG characteristics, and aims to achieve a return, after fees, exceeding the Benchmark¹ over a market cycle of five to seven years.

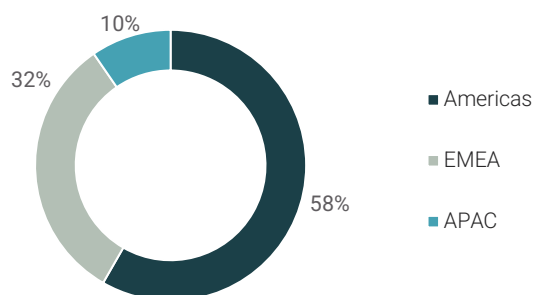
Net returns

	Fund	Benchmark ¹	Difference
1 mth	1.4%	5.3%	-3.8%
3 mths	-1.7%	0.3%	-1.9%
6 mths	2.0%	1.0%	1.0%
1 year	-	-	-
Since inception a.r. ²	7.5%	17.2%	-9.8%

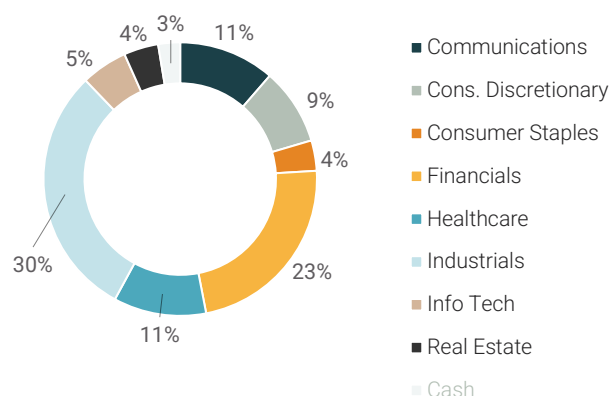
Performance figures are net of fees and expenses.

¹'Difference' calculation does not use rounded performance figures. Past performance is not indicative of future performance.

Regional revenue breakdown



Sector breakdown



Top 10 holdings

At month end, in alphabetical order

Company	Sector	Region
Auto Trader	Communications	Western Europe
HEICO	Industrials	North America
Hemnet	Communications	Western Europe
Moncler	Consumer Discretionary	Western Europe
Rollins	Industrials	North America
SBA Communications	Real Estate	North America
Spirax	Industrials	Western Europe
STERIS	Healthcare	North America
Tradeweb	Financials	North America
Wise	Financials	Western Europe

The top 10 positions equate to 43% of the portfolio.

Top contributors and detractors

To monthly performance, in order of contribution

Top contributors	Contribution to return
HEICO	0.6%
Wise	0.5%
STERIS	0.4%

Top detractors	Contribution to return
Icon	-0.3%
Hemnet	-0.3%
Auto Trader	-0.2%

Portfolio characteristics³

	Fund	Benchmark ¹	Comment
Growth - revenue	10%	5%	Higher quality
Profitability – EBIT margin	29%	9%	
Cash conversion – OCF/OIBDA	89%	87%	
Return on capital	38%	9%	
Leverage – net debt/EBIT	1.0x	2.1x	
Beta	0.9	0.9	Fully invested
Active share	99%	N/A	Genuinely active
No. of stocks	30	7,360	

Commentary

The Canopy Global Small & Mid Cap Fund increased 1.4% in May.

HEICO increased by 16%. HEICO's primary business is as the leading manufacturer and distributor of aircraft parts that have not been made by Original Equipment Manufacturers ('OEMs', like Boeing and their suppliers). HEICO copies OEM parts and, once approved by the Federal Aviation Administration (FAA), sells them to airlines, typically at a meaningful discount to prices charged by OEMs. HEICO has been operating this strategy for the last 25 years and, as a result, has cultivated strong relationships with its customers. In May, the company reported strong quarterly results, growing above expectations. The result showcased the company's strong value proposition which is clearly resonating with customers during a period of economic uncertainty. Management expects to benefit from enhanced cost scrutiny in the Federal government.

Icon declined -14% in May. Icon is one of the three largest global Clinical Research Organisations (CROs). Its share price has been under pressure since it downgraded its guidance in October last year due to industry-wide delayed trial starts and elevated cancellations. Biotech funding remains weak, and pressures on large pharma are persistent due to blockbuster drug patent lives ending and the impact of government regulation (e.g. lower drug pricing, reduced government funding, and changes to policy by Robert Kennedy Jr as Secretary of Health and Human Services, particularly around vaccines). Icon's Q1 result showed worsening trends, further impacting the share price in May. With continued pharma and biotech weakness, market sentiment is deeply negative across US healthcare and Icon.

Global equities rallied strongly in May, following a U.S.-China tariff truce that reduced tariff rates from 145% to 30%, though average U.S. tariffs remained elevated at 14% versus 2.4% pre-Trump. May saw the Global SMID index retake all-time highs last reached in February before the tariff uncertainty, with particular strength in more speculative thematic and retail-favourite stocks.

Outside of equity markets, signals were more mixed. U.S. Q1 GDP contracted 0.2% and the potential fiscal impact of the reconciliation bill adding \$3 trillion to deficits drove Moody's to downgrade U.S. government debt to AA+. This saw U.S. 10-year Treasury yields increase 24bps to 4.39%, creating divergent equity-bond dynamics.

Fund details

Feature	Information
APIR code	BFL3029AU
Investment manager	Canopy Investors
Portfolio managers	Kris Webster, Michael Poulsen, and Jack McManus
Reporting currency	AUD
Recommended investment period	Long term (minimum five years)
Cash limit	10%
No. of securities	30
Application/redemption price (AUD)	1.0769/1.0727
Distribution frequency	Annually
Management fees and costs ⁴	1.15% p.a. (including GST)
Performance fee ⁵	15.375% p.a. (including GST)
Buy/sell spread	+/- 0.20%
Minimum investment (AUD)	20,000

How to invest

The Fund is open to investors directly via the PDS (available on our [website](#)). Visit [How to invest](#) to find out more.

Platforms

Netwealth (Wealth

Accelerator Plus)

Get in touch



canopyinvestors.com.au



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- 1 S&P Developed markets MidSmallCap (AUD) Net Total Return.
- 2 Inception date is 21 June 2024. Since inception absolute return (a.r) represents total investment returns calculated from the fund's inception date.
- 3 Quality metrics (Growth – revenue; Profitability - EBIT margin; Cash conversion - OCF/OIBDA; Return on capital and Leverage - Net debt/EBIT) for the portfolio are based on the most recent fiscal year and are weighted by portfolio weight. Metrics for the benchmark represent the median of the estimated index. All data is sourced from FactSet and adjusted for outliers.
 Growth – revenue is calculated as the annual change in reported revenue.
 Profitability - EBIT margin is calculated as annual reported earnings before interest and tax, divided by revenue.
 Cash conversion - OCF/OIBDA is calculated as annual operating cash flow less stock-based compensation divided by reported net profit plus interest, depreciation and amortization.
 Return on capital is calculated as annual reported earnings before interest and tax, divided by net debt plus equity.
 Leverage – net debt/EBIT is calculated as net debt divided by annual reported earnings before interest and tax.
 Beta is calculated on a weekly basis using data from the previous 5 years, as reported by FactSet.
 Active share is estimated as the sum of each security's portfolio weight minus its index weight and includes cash.
- 4 Management fees and costs consist of annual management fee rate and capped recoverable expenses. For a detailed split of the fees and costs, please refer to the fund(s) PDS.
- 5 Performance fee is 15.375% (including GST net of reduced input tax credits) of any amount by which the investment return is greater than the return of the benchmark. All values are in Australian dollars.

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