

Performance report | 30 September 2024

Canopy Global Small & Mid Cap Fund

Overview

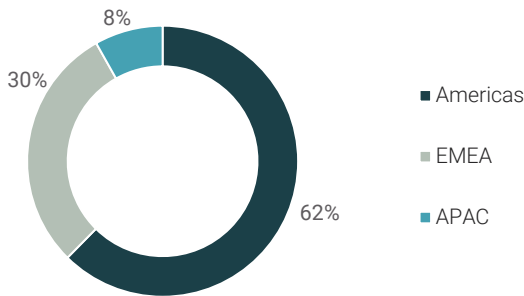
The Canopy Global Small & Mid Cap Fund invests in a concentrated portfolio of high quality and attractively priced small and mid-cap listed companies, with balanced exposures across a range of sectors and regions. The fund will primarily invest in companies with demonstrable competitive advantages, aligned 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

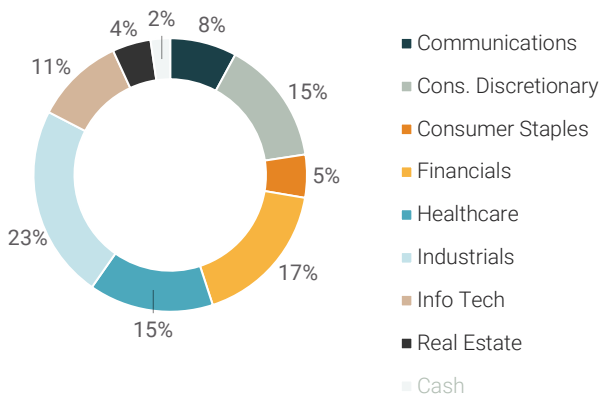
	Fund	Benchmark ¹	Value added
1 mth	0.0%	0.1%	-0.1%
3 mths	5.3%	5.3%	0.0%
1 year	-	-	-
Since inception a.r. ²	2.9%	4.7%	-1.8%

Performance figures are net of fees and expenses.
¹'Value added' 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
Dollarama	Consumer Staples	North America
ICON	Healthcare	North America
Moncler	Consumer Discretionary	Western Europe
Rollins	Industrials	North America
SBA Communications	Real Estate	North America
Spirax	Industrials	Western Europe
STERIS	Healthcare	North America
Tradeweb Markets	Financials	North America
Ulta Beauty	Consumer Discretionary	North America

The top 10 positions equate to 47% of the portfolio.

Top contributors and detractors

To monthly performance, in order of contribution

Top contributors	Contribution to return
Rightmove	0.5%
Ulta Beauty	0.3%
SBA Communications	0.2%

Top detractors	Contribution to return
ICON	-0.6%
Edenred	-0.5%
Medpace	-0.3%

Portfolio characteristics³

	Fund	Benchmark ¹	Comment
Growth - revenue	9%	6%	Higher quality
Profitability – EBIT margin	27%	9%	
Cash conversion – OCF/OIBDA	98%	88%	
Return on capital	39%	9%	
Leverage – net debt/EBIT	1.2x	1.9x	
Beta	0.9	1.0	Fully invested
Active share	98%	N/A	Genuinely active
No. of stocks	28	7,499	

Commentary

The Canopy Global Small & Mid Cap Fund was flat in August, relatively in-line with the benchmark.

The strongest performer was Rightmove, up 12% for the month. Rightmove was the subject of a takeover offer from Australian peer REA Group in September, with Rightmove's board rejecting successively higher bids from REA, characterising the offers as materially undervaluing the company. REA subsequently abandoned its takeover approach, citing a lack of management engagement. The fund took advantage of the share price strength to modestly reduce its position in Rightmove during the month, though it remains a core holding.

ICON was the fund's largest detractor, down 11% for the month, due to investor concerns regarding the health of large pharma and biopharma spending conditions, following commentary from some industry players suggesting market softness. While we are cognizant of the potential for near-term weakness in pharma spending, which has implications for contract research organizations like ICON (and Medpace, which was also impacted), the company reiterated its full-year targets in early September, and we continue to believe that its long-term prospects are very positive.

Global equities delivered another positive month in September, extending the recent rally. The US Federal Reserve's decision to cut rates by 50 basis points (exceeding earlier expectations), coupled with softening inflation data, reignited hopes for a 'soft landing' scenario. The Chinese government's announcement of substantial monetary and fiscal stimulus packages, aimed at bolstering its slowing economy, further propelled market sentiment, and contributed to meaningful appreciation in Asian equities. This performance was set against a backdrop of conflicting economic signals and geopolitical uncertainties, leading to continued bouts of volatility.

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	28
Application/redemption price (AUD)	1.0310/1.0268
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.

Get in touch



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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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