

Performance report | 31 December 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.

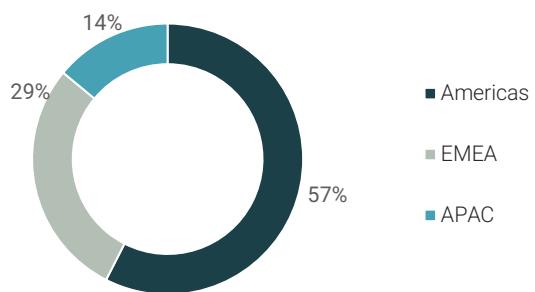
Net returns

	Fund	Benchmark ¹	Difference
1 mth	-1.9%	-1.0%	-0.9%
3 mths	-5.3%	1.1%	-6.4%
6 mths	-9.2%	6.7%	-15.8%
1 year	-8.9%	11.4%	-20.3%
Since inception a.r ²	-1.9%	17.5%	-19.4%

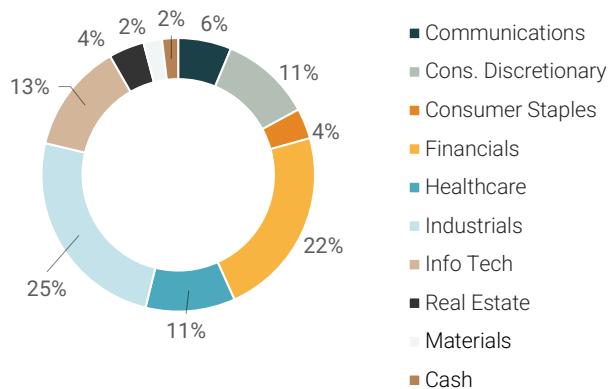
Performance figures are net of fees and expenses.

'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
Jack Henry	Financials	North America
Moncler	Consumer Discretionary	Western Europe
Rollins	Industrials	North America
SBAC	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 41% of the portfolio.

Top contributors and detractors

To monthly performance, in order of contribution

Top contributors	Contribution to return
Northsand	0.5%
MarketAxess	0.2%
Jack Henry	0.1%

Top detractors	Contribution to return
Autozone	-0.6%
Auto Trader	-0.3%
STERIS	-0.3%

Portfolio characteristics³

	Fund	Benchmark ¹	Comment
Growth - revenue	12%	6%	Higher quality
Profitability – EBIT margin	27%	9%	
Cash conversion – OCF/OIBDA	92%	87%	
Return on capital	40%	9%	
Leverage – net debt/EBIT	0.8x	2.0x	
Beta	0.9	0.9	Fully invested
Active share	99%	N/A	Genuinely active
No. of stocks	33	7,509	

Commentary

The Canopy Global Small & Mid Cap Fund decreased 1.9% in December.

Northsand, a new Canopy holding, rose 34% in December. Northsand is a Japanese business and IT consulting firm that provides project-based support to Japanese corporate clients. It is differentiated from Western IT services firms by its 'one-pool system', where consultants sit within a single, firm-wide talent pool rather than being assigned to specific industry, function, or client pools. This model results in higher employee utilisation and lower turnover, and consequently healthy profitability even as the company prices below peers, enabling it to grow quickly by serving clients that have historically found consulting services too expensive. Northsand IPO'd in late November at an attractive valuation, and its stock has since performed strongly.

AutoZone, a leading US automotive aftermarket parts retailer, declined 14% in December after releasing Q1 fiscal 2026 results. While topline momentum remained strong, profitability was lower than anticipated, reflecting investments and dilution from accelerated store openings. Management indicated margin headwinds will persist through fiscal 2028 as new store cadence reaches 500 annually. While this will weigh on near-term profitability, we believe that AutoZone's secular growth drivers - commercial share gains, geographic expansion, and hub network buildout - remain compelling.

Global equities were mixed in December, with European and emerging markets significantly outperforming US stocks. European markets advanced on infrastructure and defence spending commitments, while concerns over the sustainability of the AI trade weighed on US Technology stocks. Global SMID equities fell 1% in AUD, pressured by Utilities (-5%), Energy (-4%), and Healthcare (-4%), though Materials gained 3%, led by miners buoyed by significant ongoing appreciation in precious metals such as gold and silver. The Fed cut rates to 3.5–3.75% as inflation fell to 2.7%, well below forecasts, and unemployment rose to 4.6%, fuelling debate over the 2026 interest rate policy path

as markets priced in multiple cuts against the FOMC's single-cut projection.

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	33
Application/redemption price (AUD)	0.9666/0.9628
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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