Canaccord Genuity Wealth Management

As at the end of May 2024.

Canaccord Genuity Global Equity Fund

Key facts

Lead manager: Sid Chand Lall (since 1/2/21)
Co-manager: William Rosier (since 1/2/21)
Fund size: US$10.1m
Ireland inception date: 30 June 2016
ISA/PEP eligible: Yes
SIPP eligible: Yes
UK reporting status: Yes
FCA recognised: Yes
CBoI Authorised: Yes
MAS restricted foreign scheme: Yes
Benchmark: FTSE All World Total Return USD

Other information

Minimum investments
Initial (or currency equivalent): US$5,000
Ongoing (or currency equivalent): US$1,000
Domicile: Ireland
Custodian/Trustee: Northern Trust
SRRI: 5[2]

Dealing

Cut-off time: 2pm
Dealing frequency: Daily
Contact Northern Trust (fax):
+353 1 531 8516

Contact us

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Jersey: +44 1534 708 090
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Isle of Man: +44 1624 690 100

Investment involves risk. The value of investments and the income from them can go down as well as up and you may not get back the amount originally invested.

Investors should carefully read the Key Investor Information Document (KIID) and Fund Supplement before making a decision to invest.

Past performance is not indicative of future performance.

The returns are shown in USD. These returns may differ significantly when converted to other currencies at the prevailing exchange rates.

This is a marketing communication and not a contractually binding document. Please refer to the prospectus of the UCITS and to the KIID. Do not base any final investment decision on this communication alone.

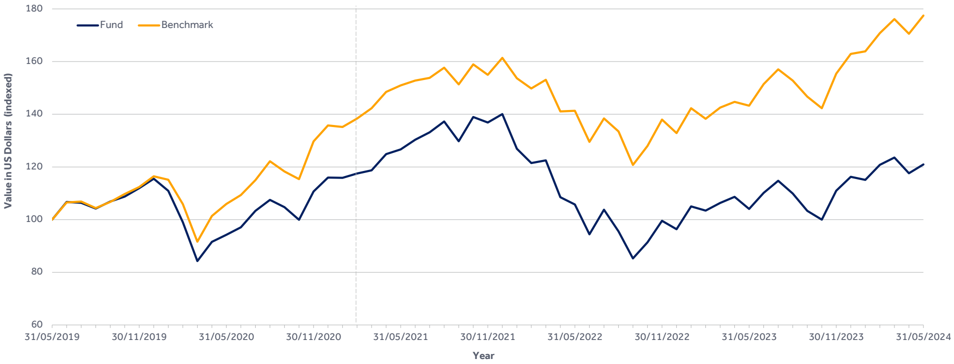
Important information

Please read over page

Investment objectives

The aim of the Fund is to generate capital growth by investing directly in equities from around the globe.

Return profile[1]



The line at 1 February 2021 represents the appointment of Canaccord Genuity Asset Management Ltd as sub investment managers of the Fund.

Source: Morningstar & CGWM

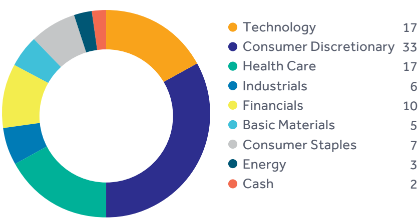
Cumulative performance (%)[1]

Total return to end of last calendar quarter (benchmark data from Morningstar, these figures are unaudited)

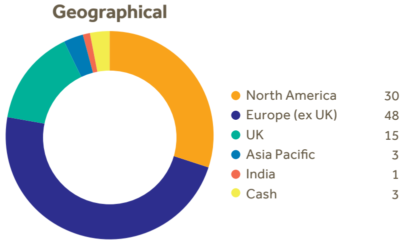
	1 month	YTD	1 year	3 years	5 years	Inception (June 2016)
Global Equity Fund	**+2.82**	**+4.02**	**+16.25**	**-4.51**	**+20.93**	**+40.67**
Benchmark	**+4.07**	**+8.95**	**+23.88**	**+17.58**	**+77.48**	**+134.86**

Current Positioning (%)

Sector



Geographical



Top 10 holdings (%)

Ferrari	**4.07**
Hermès	**3.74**
Lindt & Sprungli	**3.53**
D'Ieteren	**3.22**
Swissquote	**3.02**
TSMC	**2.99**
LVMH	**2.77**
Intercos	**2.58**
Microsoft	**2.47**
Eli Lilly	**2.44**

Source: CGWM

Top 5 performers

NVIDIA
Intercos
Netflix
Arista Networks
Safestore

Top 5 under-performers

Duolingo
Carl Zeiss Meditech
Porsche
Intuit
Accenture

1. The performance data represents the actual performance of the Canaccord Genuity Global Equity Fund (the Fund) shown against a benchmark for references purposes only.
2. The Synthetic Risk and Reward Indicator (SRRI) displays the historic volatility of the fund's performance and categorises it accordingly. The values will range from 1 to 7, where 1 will mean lower risk and 7 indicates that the level of risk is relatively high.

Canaccord Genuity Global Equity Fund – Manager's commentary

Over the month, the price of the R USD Acc. share class rose 2.8% compared to our benchmark, the FTSE All-World Total Return Index (USD), which rose 4.1%. The Fund is up 4.0% year to date compared with the index up 9.0%.

May turned out to be another strong month for financial assets. Bonds performed well over the month, with the US 10-year Treasury yield dropping slightly. Nervousness remains over the path of interest rates, but confidence is increasing that moderating inflation will allow rate cuts in the second half of 2024. This led to a positive backdrop for equities with the NASDAQ Composite up 6.9%, the S&P 500 up 5.0%, the DAX up 3.2%, the CAC up 1.6% and the Tokyo Stock Exchange Index up 1.1%. The Fund remains overweight in European equities relative to the global benchmark and underweight in North American equities, which partly explains the difference in performance.

Losers for the month included **Duolingo** (-15%), despite strong results. The market did not like its 'daily active user' growth decelerating from 65% in Q4 23 to 54% in Q1 24. Versus Q1 23, when it posted growth of 62%, this does look lower but is also a tough comparison in our view given the sheer magnitude of growth being reported. **JP Morgan** published a BUY note post month end with a target price of $275 which implies an upside of over 40%. This is a high bets stock and will move around from quarter to quarter. What we like about it is the market leading, multi-language learning platform that also captures AI tools to continuously improve. We don't like the director selling but accept it is part of their remuneration model. **Carl Zeiss Meditech** (-15%) corrected after a Goldman Sachs 'sell' note. Others feel a downgrade to guidance is due but the size of the cut is unknown. JP Morgan has earnings-per-share (EPS) 10% below consensus and does not believe the company can post 26% EPS growth in FY25 given how peers have reported thus far, with some thinking market share may also have been lost in certain segments. Q3 24 results are due in August. **Porsche** (-9%) fell on the news that earnings before interest and tax (EBIT) margins will be in the 15-17% range versus 18% in the previous year with a longer-term target of 20%. A number of new model launches are due in 2024 so the market must wait to see how these are received. It also aims to distribute 50% of net income as dividends. **Intuit** (-8%) fell as consumer revenues grew less than expectations. According to UBS, this should have been at +10-11% but run-rate is more like 8%. This said, they raised overall revenue estimates to +12.7% from +11.3% and acknowledged a better margin outlook, with a margin approaching 40% next year and a forecast net cash position once again. **Accenture** (-6%) fell on the view that it was now losing market share (Deutsche Bank) to peers in the IT Services industry after many years of gains. Organic revenues were down by 2%-5% in Q2 24. There is a debate on whether 'GEN AI' is negative for them or a catalyst for new revenue growth. We suspect both things are possible at different times but it has been downgraded to HOLD, which may be the correct move short-term.

Once again **NVIDIA** (+26%) led the list of winners. Now a household name, it continues to impress and has unveiled yet another new chip and a longer order book. Unfortunately, we do not hold it in the same large weighting as the index given our strategy to run a diversified portfolio which requires us to manage stock specific risk and concentration. The stock split due in early June will likely be taken well by retail investors. **Intercos** (+23%) reported Q1 24 as expected. The US mass market is softer but Beauty as a category is getting better. Intercos's CFO is to be replaced and like for like revenue growth is still 6%-8% with a China recovery due. **Netflix** (+17%) rose on a positive note from Jefferies, which reiterated that password sharing crackdown, ad revenues and price hikes would all serve to put the business in a stronger position for the next few years. They are not concerned by the decision to stop sharing statistics on near term subscriber growth trends to focus on revenue guidance instead. They also take the view that free cash will double within 5 years and EPS will triple over the same period. **Arista Networks** (+16%), gained on a raised guidance for revenue growth (from 10%-12% to 12%-14%). It has better visibility from all customer segments and is excited about its AI trials for the back-end network. A next generation ethernet is expected (over the longer term) to replace both Ethernet and InfinBand, which cuts job completion times by more than 10%. **Safestore** (+16%), started to recover after being oversold before. The UK backdrop looks increasingly better for the property market as mortgage availability is on the up and a rate cut is due by year end, meaning buyer confidence is also stronger.

We started a small position with **Bloomsbury Publishing** following a positive meeting with management. They are a leading global publisher with a Consumer division (authors include J.K. Rowling and Sarah J Maas) and an Academic & Professional division. Since initiating the position, the company has announced a large acquisition in North America that should be materially earnings enhancing in 2025. We exited **Nestle** as the company continues to struggle with getting the balance right between price and volume. It could take a while to turn this around when the market is getting more competitive.

Since month end, the European Central Bank and Canadian Bank have both cut interest rates, paving the way for others to follow. We expect the favourable attributes of our Fund's relative geographical positioning to become more apparent on dollar weakness. This may start with the US rate cutting towards Q4 24 subject to inflation and unemployment data.