

Paradice Global Small Cap Fund

ARSN 161 493 456

Condensed financial report

For the half-year ended 31 December 2022

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This condensed financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this condensed financial report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made in respect of Paradice Global Small Cap Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This condensed financial report covers Paradice Global Small Cap Fund as an individual entity.

The Responsible Entity of Paradice Global Small Cap Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975).

The Responsible Entity's registered office is:
Level 1, 575 Bourke Street
Melbourne, VIC 3000.

Directors' report

The directors of Equity Trustees Limited, the Responsible Entity of Paradice Global Small Cap Fund (the "Fund"), present their report together with the condensed financial statements of the Fund for the half-year ended 31 December 2022. These condensed financial statements have been prepared as it is a disclosing entity under the *Corporations Act 2001*.

Principal activities

The Fund invests predominately in global small and mid-capitalisation companies (excluding Australian and New Zealand companies) that have a weighted average market capitalisation of less than US\$5 billion, as well as cash in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund did not have any employees during the half-year ended 31 December 2022.

There were no significant changes in the nature of the Fund's activities during the half-year ended 31 December 2022.

The various service providers for the Fund are detailed below:

Service	Provider
Responsible Entity	Equity Trustees Limited
Investment Manager	Paradice Investment Management Pty Ltd
Custodian and Administrator	State Street Australia Limited
Statutory Auditor	KPMG

Directors

The following persons held office as directors of Equity Trustees Limited during or since the end of the half-year and up to the date of this report:

Philip D Gentry	Chairman
Michael J O'Brien	
Russell W Beasley	
Mary A O'Connor	

Review and results of operations

During the half-year, the Fund continued to invest its funds in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund's performance was 2.70% (net of fees) for the half-year ended 31 December 2022. The Fund's benchmark, the S&P Global ex Australia and New Zealand Between USD1 Billion and USD5 Billion (AUD) Net Total Return Index returned 5.35% for the same period.

The performance of the Fund, as represented by the results of its operations, was as follows:

	Half-year ended	
	31 December 2022	31 December 2021
Profit/(loss) for the half-year (\$'000)	8,534	(2,937)
Distributions paid and payable (\$'000)	1,229	-
Distributions (cents per unit)	1.50	-

Directors' report (continued)

Significant changes in the state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Fund that occurred during the half-year ended 31 December 2022.

Matters subsequent to the end of the financial period

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may have a significant effect on:

- (i) the operations of the Fund in future financial years; or
- (ii) the results of those operations in future financial years; or
- (iii) the state of affairs of the Fund in future financial years.

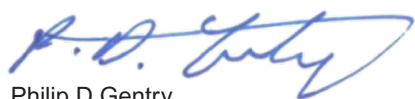
Rounding of amounts to the nearest thousand dollars

Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, unless otherwise indicated.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of the directors of Equity Trustees Limited through a delegated authority given by Equity Trustees Limited's Board.



Philip D Gentry
Chairman

Melbourne
6 March 2023



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Equity Trustees Limited, the Responsible Entity for Paradise
Global Small Cap Fund

I declare that, to the best of my knowledge and belief, in relation to the review of Paradise Global Small
Cap Fund for the half-year ended 31 December 2022 there have been:

- i. no contraventions of the auditor independence requirements as set out in the
Corporations Act 2001 in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Quang Dang
Partner

Sydney
6 March 2023

Condensed statement of comprehensive income

	Half-year ended	
	31 December 2022	31 December 2021
Note	\$'000	\$'000
Investment income		
Interest income from financial assets at amortised cost	40	-
Dividend and distribution income	980	2,233
Net foreign exchange gain/(loss)	97	(309)
Net gains/(losses) on financial instruments at fair value through profit or loss	<u>8,913</u>	<u>(1,405)</u>
Total investment income/(loss)	<u>10,030</u>	<u>519</u>
Expenses		
Management fees	1,310	3,103
Custody and administration fees	40	48
Withholding taxes	108	213
Transaction costs	34	77
Other expenses	<u>4</u>	<u>15</u>
Total expenses	<u>1,496</u>	<u>3,456</u>
Profit/(loss) for the half-year	<u>8,534</u>	<u>(2,937)</u>
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the half-year	<u>8,534</u>	<u>(2,937)</u>

The above condensed statement of comprehensive income should be read in conjunction with the accompanying notes.

Condensed statement of financial position

		As at	
		31 December 2022	30 June 2022
	Note	\$'000	\$'000
Assets			
Cash and cash equivalents		2,905	20,916
Receivables	8	270	463
Due from brokers - receivable for securities sold		-	365
Financial assets at fair value through profit or loss	4	<u>153,162</u>	<u>317,431</u>
Total assets		<u>156,337</u>	<u>339,175</u>
Liabilities			
Distributions payable	7	657	14,430
Payables	9	186	368
Due to brokers - payable for securities purchased		2	189
Financial liabilities at fair value through profit or loss	5	<u>-</u>	<u>2</u>
Total liabilities		<u>845</u>	<u>14,989</u>
Net assets attributable to unit holders - equity	6	<u>155,492</u>	<u>324,186</u>

The above condensed statement of financial position should be read in conjunction with the accompanying notes.

Condensed statement of changes in equity

	Note	Half-year ended	
		31 December 2022 \$'000	31 December 2021 \$'000
Total equity at the beginning of the half-year		324,186	526,651
Comprehensive income for the half-year			
Profit/(loss) for the half-year		8,534	(2,937)
Other comprehensive income		-	-
Total comprehensive income		<u>8,534</u>	<u>(2,937)</u>
Transactions with unit holders			
Applications	6	5,153	9,484
Redemptions	6	(182,574)	(97,575)
Reinvestment of distributions	6	1,422	3,489
Distributions paid and payable	6	(1,229)	-
Total transactions with unit holders		<u>(177,228)</u>	<u>(84,602)</u>
Total equity at the end of the half-year		<u>155,492</u>	<u>439,112</u>

The above condensed statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed statement of cash flows

	Half-year ended	
	31 December 2022 \$'000	31 December 2021 \$'000
Cash flows from operating activities		
Proceeds from sale of financial instruments at fair value through profit or loss	30,107	111,851
Payments for purchase of financial instruments at fair value through profit or loss	(7,905)	(32,197)
Net foreign exchange gain/(loss)	97	(309)
Interest income received from financial assets at amortised cost	44	-
Dividends and distributions received	981	1,892
Other income received	70	12
Management fees paid	(1,482)	(3,128)
Transactions costs paid	(34)	(77)
Custody and administration fees paid	(40)	(48)
Other expenses paid	(4)	(15)
Net cash inflow/(outflow) from operating activities	<u>21,834</u>	<u>77,981</u>
Cash flows from financing activities		
Proceeds from applications by unit holders	5,153	9,484
Payments for redemptions by unit holders	(31,418)	(97,575)
Distributions paid to unit holders	(13,580)	(4,320)
Net cash inflow/(outflow) from financing activities	<u>(39,845)</u>	<u>(92,411)</u>
Net increase/(decrease) in cash and cash equivalents	(18,011)	(14,430)
Cash and cash equivalents at the beginning of the half-year	<u>20,916</u>	<u>25,847</u>
Cash and cash equivalents at the end of the half-year	<u>2,905</u>	<u>11,417</u>
Non-cash operating and financing activities		
Issue of units under the distribution reinvestment plan	1,422	3,489
In-specie transfer of assets	(151,156)	-
Dividend and distribution income reinvested	-	313

The above condensed statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the condensed financial statements

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1 General information

These condensed financial statements cover Paradice Global Small Cap Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 16 June 2012 and will terminate in accordance with the provisions of the Fund's Constitution or by Law.

The Responsible Entity of the Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975) (the "Responsible Entity"). The Responsible Entity's registered office is Level 1, 575 Bourke Street, Melbourne, VIC 3000. The condensed financial statements are presented in the Australian currency unless otherwise noted.

The Fund invests predominately in global small and mid-capitalisation companies (excluding Australian and New Zealand companies) that have a weighted average market capitalisation of less than US\$5 billion, as well as cash in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The condensed financial statements were authorised for issue by the directors on the date the Directors' declaration was signed. The directors of the Responsible Entity have the power to amend and reissue the condensed financial statements.

2 Basis of preparation

These condensed financial statements have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

These condensed financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these condensed financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2022 and any public announcements made in respect of the Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The directors are satisfied that the Fund has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

Significant accounting policies

The accounting policies applied in these condensed financial statements are the same as those applied to the Fund's financial statements for the year ended 30 June 2022.

(i) New and amended standards adopted by the Fund

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2022 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

(ii) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2023 and have not been early adopted in preparing these condensed financial statements.

None of these are expected to have a material effect on the condensed financial statements of the Fund.

3 Fair value measurement

The Fund measures and recognises financial assets and liabilities at fair value through profit or loss on a recurring basis.

- Financial assets/liabilities at fair value through profit or loss (see Note 4 and 5)

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

3 Fair value measurement (continued)

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The Fund values its investments in accordance with the accounting policies set out in Note 2 to the condensed financial statements.

(a) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets (such as equity securities and unit trusts) are based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets and financial liabilities held by the Fund is the last traded price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

(b) Fair value in an inactive or unquoted market (level 2)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

(c) Recognised fair value measurements

The table below presents the Fund's financial assets and liabilities measured and recognised at fair value as at 31 December 2022 and 30 June 2022.

As at 31 December 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Equity securities	150,571	-	-	150,571
Unit trusts	2,591	-	-	2,591
Total financial assets	<u>153,162</u>	<u>-</u>	<u>-</u>	<u>153,162</u>

3 Fair value measurement (continued)

(c) Recognised fair value measurements (continued)

As at 30 June 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Equity securities	310,318	-	-	310,318
Unit trusts	<u>7,113</u>	<u>-</u>	<u>-</u>	<u>7,113</u>
Total financial assets	<u>317,431</u>	<u>-</u>	<u>-</u>	<u>317,431</u>
Financial liabilities				
Forward currency contracts	<u>-</u>	<u>2</u>	<u>-</u>	<u>2</u>
Total financial liabilities	<u>-</u>	<u>2</u>	<u>-</u>	<u>2</u>

(d) Transfer between levels

Management's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels in the fair value hierarchy at the end of the reporting period (30 June 2022: Nil).

(e) Financial instruments not carried at fair value

The carrying value of cash and cash equivalents, receivables and payables approximate their fair values due to their short-term nature.

Net assets attributable to unit holders' carrying value differs from its fair value (deemed to be redemption price for individual units) due to differences in valuation inputs. This difference is not material in the current or prior reporting periods.

4 Financial assets at fair value through profit or loss

	As at	
	31 December 2022 \$'000	30 June 2022 \$'000
Equity securities	150,571	310,318
Unit trusts	<u>2,591</u>	<u>7,113</u>
Total financial assets at fair value through profit or loss	<u>153,162</u>	<u>317,431</u>

5 Financial liabilities at fair value through profit or loss

	As at	
	31 December 2022 \$'000	30 June 2022 \$'000
Forward currency contracts	<u>-</u>	<u>2</u>
Total financial liabilities at fair value through profit or loss	<u>-</u>	<u>2</u>

6 Net assets attributable to unit holders - equity

Under AASB 132 *Financial Instruments: Presentation*, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Fund shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions.

Movements in the number of units and net assets attributable to unit holders during the half-year were as follows:

	Half-year ended			
	31 December 2022 Units '000	31 December 2022 \$'000	31 December 2021 Units '000	31 December 2021 \$'000
Opening balance	174,072	324,186	221,159	526,651
Applications	2,724	5,153	3,984	9,484
Redemptions*	(95,915)	(182,574)	(40,982)	(97,575)
Reinvestment of distributions	763	1,422	1,465	3,489
Distributions paid and payable	-	(1,229)	-	-
Profit/(loss) for the half-year	-	8,534	-	(2,937)
Closing balance	81,644	155,492	185,626	439,112

*31 December 2021 redemption includes a streaming distribution paid by the Paradice Global Small Cap Fund due to a unit holder redemption of greater than 5% of the net assets of the Fund. Due to this redemption, as outlined in the Product Disclosure Statement, a portion of the withdrawal proceeds represented distributable income to the redeeming unit holder. Refer to the Fund's Product Disclosure Statement for details on special distributions.

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right in the underlying assets of the Fund.

There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

7 Distributions to unit holders

The distributions declared during the half-year were as follows:

	Half-year ended			
	31 December 2022 \$'000	31 December 2022 CPU	31 December 2021 \$'000	31 December 2021 CPU
Distributions				
August*	572	0.69	-	-
December (payable)	657	0.81	-	-
Total distributions	1,229	1.50	-	-

*The Aug 2022 (CPU: \$0.69) distribution represents a special distribution paid by the Paradice Global Small Cap Fund due to a unit holder redemption of greater than 5% of the net assets of the Fund. Due to this redemption, as outlined in the Product Disclosure Statement, a portion of the withdrawal proceeds represented distributable income to the redeeming unit holder. Refer to the Fund's Product Disclosure Statement for details on special distributions.

8 Receivables

	As at	
	31 December 2022	30 June 2022
	\$'000	\$'000
Interest receivable	-	4
Dividends and distributions receivable	221	340
GST receivable	29	98
Other receivables	20	21
Total receivables	270	463

9 Payables

	As at	
	31 December 2022	30 June 2022
	\$'000	\$'000
Management fees payable	186	358
Withholding tax payable	-	10
Total payables	186	368

10 Events occurring after the reporting period

No significant events have occurred since the end of the half-year which would impact on the financial position of the Fund as disclosed in the condensed statement of financial position as at 31 December 2022 or on the results and cash flows of the Fund for the half-year ended on that date.

11 Contingent assets and liabilities and commitments

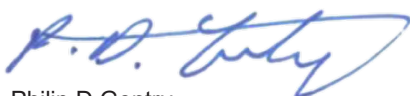
There were no outstanding contingent assets, liabilities or commitments as at 31 December 2022 and 30 June 2022.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) The condensed financial statements and notes set out on pages 5 to 14 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Fund's financial position as at 31 December 2022 and of its performance for the half-year ended on that date.
- (b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors of Equity Trustees Limited through a delegated authority given by Equity Trustees Limited's Board.



Philip D Gentry
Chairman

Melbourne
6 March 2023



Independent Auditor's Review Report

To the unitholders of Paradise Global Small Cap Fund

Conclusion

We have reviewed the accompanying **Condensed Financial Report** of Paradise Global Small Cap Fund (the Fund).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Condensed Financial Report of Paradise Global Small Cap Fund does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Fund's financial position as at 31 December 2022 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Condensed Financial Report** comprises:

- Condensed statement of financial position as at 31 December 2022
- Condensed statement of comprehensive income, Condensed statement of changes in equity and Condensed statement of cash flows for the Half-year ended on that date
- Notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The Half-year is the 6 months ended on 31 December 2022.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.



Responsibilities of the Directors for the Condensed Financial Report

The Directors of the Responsible Entity are responsible for:

- the preparation of the Condensed Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Condensed Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Condensed Financial Report

Our responsibility is to express a conclusion on the Condensed Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Condensed Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Fund's financial position as at 31 December 2022 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Quang Dang
Partner

Sydney
6 March 2023