30 SEPTEMBER 2025

GLOBAL SMALL CAP FUND

PARADICE
INVESTMENT MANAGEMENT

PERFORMANCE NET (%)	1 MONTH	3 MONTHS	1 YEAR	3 YEARS	5 YEARS	7 YEARS	10 YEARS	SI* P.A.
Global Small Cap Fund	-3.47	-2.71	5.93	10.69	7.62	2.85	4.61	9.01
Benchmark[1]	0.78	7.50	18.50	16.13	12.42	8.06	9.08	11.93
Excess Return	-4.25	-10.21	-12.57	-5.44	-4.80	-5.21	-4.47	-2.92

Since Inception date (SI) – 18 January 2013

Past performance of the Fund is not a reliable indicator of future performance. The value of an investment in the Fund may rise or fall. Returns are not guaranteed by any person. Fund returns are calculated before tax, after ongoing management costs and any accrued performance fees, and assumes the reinvestment of distributions. Returns greater than 1 year are annualised.

INVESTMENT OBJECTIVE

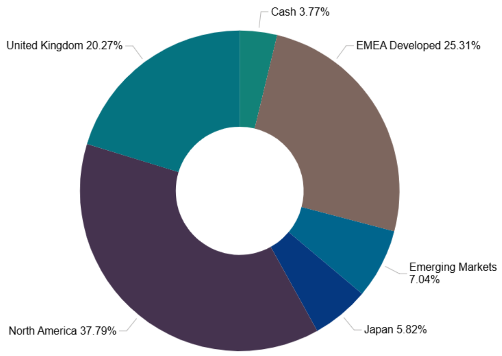
The Fund aims to outperform the S&P Global ex Australia and New ealand Between USD1 Billion and USD5 Billion Net Total Return Index in AUD over a three to five year period (after management costs and before tax).

LEAD PORTFOLIO MANAGER

Kevin Beck & Paul Mason

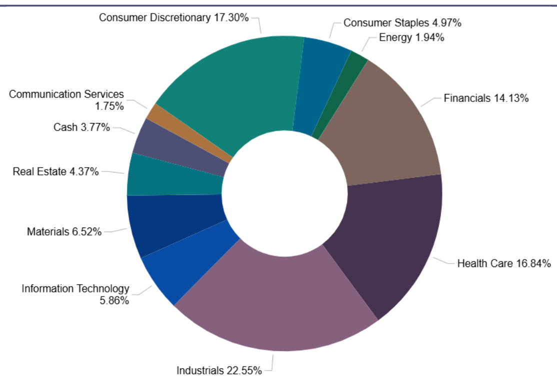
KEY DETAILS	
Number of Holdings	44
Weighted Avg Mkt Cap (AUD M)	$6,646M
Active Share	99.29%
Fund Size (AUD)	$ 72M

REGION ALLOCATION



TOP 10 POSITIONS	WEIGHT %
Allfunds Group plc	5.68
Globus Medical Inc Class A	3.39
Arcadis NV	3.34
Envista Holdings Corp.	3.01
ConvaTec Group Plc	2.98
Croda International Plc	2.81
Onex Corporation	2.81
Sendas Distribuidora SA	2.79
Lear Corporation	2.74
LivaNova Plc	2.66

SECTOR ALLOCATION



FUND DETAILS	
APIR Code	ETL0365AU
Fund Currency	AUD
Distribution Frequency	Semi-Annually
Management Fee[2]	1.25% p.a.
Performance Fee[3]	15% p.a.
Buy / Sell Spread	/- 0.30%
Minimum Investment	20,000

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Performance in AUD unless otherwise noted.

MARKET REVIEW AND PORTFOLIO PERFORMANCE

The disappointing run since April's tariffs and subsequent momentum fueled rally continued during the quarter. The benchmark rallied over 7%, while the Fund fell almost 3%. This relative underperformance of over 10% is amongst the worst quarters since the Fund's inception. The mix of returns across the portfolio was terrible, our two largest country exposures, the US and UK, both saw sharp underperformance as momentum and thematics sent winners higher and left many names on the sidelines. There is a sliver of solace in the fact that, according to data compiled by Jeffries, the vast majority of US Small Cap managers are currently underperforming, however, we are bitterly dissatisfied with the returns we have delivered of late.

We have always held valuations in very high regard in our investment philosophy and process, and we always will. The Fund is currently at 2x Price to Sales, 10x Enterprise Value/EBITDA and 18x Price to Earnings. This compares to the benchmark at 4x, 18x and 25x respectively. Looking at a range of different metrics, the Fund is capturing 98% of trailing 5 year benchmark sales growth, 80% of ROIC and 180% of total shareholder yield. In terms of abiding by our philosophy of process and owning what we view as great business at very attractive multiples, we are holding up our end of the bargain. However, the market appears to be in a speculative, thematic, exuberant mood. Since the trough of Trump's tariff market sell-off in April, the best performing segment of the US Small Cap Market has been companies with negative earnings, which have rallied 55%. This has made for an extremely tough environment for fundamental investors.

Top Performers for the Quarter Included

Openlane (US): One of the Fund's top holdings during the quarter, was a leading contributor to performance. Openlane operates a digital auction platform for automotive dealers and fleet operators to conduct wholesale car auctions online. We highlighted Openlane as a top performer in the prior quarter, and the strong momentum in the business carried into this quarter as well. During the company's earnings call, management pointed to positive development in auction activity as dealers continue to shift auctions online. Another key driver for the business was continued market share gains, a trend that has been evident throughout the year when benchmarking Openlane's performance against key competitors. We expect the business to maintain steady performance going forward with potential for growth acceleration in 2026 driven by an elevated off-lease cycle, but given recent volatility in the industry, we felt it was prudent to reduce the Fund's overweight exposure to the name and trim to a more modest position size.

Mohawk Industries (US): A top performer in the quarter, is a global leader in the design, manufacture, and distribution of flooring for residential and commercial end markets. During the quarter, the company benefitted from investors seemingly pouring capital into interest rate cut beneficiaries, such as housing-exposed names, as it became increasingly clear that the Federal Reserve would embark on a new rate cut cycle, which officially kicked off in September. We believe Mohawk's performance was largely driven by this capital flow as many related residential names saw similar strength in their respective share prices during the quarter. Ultimately, we believe Mohawk stands to be a significant beneficiary when the housing market, namely existing home sales, begins to move higher, which should happen as pressure from elevated mortgage rates declines, in our view. Despite the recent flow of capital back into Mohawk, we view Mohawk shares as undervalued relative to the potential future cash generation of the business when home sale activities pick up.

Kansai Paint (JPN): A Japan-based specialty coatings and paint supplier throughout Asia, Europe, and Africa, was a top contributor to the Fund's performance during the quarter. The company reported strong operating results in the quarter, but the big positive surprise was the company increasing its dividend to almost double what the market was expecting. This was important for two reasons: 1) we believe the dividend is reflective of management's confidence in the outlook for the business, and 2) the company prioritizing shareholder returns with excess capital. In the same announcement, management committed to conducting no material M&A for the next three years and instead focusing on improving profitability. This is a welcome development in the investment case as we believe Kansai Paint has significant room for margin improvement, particularly in Europe where the company has struggled to integrate and realize synergies from past acquisitions. Overall, we are increasingly confident in both the outlook for operations at Kansai as well as management making the appropriate capital allocation decisions to drive shareholder value.

Bottom Performers for the Quarter Included

Tandem Diabetes Care (US): A US-based insulin pump manufacturer, was a bottom performer during the quarter. Following the annual American Diabetes Association conference in June, a sentiment of concern seemingly set in among investors over a perception of an increasing competitive landscape as new entrants showcased their insulin delivery technology during the event. This concern was amplified when Tandem announced quarterly results in August that exceeded market expectations, but management reduced their U.S. revenue expectation for the year, fueling investor concern over competition risk. While it is irrefutable that new competitors are attempting to enter the market, we believe Tandem has a competitive moat to sustain and expand its market share, underscored by the company's large patient population, strong technology pipeline, and customer obsession – all of which these new competitors lack. With shares trading at near 1x the company's revenue, we strongly believe the market is underestimating the future growth potential of this business.

Endava (UK): A UK-based information technology (IT) services provider, was another bottom performer in the quarter. The IT services industry, historically seen as key enablers of digital transformation within enterprises, has faced mounting investor concern this year over the future of these business models in an artificial intelligence, or "AI", world. While we believe that AI will certainly change how work is performed, we also believe that in order for businesses to realize the power and potential of AI, they will likely need outside help, similar to how businesses require third party assistance today, from companies like Endava, for modernizing and optimizing their internal technology stack. We believe Endava will be a natural partner and implementer of AI practices within their enterprise customers' operations, in part because they already have established relationships, but also because they have re-focused their go-to-market model both leveraging and prioritizing AI. While we understand concerns over the shift in strategy, we believe Endava is taking the correct long-term approach to both managing AI as a risk but also as a massive opportunity for the company.

Auction Technology Group (ATG) (UK): AUK-based auction platform, was a bottom contributor to the Fund's performance. ATG operates multiple auction platforms across the U.S. and U.K., focusing on the art & antique markets as well as industrial & commercial machinery. During the quarter, the company announced preliminary results that came in below expectations with management casting blame on tariff uncertainty and general market weakness. However, the big surprise was the company's simultaneous announcement of their acquisition of Chairish, a curated online marketplace specializing in high-end, pre-owned furniture and décor. While the acquisition is complementary to the company's existing arts and antiques segment and increases the overall bidder base, ATG management disclosed that Chairish is not yet profitable and would therefore dilute ATG's premium standalone margin. This was the big catalyst that sent shares down in the quarter. Although we still find ATG to be an attractive and scarce asset with a long runway for growth, we will be carefully monitoring the company's margin development, which is key for the company to continue to generate strong free cash flow.

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PORTFOLIO CHANGES

The Fund initiated four new positions during the quarter while also exiting five holdings.

New additions to the Fund are Flowserve, DLocal, Schott Pharma AG, and Japan Material.

Flowserve, a global leader in flow control equipment, is a new addition to the Fund during the quarter. In the prior quarter, we wrote about a new position, Chart Industries, noting that shortly after our initial purchase, Chart announced a merger with Flowserve. Less than two months following that announcement, Baker Hughes, a large global energy and industrial technology company, announced their intent to acquire Chart at a premium to the Flowserve merger price, a win for Chart shareholders, in our view. However, while studying the merits of the initial Chart and Flowserve combination, we grew attracted to Flowserve's business, specifically the turnaround that had taken place over the preceding years, seeing both growth re-acceleration and margin expansion. The company has also increased exposure to growth industries such as nuclear, mining, water, and power generation while retaining a leading position in its core energy market. Despite the recent margin progress, we believe Flowserve has only scratched the surface in terms of profit margin development, a level that still is below similar flow control peers. We believe that as Flowserve's margin continues to improve to near peer levels, the valuation gap to peers should also start to close as well, representing material upside in shares, in our view. Backed by an ambitious but methodical management team and a strong balance sheet, Flowserve is a welcome addition to the Fund during the quarter.

DLocal is another new addition to the Fund. Based in Uruguay, DLocal is a fintech company that is focused on simplifying online payments in emerging markets. Through the company's single platform, global merchants can both get paid and make payments online in a safe and efficient manner. DLocal is a critical enabler of global merchants, like Microsoft, Spotify, and others, expanding into emerging markets, where each country typically has multiple unique and complex local payment methods and currencies. Rather than each merchant setting up a local payment operation in each country, they can use DLocal's platform, paying a small fee per transaction, to instantly access consumers in markets within Latin America, Africa, and Asia Pacific. As an investment opportunity, we believe DLocal provides unique exposure to growing consumption in Africa and Latin America through a single, high value-add platform for global merchants. Additionally, we like that DLocal is led by a former Mercado Libre executive, Pedro Arnt, who played a crucial role in scaling that operation into the juggernaut it is today. During the quarter, DLocal's strong earnings results and commentary increased our conviction in the long-term potential value of the business, ultimately leading us to starting a position in the Fund.

The Fund initiated a position in Schott Pharma during the quarter. Schott Pharma is a leading supplier of specialty drug containment and delivery solutions for the pharmaceutical industry, primarily focusing on glass solutions. These include vials, cartridges, syringes, and ampoules, and they sell these critical products to major pharmaceutical companies, including those manufacturing GLP-1s for treating obesity-related diseases. The business is built upon deep, long-standing relationships with customers where they often co-develop products for specific production needs.

The market for pharmaceutical packaging is essentially an oligopoly with few competitors focused on their respective niches. We expect growth will be aligned with overall global pharmaceutical growth driven by an aging global population, advancements in new therapies, and increasingly complex packaging requirements. Given Schott Pharma's attractive business model, differentiated exposure to the pharmaceutical industry, and undemanding valuation, in our view, we initiated a position in the company during the period.

Japan Material, a Japanese supplier of critical gas and gas infrastructure to the semiconductor industry, is a new holding in the Fund. The company's customers include leading memory players based in Japan and Taiwan. As semiconductors continue to increase in both efficiency and complexity, we believe there will be growing demand for Japan Material's gas infrastructure and their unique "Total Facility Management" services, whereby the business helps customers solve their labor shortage problems by clients outsourcing critical maintenance to Japan Material's dedicated team of engineers that work within the client's fabrication plant. We have long admired the business but were previously reluctant to pay a high multiple. However, in recent months, we believe concerns over near-term growth in the memory market sent Japan Material's shares to fresh five-year lows, at which the business was trading under 20x price to earnings (P/E) for the first time since early 2019. This enabled us to start building a position in Japan Material at a mid-teens P/E multiple, a bargain for the quality of the asset, in our view. However, shortly after beginning the trade, shares sharply re-rated higher as sentiment in memory improved seemingly overnight, and we therefore did not get a full position. We will look to take advantage of any further weakness in shares, but will likely not participate at current levels.

During the quarter, the Fund exited five positions. ChampionX's pending sale to Schlumberger (SLB) was completed in the period, swapping out our shares in ChampionX for SLB shares. We also exited three long-held companies, Avanos Medical and TietoEvry, after growing frustrated with the lack of turnaround progress and mounting growth pressure for each. We also exited Nomad Foods, a UK-based provider of frozen food, after revenue growth and de-leveraging failed to meet our expectations. The key themes among our exited positions are what we view to be a lack of quality and sustainable revenue growth; risks we increasingly deem too cumbersome regardless of price. Therefore, we decided to "upgrade" to higher quality and more consistent growth businesses, especially as we enter an increasingly uncertain global macro environment. We also exited Chart Industries due to its acquisition as mentioned above.

OUTLOOK

If you have gotten this far through the letter, we would hope two main things are apparent. Firstly, the team is disappointed with the performance of the Fund and hold ourselves to a much higher standard. Secondly, there is plenty of change happening. With four new names in Q3, on top of the five new names added in Q2, the Fund is adapting to capture new exposures and parting ways with some names that were no longer delivering strong compounding for our clients. We sincerely look forward to a more positive update in the coming quarters.