31 MARCH 2025

AUSTRALIAN SMALL CAP OPPORTUNITIES FUND – CLASS A

PARADICE
INVESTMENT MANAGEMENT

PERFORMANCE NET (%)	1 MONTH	3 MONTHS	1 YEAR	SI* P.A.
Australian Small Cap Opportunities Fund - Class A	-0.68	3.71	11.82	21.36
S&P/ASX Small Ordinaries Total Return Index	-3.60	-2.00	-1.26	5.13
Excess Return	2.92	5.71	13.08	16.23

*Since Inception date (SI) – 20 July 2023

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, noting that performance fees were waived prior to July 2024, and assumes the reinvestment of distributions. Returns greater than 1 year are annualised.

INVESTMENT OBJECTIVE

The Fund aims to outperform the S&P/ASX Small Ordinaries Total Return Index over the longer term, (after fees and before taxes).

LEAD PORTFOLIO MANAGER

Sam Theodore

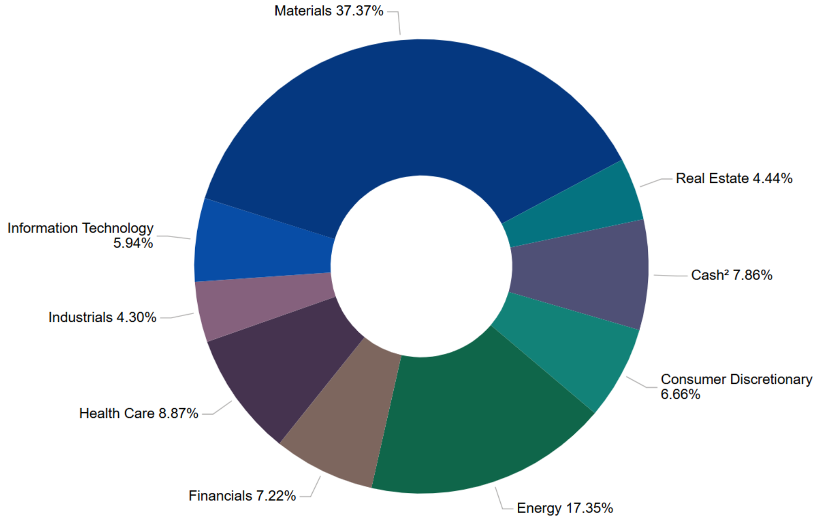
FUND OVERVIEW

The highly experienced team employs a detailed fundamental research process to identify undervalued stocks on a risk-adjusted basis. The Fund is style agnostic, favouring well-managed, good value companies that have significant growth opportunities through their comparative advantage.

KEY DETAILS	
Number of Holdings	58
Portfolio Dividend Yield	1.24%
Fund Size (AUD)	$ 11M

TOP 5 POSITIONS
Generation Development Group Ltd.
Genesis Minerals Ltd.
Life360, Inc.
Light & Wonder, Inc.
Ora Banda Mining Ltd.

SECTOR ALLOCATION



FUND DETAILS	
APIR Code	ETL4624AU
Distribution Frequency	Semi-Annually
Management Fee	1.00% p.a.
Performance Fee[1]	20% p.a.
Buy Sell Spread	+/-0.30%
Minimum Investment	$20,000
Stock Range	Typically 30–70
Cash Range	Typically 0–10%

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Performance in AUD unless otherwise noted.

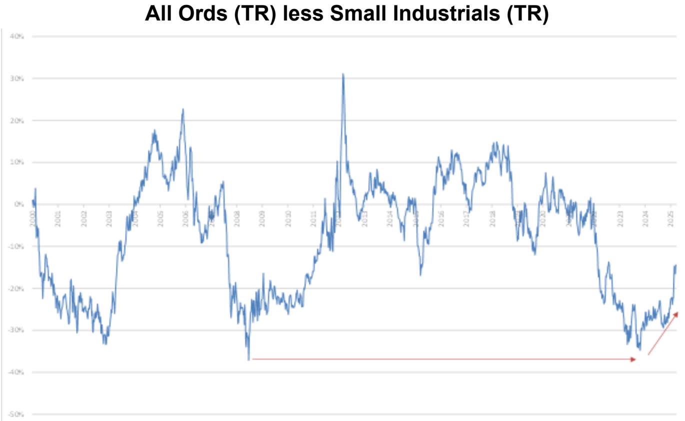
MARKET REVIEW

US Equities Indices declined in the March quarter (S&P 500 Total Return Index -4.3%, NASDAQ Total Return Index -10.3%, Russell 2000 Total Return Index -9.5%, all in USD) as markets started to factor in the potential impact of the US imposing tariffs on imports. Asia Pacific and Emerging Equity Markets fared better with the MSCI Emerging Markets Total Return Index delivering 2.9% and the MSCI AC Asia Pacific Total Return Index up 0.9%, both in USD. Equities indices in China, Korea and Europe all rose between 5-15%.

Our benchmark, the S&P/ASX Small Ordinaries Total Return Index, fell 2.0% but small caps modestly outperformed large caps (S&P/ASX 100 Total Return Index -3.0%). The RBA cut the official cash rate by 25 basis points to 4.1% on February 18, 2025. Commodity prices were mixed during the quarter with gold being the key standout (+19% in USD over the quarter) reaching a record price and breaking the US $3000/oz for the first time. The portfolio was well positioned to benefit from this strength.

The S&P/ASX Small Industrials Total Return Index is showing positive signs of a rally vs the S&P/ASX All Ordinaries Total Return Index. Whilst having conviction around the timing of any significant re-rate is difficult, in our view the performance dispersion from 2012 still represents an attractive entry point currently for small cap focussed investments, much like the post-GFC period where we saw a c.40% re-rating of small cap stocks vs large caps from 2010 to 2018.

Chart: Rolling 3 Year Performance
All Ords (TR) less Small Industrials (TR)



Source: S&P/ASX All Ordinaries Index (Acc) and S&P/ASX Small Industrials Index (Acc) Bloomberg, PIM, as at 4th April 2025.

PERFORMANCE

The Fund outperformed by 5.71% over the quarter.

Contributors/ Detractors[1]

Positives

Genesis Minerals Limited (GMD) – Overweight: The record gold price coupled with solid operating results drove outperformance of GMD in the March quarter. For the six months ending December 31, 2024, Genesis reported a net profit after tax of $59.8m, a 161% increase compared to the prior corresponding period. This surge was driven by enhanced production efficiencies and higher sales volumes. In February 2025, the company revised its fiscal year 2025 production guidance upward to between 190,000 and 210,000 ounces of gold, reflecting confidence in its operational capabilities and resource base.

Generation Developments Group (GDG) - Overweight: GDG was once again one of our top contributors. In early February, GDG announced the acquisition of Evidentia Group for $360m. This acquisition is expected to be earnings accretive and positions GDG as a leader in the growing Australian managed accounts market. The company also reported strong revenue and profit growth for 1H25, driven by continued strong inflows. Effective March 23, 2025, GDG was added to both the S&P/ASX Small Ordinaries Index and the S&P/ASX 300 Index, which we believe positively impacts a company's stock performance.

Black Cat Syndicate (BC8) – Overweight: During the quarter the BC8 share price was driven by the strong gold price, a strongly supported placement, commencement of mining at Kal East and inclusion into the ASX All Ordinaries Index. On March 14, 2025, Black Cat announced a strongly supported placement, raising $65m to accelerate activities at the Kal East Gold Project. This funding aimed to expedite mining and processing operations, enhancing production timelines. By March 26, 2025, the company reported that mining had commenced at the Boundary deposit within the Kal East Gold Project ahead of schedule. This early start demonstrated operational efficiency and potential for earlier revenue generation. Black Cat's addition to the S&P/ASX All Ordinaries Index during the March 2025 quarterly rebalance increased its visibility among investors and may have contributed to the stock's performance.

Reject Shop (TRS) – Overweight: On March 27th, TRS received an all-cash offer of $6.68 per share from Canadian discount retailer, Dollarama, representing a 112% premium to where the stock last traded. We had a modest position in the stock, limited by its small market cap and limited liquidity. However, this was large enough to be one of our biggest contributors in the quarter. We were attracted to the fact that TRS was trading at a deep discount to book value (mainly cash and inventory) prior to the bid despite its operations showing positive momentum and the company delivering positive free cash flow. This is a good example of our process and the mispricing that can occur in small caps. While the bid accelerated the investment timeline, it's a good reminder that the current share price and fundamental value can be very different.

Negatives

NexGen Energy (NXG) – Overweight: The spot Uranium price continued to fall over the quarter, finishing the quarter at slightly over US $64/pound. This decrease negatively impacted uranium producers like NexGen Energy. In our view the spot market is not reflective of the supply demand fundamentals of Uranium or the long-term outlook for the commodity. The term price has risen despite lower contracted volumes and this weaker spot price. We remain of the view that a significant supply deficit will remain over the medium term, excluding any new capacity from SMRs or AI related power demand. Adding to the stock's weakness, the company's Rook I project faced delays in obtaining necessary regulatory approvals. The hearing with the Canadian Nuclear Safety Commission was postponed to late 2025 or early 2026, affecting investor confidence and stock performance.

Regis Resources (RRL) – Underweight: The surge in gold prices, reaching record highs during the quarter, enhanced the profitability and attractiveness of gold producers like RRL. The company achieved gold production of 89,700 ounces in the March 2025 quarter, maintaining its trajectory to meet the full-year guidance of 350,000–380,000 ounces. In January 2025, Regis fully repaid its $300 million term loan facility ahead of schedule, significantly strengthening its balance sheet. The company reported a record quarterly increase in cash and bullion, amounting to $149 million, reflecting robust operational cash flow. We prefer other gold names, and with a relatively large benchmark weight this has meant the stock negatively impacted our relative performance.

West African Resources (WAF) – Underweight: The WAF share price performed strongly in the March quarter driven by the gold price, solid operating results, and advancement in project development. In March 2025, WAF reported a 49% increase in full-year net profit after tax to A $246.2m for 2024. This growth was driven by increased production at its Sanbrado mine in Burkina Faso and higher gold prices. The company provided optimistic production guidance for 2025, aiming for gold production between 100,000 to 150,000 ounces. This range reflects the anticipated commissioning and ramp-up of operations at the Kiaka project. WAF is progressing with the development of the Kiaka Gold Project, targeting first gold pour by Q3 2025 and commercial production in the second half of 2025. The Kiaka project is expected to significantly boost the company's production profile, with an average annual output of 234,000 ounces over a 20-year mine life. Whilst undoubtedly appealing on valuation grounds, our preference is for non-African production. As such WAF's strong share price performance negatively impacted our relative performance.

Silex Systems (SLX) – Overweight: Similarly to NXG, SLX underperformed our benchmark due to negative sentiment in the spot Uranium market. In addition, the company announced a short-term delay in 51% owned GLE's URL 6 testing timeline for the potential commercialisation of its laser enrichment process. In our view, both factors highlight the short-term focus of the market currently. We see significant upside from the current share price, based on our view of the risk-weighted fundamental value of GLE and the likely future royalties that SLX should receive once the process is commercialised.

De Grey Mining (DEG) – Underweight: Once again, the share price of another relatively large gold stock in our universe performed strongly in the March quarter. DEG continued to advance its flagship Hemi Gold Project, achieving significant milestones in exploration and development. This progress enhanced investor confidence in the company's growth prospects. As at 31st March 2025, De Grey reported cash and cash equivalents totalling A$267m, providing a solid foundation for ongoing and future projects.

ENGAGEMENT

We met with executives from mining services group Perenti Ltd (PRN) in the quarter which also provided the opportunity to discuss several ESG issues. With it having some exposure to Africa, we sought an update on Perenti's management of risks relevant to the region, such as those relating to instability and differing safety standards. Supporting social impact in Africa, for example through education and vocational training, is of strategic importance in managing community and government relations. We were also pleased to learn of new talent in their safety team which should help drive improved performance.

MARKET OUTLOOK

On April 2nd, President Trump unveiled a list of retaliatory tariffs to be applied to imports from foreign countries, with a minimum of 10% up to 49%. Importantly the Trump administration will place a further 34% tariff on Chinese goods to add to the existing 20%. Some goods are exempt, including pharmaceuticals, energy, semiconductors and critical minerals. These retaliatory tariffs have caused a broad and profound sell off in global equity market. The risk of a US and/or more widespread, global recession has increased in our view.

With this heightened global trade and geopolitical risk environment, it's created a very difficult period for Australian Small Cap Equities. However, with uncertainty brings opportunity. We are confident that our process will guide us to invest in quality companies at discounts to what we believe are their fundamental value. That discount may widen in the short term, but we have conviction that the valuation gap will help us deliver alpha over the medium term.

While our analysis is largely bottom-up driven, it will be key to look for any macro-economic shifts (either domestically or internationally) that might impact our current positions or create new opportunities. Coupled with any fallout from the US tariff situation, we are closely monitoring any implications from the upcoming May 3rd Australian federal election.

Despite the recent sell-off, there remains a pronounced divergence amongst the stocks in our universe. At one end of the spectrum, we have a relatively small group of high multiple – typically larger - market darlings and at the other end a group of unloved - low multiple - stocks that are typically smaller in market cap, less liquid and in many cases, challenged. We continue to focus on owning companies with relatively simple business models, strong management teams displaying good governance, that have strong balance sheets, and that are mispriced in our view.

We remain well positioned for the positive supply/demand outlook in uranium. We also see attractive dynamics in gold and are well positioned with exposure to well-managed emerging producers. Other themes we have exposure to include, the mining capex underspend over the last decade, infrastructure spending and the aging population. We continue to have limited exposure to the Consumer Discretionary, Real Estate and the Financials sectors. That said we are selectively adding names in these sectors which fit our investment philosophy and process.

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PARADICE
INVESTMENT MANAGEMENT

1. *Based on a representative sample of the Fund's contributors and detractors.*

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