PARADICE

Global Equity Team

PARADICE INVESTMENT MANAGEMENT

Philosophy and Process

GLOBAL EQUITY TEAM OVERVIEW

The Global Equity Team manages two strategies; the Global Small Mid Cap Strategy (launched in 2010) and the International Small Cap Strategy (launched 2020).

The Global Equity Team was established in 2009 and has employed the same philosophy and process since its inception. The team employs its philosophy and process across both the International Small Cap and Global Small Mid Cap strategies. This document provides details about the team's composition and its philosophy and process. Any information in this Global Equity Team section can be applied to either strategy individually.

INVESTMENT PHILOSOPHY

The team seeks to identify and invest in under-appreciated, fundamentally strong businesses – some simply overlooked, others experiencing what they believe are transient dislocations – at a discount, presenting an opportunity to generate attractive returns for Paradice's clients over a multi-year holding period as underlying business value is grown and surfaced.

Paying low prices, in the team's view, potentially reduces risk while simultaneously increasing return opportunity. Therefore, the team generally seeks to invest only when businesses are trading at a substantial discount to their determination of their intrinsic value. The team invests with a long-term view, allowing for the growth of each portfolio holding's intrinsic value, alongside the recognition of that value by other market participants, as reflected in higher valuations, to be the twin drivers of strategy returns. This leads the team to prefer competitively advantaged businesses they believe are capable of generating high returns on capital, rather than solely focusing on low prices.

The team's focus on downside risk mitigation and asymmetric investment outcomes dictates their preference for portfolio investments to be financially sound, typically characterized by strong balance sheets and conservative management.

The team approaches investment as active, engaged minority owners of businesses.

INVESTMENT PROCESS

Filter Out What We Do Not Want to Own

The team begins by filtering out businesses they do not want to own from the investable universe for the relevant strategy. This is achieved using a variety of quantitative screens in Bloomberg to narrow the universe by A) size and trading liquidity (e.g. less than US$1 million per day), B) geographies/sectors of interest, and C) financial characteristics.

The team is biased toward developed markets, which tend to have better minority shareholder rights, more stable currencies, and deeper capital markets fostering both new issues and more M&A.

The team prioritizes businesses and industries offering the potential for structural growth. They also favor businesses with low capital intensity and the potential for generating high returns on invested capital over a normal business cycle. Commodities, utilities and other high fixed asset industries where the marginal price is set by the market, or returns are regulated by governments, are generally avoided.

This filtering process eliminates thousands of securities from consideration, leaving a 'universe of interest' of 500-1000 businesses. While not completely static, this universe of interest does not change significantly from year to year.

PARADICE
INVESTMENT MANAGEMENT

INVESTMENT PROCESS (CONTINUED)

Hunt For Patterns to Identify Opportunities

Ideas are sourced in many ways including screens, news articles, company meetings, industry contacts, and travel. Screening may focus on attractive characteristics across dimensions including valuation, gross profitability, management alignment, cash conversion, and return on capital. Additional screens may include 52-week lows, large recent percentage declines, spin-offs, and management changes to uncover situations where there may be some dislocation in the market, an area the team views as fertile ground for opportunity.

Regardless of how an idea is sourced, what tends to drive the process to the fundamental business analysis stage is the team's initial perception of potential mispricing. Such perceptions are informed by the team's collective experience. Reflecting on this experience, the team has identified recurring patterns across past successful (and unsuccessful) investments. New ideas closely resembling past investments, or those exhibiting multiple patterns the team identifies with opportunity, are valuable and actively sought after.

This process of hunting for patterns helps the team save time by focusing on high probability ideas, avoid repeating past mistakes, and potentially bring a differentiated perspective to bear. Patterns range from characteristics of an inherently attractive business (e.g. Big Fish, Small Pond) to reasons for potential misperception ('Planting Seeds Through the P&L') and catalysts for positive change ('New Sheriff in Town').

In addition to positive patterns, negative pattern-spotting, or recognizing commonalities to past mistakes the team has committed or observed, is a complementary discipline that figures strongly in the team's approach to risk identification as new ideas are vetted. The team seeks to avoid 'Twin Peaks' situations, for example (e.g. placing a peak multiple on peak earnings).

Fundamental Business Analysis

Once an idea, typically exhibiting multiple patterns, is judged to be sufficiently interesting to merit closer scrutiny, the team proceeds to perform in-depth fundamental business analysis.

The team's internal proprietary research is the backbone of their investment process and the primary driver of security selection.

With a fundamental bottom-up approach, the team conducts a thorough analysis on each potential investment to identify well capitalized, competitively advantaged businesses trading at what they see as undemanding valuations. As generalist analysts, the team leverages their experience across geographic and industry lines, affording them a broad perspective. It is rare that they encounter a business that does not share many characteristics with others they have previously studied.

Through their research the team seeks to:

- Build an in-depth knowledge of company products/services, financial drivers, key decision makers and their strategic plan by studying a company's financial reports/transcripts and speaking with management.
- Analyze industry dynamics and the implications for risks and opportunities by reviewing industry research to help understand key investor debates and identify areas where the team might have a variant perception.
- Develop a thorough understanding of external stakeholders and the competitive landscape by analyzing and speaking with competitors, suppliers, customers, former employees, and/or analogous businesses in other geographies.
- Determine and assess the financially material ESG issues that may affect the long-term business value of a company to seek insights that may both influence investment decision-making and improve investment outcomes.
- Gain conviction in the level of business quality, management skill and integrity, risk of permanent capital impairment, and mispricing

PARADICE
INVESTMENT MANAGEMENT

INVESTMENT PROCESS (CONTINUED)

Fundamental Business Analysis (continued)

Ultimately the team's research is aiming to uncover companies that encapsulate these four elements:

- **A high quality enterprise**

In the team's view, a high quality enterprise operates with an enduring business model through which it has created a competitive advantage and, ideally, leading market share. Free cash flow is a critical dimension of business endurance, and the team analyzes all factors that may compromise a company's sustainable cash flows. The team typically looks for either a demonstrated track record or high probability of delivering strong free cash flows that can be reinvested in the business at high incremental returns, or returned to shareholders. Led by an adept management team

- **Led by an adept management team**

The team favors management teams that implement value accretive strategies, are focused on compounding per-share value over the long term and are aligned with minority shareholders.

- **Offering a financial margin of safety**

The team looks for opportunities where the company's management utilizes reasonable amounts of financial leverage, providing a margin of safety as well as resiliency. This resiliency is defensive to the extent it mitigates equity impairment in tough times, and offensive in affording a skillful management team the ability to act opportunistically in such periods by thinking and acting countercyclically.

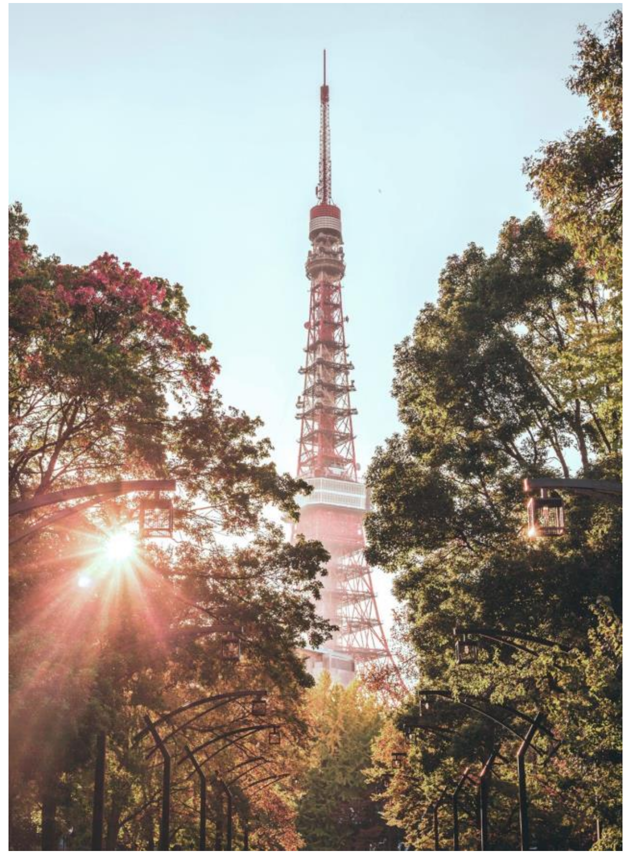
- **At a discount to the investor**

The price paid is key to the team's investment process as they endeavor to pay a discount relative to their assessment of the intrinsic value of a security. This judgment is often informed by comparable company analysis, M&A precedent, and/or discounted cash flow analysis, all of which help the team to determine a fair multiple to apply to normalized earnings. Additional considerations include the company's competitive position and growth dynamics, the company's communicated strategic targets and an assessment of management's ability to achieve them, and the team's understanding of through-cycle margins in the subject company's industry. The team's valuation assessment is approached in a manner comparable to that taken by a strategic or financial buyer of the entire business. Buyouts of the strategy's portfolio companies can serve as both an idiosyncratic driver of returns for the strategy and a validation of the team's valuation exercise and overall investment process.

Through their research and analysis, the team develops a "bench" of 50-100 deeply researched portfolio candidates they find compelling at a certain price, creating an investment thesis for each and monitoring bench names for the convergence of the four elements detailed above.

INVESTMENT PROCESS (CONTINUED)

Portfolio Construction



The fundamentals and valuations of the team's "bench" companies are monitored closely as the team looks for the opportune time to invest. The team aims to invest with a sufficient discount to their determination of intrinsic value to advance the goal of generating a strong double-digit compounded return over a typical multi-year holding period. For example, if the team conclude that a business will be conservatively worth X in 3 years' time, the buy price would typically be set at around 2/3 of X today, for a target mid-teens IRR.

Portfolio construction is primarily informed by the team's expected return of each investment, which reflects a range of possible outcomes. Larger positions will typically feature lower perceived risk of permanent impairment of capital. As such, position sizing reflects not simply the largest potential upside, but downside considerations as well. Smaller position sizing may reflect the team's perception of a narrower discount to intrinsic value and/or a wider range of potential outcomes. The inclusion and sizing of investments incorporates considerations of adequate liquidity. While largely benchmark agnostic and not constrained to relative over or underweight positions, the team is attentive to diversification by geography, region, sector and industry. The team also looks to build a portfolio diversified by patterns, thesis, and time horizon.

Buy / Sell Discipline

The fundamentals and valuations of the team's "bench" companies are monitored closely as the team looks for the opportune time to invest. The team aims to invest with a sufficient discount to their determination of intrinsic value to advance the goal of generating a strong double-digit compounded return over a typical multi-year holding period. For example, if the team conclude that a business will be conservatively worth X in 3 years' time, the buy price would typically be set at around 2/3 of X today, for a target mid-teens IRR.

Mergers and acquisitions are frequent in the small and mid cap markets and drive a portion of portfolio turnover. Outside of M&A, catalysts for a sell or trim decision include: the team's target valuation is approached/reached/ exceeded, a structural change in the business or change to the team's investment thesis occurs, or better risk/reward opportunities arise.

If the team determines that adverse developments are transitory in nature, they are generally willing to maintain or potentially increase their stake. The team trims or exits when they determine such headwinds to be structural, thus impacting their estimate of normal earnings power and reducing the perceived discount to fair value. For underperforming investments, or businesses facing an ESG/sustainability-related controversy, the team generally prefers to engage with management and/or the Board prior to selling shares. This enables them to re-assess the investment potential and opens the door for more active engagement if there is a way to rectify the situation.

INVESTMENT PROCESS (CONTINUED)

Risk Management

The team views risk as the chance of a permanent loss of capital. With this in mind, their risk management begins with the research process and its consideration of competitive positioning, customer concentration, operating/financial leverage, sustainability and other potential existential risks. A second layer of risk mitigation at the security selection stage is seeking a discount to the team's assessment of fair value, to avoid materially overpaying for an asset. Ultimately, the team believes paying the right price, at an attractive intersection of quality and value, is the biggest mitigator of risk.

In practice the team addresses portfolio risk on three fronts:

Company Specific: Invest in opportunities with compelling investment theses which fulfill the team's fundamental criteria. Stay abreast of fundamentals and monitor for unintended business risks which may impact the thesis. Engage on material ESG issues where the team believes they can minimize downside or improve investment outcomes

Portfolio Parameters: Invest only in publicly traded securities, with established maximums in individual companies, geographies and cash holdings.

Portfolio Characteristics: Monitor for concentration risk (sector, currency, geography) and adequate trading liquidity.

The Global Equity Team's primary means of monitoring portfolio risk is understanding and staying abreast of their investments/businesses. The team utilizes several processes and tools to monitor and control risk:

- Each of the team's five investment team members covers a limited number of portfolio holdings, allowing for each position to be regularly monitored by one or more knowledgeable analysts for stock-specific risk, geographic/sector concentration risk, and trading liquidity.

- The Portfolio Managers meet weekly (or more) for in-depth discussions on portfolio holdings where concentration risk of sector or geographic over/underweights have been identified. The portfolio managers also review and discuss noted changes in a company that could trigger a sell decision, such as valuation reaching a level that constrains expected returns, structural change to the business, or a change in investment thesis. Adjustments are made to the portfolio accordingly.

- The team reviews internal 'heat maps' which identify recent sources of return. This is a helpful process prompting discussion around potential adjustments to the portfolio.

- Bloomberg is used for liquidity analysis to monitor any associated risks. The average or median daily traded value of a potential investment is reviewed and reported in the team's investment recommendations.

- ESG-related risk assessment and monitoring is performed using Paradice's in-house Climate Change and Modern Slavery Risk Tools plus data/services/IP from third-party providers such as MSCI, Glass Lewis, and IFRS.

- In ebullient market phases, holding cash serves as a risk control method to the extent it helps mitigate capital impairment through overpaying for securities.

- The team utilizes comprehensive pre- and post-trade rules within the compliance module of the order management system to ensure adherence to client guidelines.

PARADICE
INVESTMENT MANAGEMENT

GLOBAL EQUITY INVESTMENT TEAM

The Global Equity Team is composed of five investment professionals. All team members act as analysts, with a generalist approach to industry coverage. Team members are responsible for idea generation and fundamental research on underlying investment ideas. The team has an open and collaborative environment, where team members actively engage, discuss, and challenge each other.

Kevin Beck
HEAD OF GLOBAL EQUITY TEAM
PORTFOLIO MANAGER / ANALYST

Expertise in Europe and Emerging Markets and global small cap companies

Industry Experience: 31 Yrs | Joined Paradice: 2009

Toby Shute
PORTFOLIO MANAGER & HEAD OF RI

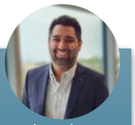
Expertise in Japan and global small cap companies.

Industry Experience: 17 Yrs | Joined Paradice: 2015

Paul Mason
PORTFOLIO MANAGER

Expertise in healthcare, industrials and US small cap companies.

Industry Experience: 14 Yrs | Joined Paradice: 2010



Munish Malhotra
PORTFOLIO MANAGER

Expertise in media, internet, telecom, technology and financial services.

Industry Experience: 24 Yrs | Joined Paradice: 2023

Cody Noel
ANALYST

Financial modeling and portfolio maintenance.

Industry Experience: 5 Yrs | Joined Paradice: 2020

For Institutional Investors Only - Not for Onward Distribution

DISCLOSURE

Contact:

Brittany Meisner
Director, Institutional Distribution, North America

Brittany.Meisner@paradice.com
+1-720-955-4166

PARADICE INVESTMENT MANAGEMENT LLC

257 Fillmore St, Suite 200
Denver, CO 80206