PARADICE

Global Small Mid Cap

Strategy (USD)

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INVESTMENT MANAGEMENT

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Portfolio Managers

Kevin Beck
Portfolio Manager
Joined Paradice: 2009

Paul Mason
Portfolio Manager
Joined Paradice: 2010

Investment Objective

The strategy aims to outperform its respective benchmark over an economic cycle by investing in well-capitalized businesses the team believes are undervalued relative to the quality of the franchise.

Key Details

Strategy Inception Date	1 Aug 2010
Total AUM	$1.2B
Benchmark	MSCI ACWI SMID Cap Net Total Return Index

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Portfolio Characteristics

No. of Holdings	48
Weighted Avg. Mkt. Cap ($USD)	4.4B
Active Share	99.3

Market Cap Allocation (%)

Greater than $5.0B	32.1
$2.5B - $5.0B	35.0
$1.0B - $2.5B	15.3
Less than $1.0B	13.4
Cash	4.2

Top Ten Positions (%)

Allfunds Group plc	5.2
OPENLANE, Inc.	4.0
Onex Corporation	3.3
Euronext NV	3.2
Gates Industrial Corporation plc	3.0
Signify NV	2.9
Envista Holdings Corp.	2.9
Sendas Distribuidora SA	2.8
Arcadis NV	2.7
Tandem Diabetes Care, Inc.	2.7

Region Allocation (%)

North America	42.9
EMEA Developed	23.9
United Kingdom	18.1
Japan	4.5
Emerging Markets	6.3
Other Asia	--
Cash	4.2

Sector Allocation (%)

Industrials	23.4
Health Care	15.3
Consumer Discretionary	15.8
Financials	15.8
Materials	4.3
Information Technology	7.9
Consumer Staples	6.0
Real Estate	3.1
Energy	2.6
Utilities	--
Communication Services	1.7
Cash	4.2

Performance (%)

	3M	YTD	1YR	3YR	5YR	7YR	10YR	SI
Paradice Strategy - Gross	12.10	10.29	12.24	9.56	8.91	3.27	4.79	8.64
Paradice Strategy - Net	11.82	9.74	11.12	8.48	7.83	2.24	3.75	7.56
MSCI ACWI SMID Cap NTR Index	11.84	9.92	16.17	13.10	11.29	7.21	7.77	9.21
Excess Return - Net	-0.02	-0.18	-5.05	-4.62	-3.46	-4.97	-4.02	-1.65

DISCLOSURE Past performance does not guarantee future results. All investments carry inherent risks, and while there is the possibility for investment gains, there is also the possibility of investment loss. The Global Small Mid Cap Strategy returns are a composite return series comprised of all portfolios currently employing the strategy. Gross returns reflect performance before tax and the deduction of management fees, which will reduce returns. Net returns reflect an applied investment management fee rate of 1.00%, the highest potential rate likely over the periods noted. The returns shown include the reinvestment of dividends and other earnings. Returns greater than one year are annualized. Where performance has been calculated in a currency other than the base currency of strategy, it is converted monthly to US dollars using WM Reuters London 4pm close FX rates. Performance presented may vary if returns are denominated in a currency other than base currency. Comparisons to indices have limitations, please see the end disclosure for additional important information. The Top 10 Positions are based on the market value of each holding expressed as a percent of the total market value of the portfolio. The holdings identified do not represent all securities purchased, sold, or recommended for advisory clients. The reader should not assume that an investment in the securities identified was or will be profitable. Portfolio characteristics, including allocations, are calculated using a representative account and are provided for informational purposes only. The strategy is actively managed and subject to change. Sources: Factset, Paradice, and MSCI.

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Commentary

Market Review

Global equity markets saw heightened volatility during the second quarter following President Trump's "Liberation Day" tariff announcement in early April. The S&P Global Mid Small Cap Index declined more than 10% to begin the quarter but finished with a remarkable 11% increase for the quarter despite all of the economic and geopolitical turmoil that remains. The positive performance was largely driven by non-U.S. equities as small caps outside the U.S. posted a 15% gain, reflecting investor appetite shifting away from dynamic U.S. equities and into other developed markets like Europe, where small caps outperformed their large cap counterparts by nearly 10%[1]. European equities have seen strong inflows year-to-date as key countries like Germany and the UK have committed to long-overdue defense budget increases, widely viewed as catalysts for strong, durable economic development across many regions and industries. While European equities have long traded at a discount to their American counterparts, Q2 saw the beginning of a catch-up trade, one which could have legs should the current U.S. administration seed further contempt with global allies and investors.

Portfolio Performance

During Q2 2025, the Strategy outperformed the benchmark largely due to the Strategy's overweight in Europe and strong stock-picking in Emerging Markets. Regionally, Positive performance was partially offset by negative attribution in UK and, to a lesser extent, Japan. On a sector basis, the portfolio's positions in Financials and Consumer Staples contributed positively to the return while holdings in Health Care and Information Technology were the main detractors from performance.

Top performers for the quarter included:

Allfunds (UK): Dutch-listed Allfunds, the largest holding in the Strategy was the highest contributor in the quarter. Allfunds is a leading global fund distribution platform connecting financial advisors and private wealth managers to a vast ecosystem of investment products offered by asset managers. Through its fully integrated open architecture platform, Allfunds has become a one-stop shop for both parties by combining fund distribution, dealing, custody, compliance, and administration services into a single platform. We first initiated a position in Allfunds in late 2023 after understanding, in our view, the unique value proposition of the business model. Shortly after, the company was subject to both private equity and strategic takeout rumors, creating elevated volatility in the share price. Now that these rumors have seemingly cooled, the business has started to gain strong operating momentum, evidenced by increasing fund flows and material new business wins. Late in the quarter, the company announced the departure of the founder/CEO, replacing him with an external wealth management veteran. This announcement was viewed positively by the market, helping propel Allfunds' shares to new 52-week highs.

Sendas Distribuidora (Brazil): Sendas Distribuidora, one of the largest food retailers in Brazil, was once again a top performer for the Strategy during the quarter. Outperformance in the company's shares was driven by continued improving operating fundamentals as well as overall strength in Brazilian small cap equities. During the quarter, the company published quarterly results that demonstrated further margin expansion due to the maturation of the company's elevated new store openings and conversion projects over the past two years. Despite stubbornly high interest rates in Brazil and a leveraged balance sheet, Sendas continues to generate sufficient free cash flow. We continue to expect near-term share performance to align with interest rate expectations and overall macroeconomic factors within the country.

Openlane (US): Openlane, the second largest holding of the Strategy, was a leading contributor to performance for the quarter. Openlane is one of the largest providers of used car auction services to automotive dealers and a leading provider of floorplan financing across North America. In the

[1] MSCI Europe Small Cap Net Return EUR Index vs MSCI Europe Large Cap Net Return EUR Index.

quarter, Openlane reported financial results that came in ahead of the market's expectations, primarily driven by the financing business where loan volumes continued to grow while loss rates improved. On the back of the positive performance, the company increased their share repurchase authorization, demonstrating management's confidence in the outlook for the business. Share performance was also aided by President Trump's tariff announcement, which would be inflationary for the U.S. new car industry and likely lift both demand and prices for used cars, a double-edge sword for Openlane's marketplace business that benefits from high used car prices but sees reduced volumes in a tight market. While the situation remains fluid, Openlane continues to gain share in the auction market, and the company is well-positioned to capitalize on a recovering auto market.

Bottom performers for the quarter included:

Globus Medical (US): Globus Medical, a leading player in spinal implants and surgical robotics, was the bottom performer in the quarter. Over the past year and a half, Globus has been reporting successfull execution of the integration of NuVasive, our former holding acquired by Globus in late 2023. After seemingly regaining investor confidence over the course of the past 12 months, the company announced a surprising acquisition of Nevro, a loss-making spinal cord stimulator manufacturer, earlier this year. We believe this is a low risk bet for Globus as they paid just 0.6x sales for an asset with strong clinical data and a remediable cost structure, but the market was skeptical. Shortly after Globus completed the acquisition, the company announced earnings that uncharacteristically missed investor expectations, once again casting further doubt over the merit of both acquisitions, sending shares down sharply. The earnings miss was largely driven by the company's inability to close capital equipment sales in the last few weeks of the quarter due to tariff-related uncertainty, and to a lesser extent, manufacturing inefficiencies resulting from consolidating production lines. We view both issues as transitory, supported by management's comments that robotic sales rebounded in April and were performing in-line with their expectations. After trimming our holding due to outperformance earlier in the year, we recently began adding to our position again following the weakness, anticipating that momentum will reverse to the upside throughout the remainder of the year.

Endava (UK): Endava, a UK-based information technology (IT) services company, was a negative performer in the quarter. Endava specializes in digital transformation and technology consulting projects primarily for the fintech, healthcare and auto industries. The company's weak share performance in the quarter can be attributed to multiple customers delaying large IT projects due to tariff uncertainty. This was particularly acute within their automotive customer base. Additionally, they had a large fintech customer come under takeout by a larger organization, leading to future project uncertainty with that customer. As a result, Endava downgraded their full year earnings outlook, sending shares down sharply in the quarter. Since the result, we spoke with management who assured us that many of the projects will eventually come through. We also believe that the guidance is sufficiently de-risked for the remainder of the year, leading to a potential earnings beat if these delayed projects start to convert to revenue. Overall, we still believe Endava is a critical and specialized partner who will play a key role in developing customized artificial intelligence solutions for its customers.

ChampionX (US): ChampionX, the oil services business currently under an all-scrip take out from industry juggernaut SLB, was a bottom performer in the quarter. The negative performance from ChampionX and other energy companies was largely due to volatile oil prices, which had a soft close into the quarter end. SLB's pending acquisition of ChampionX was expected to close in the first half of this year, however an extended review from the CMA in the UK has prolonged the closure of the deal. Despite the extended review, we believe the deal will be approved and expect closure shortly thereafter.

Portfolio Changes

The Strategy initiated five new positions during the quarter while also exiting the same number of holdings. New additions were Cactus Inc., Chart Industries Inc., Croda International, Generac Holdings, and Soitec.

Cactus is a leading manufacturer of pressure control equipment, specializing in wellheads and spoolable pipe for onshore oil and gas rigs in the U.S. We have been studying Cactus for over a year as a potential replacement for our current holding, ChampionX, following the pending acquisition by SLB. After a sell-off in the company's shares earlier this year, we began monitoring the business closely. Recently, Cactus announced an agreement to acquire Baker Hughes's international wellhead business to accelerate the company's international expansion strategy. This transaction is intriguing because the acquired business was previously operated, and later sold, by Cactus's current management team, which gave us confidence in their deep understanding of the assets. The pending acquisition will also see Cactus inherit strong relationships with the top energy companies in the Middle East. After studying the deal, we concluded the pro-forma business to be significantly undervalued, leading us to start a position in Cactus.

Chart Industries is a new addition to the Strategy during the quarter. The company specializes in manufacturing highly engineered equipment used in the production, transport, and storage of gas and liquids across various industries and value chains. Chart participates in attractive secular growth markets both within energy, such as liquified natural gas (LNG), hydrogen, and nuclear, and outside of energy, including data centers, carbon capture, space, and water treatment. Shortly after initiating our position, Chart announced a merger with FlowServe, a flow control company that we have long admired, to establish a leading player in industrial process technologies. We believe the deal rationale is strong as it brings together two highly engineered manufacturers of adjacent technologies, similar customer bases, and complementary operating footprints. While the market capitalization of the combined companies will likely exceed the Strategy's core focus and we may have to divest in the future, in the meantime we see a case for short-term upside in shares driven by respective company performance and increasing investor confidence in the deal.

Croda, a UK-based specialty chemicals company, was added to the Strategy during the quarter. Croda's business is comprised of leadership positions in attractive, niche categories across three main verticals: consumer care, life sciences, and industrial specialties. Within these segments, Croda's ingredient expertise and science-driven approach underpin deep, sticky relationships with customers who view Croda as an innovative development partner rather than a commoditized supplier. Like many chemicals businesses, Croda experienced a surge in demand following Covid, but that demand hit an air pocket in late 2023 and 2024, causing a string of negative earnings revisions. After almost a year of stabilizing performance, we believe Croda's earnings have troughed, yet shares are still trading near decade-low multiples. Therefore, we initiated a position in Croda, anticipating strong compounding potential driven by improving operating performance and valuation multiple re-rating.

Generac is another new addition to the Strategy. Generac is a US-based provider of backup power solutions for residential and commercial customers. In the residential market, which represents over half of their business, from 2024 reports Generac commands an estimated 70% market share of the US residential standby generator market. We view Generac as an attractive investment opportunity because they are a leading player in what we view as a growing market for backup power solutions. We believe that demand for backup power generation will continue to increase, largely driven by more frequent power outages and grid stress from high power-consuming activities like AI and datacenters as well as climate disasters threatening an aging grid infrastructure. During the quarter, we took advantage of a steep selloff in Generac's shares to begin building a position at a compelling valuation. While shares have rebounded sharply, we expect to continue building our position should shares experience further weakness.

We recently added differentiated semiconductor exposure to the Strategy through Soitec, a French-based leader in specialized materials for the semiconductor industry. Soitec is a pioneer in manufacturing engineered substrates to enhance overall chip performance and reduce power consumption. The company's core technologies are predominantly sold to chip manufacturers who sell chips into mobile device, automotive, and telecommunication applications. While being a dominant player in its core technology, Soitec is also developing adjacent substrates that are currently in the early adopter phase for electric vehicles, edge computing/AI, and 6G, many of which are rapidly gaining traction, in our view. We believe Soitec's innovative solutions and deep, longstanding customer relationships create a powerful moat to support strong top-line development. After following Soitec for multiple years, we initiated a position in early June which reflects our belief in the long-term growth prospects for the business and improving sentiment in the semiconductor industry.

During the quarter, we exited five positions. Two of these positions were previously pending acquisitions that closed in the quarter, CompuGroup Medical and Renewi. The other exited positions were MSC Industrial, Corbion, and Asana. As we have been conducting intense scrutiny of current holdings in an effort to upgrade to higher quality, higher conviction names, we sold out of MSC Industrial Direct, a US-based industrial distributor, in favor of Chart Industries. Similarly, we added Croda and removed Corbion, a chemicals supplier. The Strategy exited our holding in Asana Inc. following a departure from our original investment thesis.

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Outlook

Following a turbulent first half of the year, we expect more of the same to dominate the back half of the year, especially as equity markets are bumping up against new all-time highs. This is in spite of the looming uncertainty regarding tariffs, unresolved geopolitical conflicts, and mixed economic pictures across the U.S. and Europe. However, as we are entering a new rate cutting cycle by the Fed, there could be support for a sustained global equity rally, especially if we see sustained corporate earnings expansion in the near term. A loosening cycle could be exceptionally attractive for a beaten-down, economically sensitive small cap asset class, which we believe is long overdue for a period of outperformance. In the meantime, we are focusing on active, efficient stock selection, prioritizing quality businesses with secular growth tailwinds trading at below-market multiples.

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