PARADICE

International All Cap

Strategy (USD)

PARADICE
INVESTMENT MANAGEMENT

30 June 2025

Portfolio Manager

Munish Malhotra
Portfolio Manager
Joined Paradice: 2023

Investment Objective

The strategy aims to outperform its respective benchmark over a 3-5 year timeframe by investing in a concentrated portfolio of businesses we view as having superior fundamental quality trading at average to below average values.

Key Details

Strategy Inception Date	1 October 2023
Benchmark	MSCI ACWI ex-USA All Cap NTR Index

+1-720-751-2100
Info@Paradice.com

Portfolio Characteristics

No. of Holdings	26
Weighted Avg. Mkt. Cap ($USD)	89.5B
Median Mkt. Cap ($USD)	77.5B
Active Share (%)	97.3

Top Five Positions (%)

Liberty Media Corp. Series A Liberty Formula One	5.0
Safran SA	4.7
Spotify Technology SA	4.6
Shopify, Inc. Class A	4.5
Sea Limited Sponsored ADR Class A	4.3

Quality Metrics*

Quality Metrics*	Portfolio	Benchmark
ROE (%)	14.7	15.7
ROIC (%)	11.2	10.9
ROA (%)	6.3	6.8
Net Debt / EBITDA	-0.7	1.1

Valuation Metrics*

Valuation Metrics*	Portfolio	Benchmark
P/E FY24[1]	33.0	17.7
P/CF FY24[1]	26.6	14.3
P/S FY24[1]	6.2	3.5
Shareholders Yield (%)	0.5	2.8
Dividend Yield (%)	0.6	2.8

Sector Allocation (%)

Financials	26.5
Industrials	11.8
Health Care	7.1
Communication Services	18.2
Materials	--
Information Technology	21.7
Consumer Staples	--
Consumer Discretionary	14.4
Energy	--
Real Estate	--
Utilities	--
Cash	0.3

Region Allocation (%)

North America	14.5
United Kingdom	16.8
Emerging Markets	19.2
EMEA Developed	31.0
Japan	10.4
Other Asia	7.8
Cash	0.3

Performance (%)

Performance (%)	3M	YTD	1YR	SI
Paradice Strategy - Gross	13.41	15.33	29.82	25.06
Paradice Strategy - Net	13.19	14.87	28.78	24.06
MSCI ACWI ex-USA All Cap NTR Index	12.76	17.91	17.86	19.32
Excess Return - Net	0.43	-3.04	10.92	4.74

[1]For P/E, P/CF, and P/S in the above table, "FY2" is defined by Factset as "the unreported fiscal year following FY1 (with FY1 being "the next unreported financial year as of the report date")

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Commentary

Portfolio Performance & Market Review

The second quarter of 2025 was characterized by significant market volatility driven by trade policy uncertainty, geopolitical tensions, and evolving economic indicators. After a sharp selloff triggered by the April 2nd tariff announcements, the U.S. softened its stance, pausing reciprocal tariffs for 90 days and securing a tariff pause with China leading to a V shaped recovery in global equities during the quarter. Additionally, the Iran-Israel conflict and Russia-Ukraine war raised concerns, temporarily pushing oil prices to $80 per barrel before eventually receding and tensions failed to escalate further.

Despite these challenges, markets demonstrated resilience, with most major asset classes posting positive returns by quarter-end. The Paradice International All Cap Strategy returned +13.41% (gross) (13.19% net) during the quarter outperforming its benchmark slightly by +0.65% (gross) (0.43% net). Performance was predominantly driven by regional stock selection and sector allocation. The Strategy benefitted from robust performance from communication services, consumer discretionary and healthcare with detrimental performance from information technology, financials, and industrials.

Outlook

The Paradice International All Cap strategy (+15.33 gross, 14.87% net) has struggled to keep up with the benchmark year to date, which is up +17.91% YTD. This is an impressive return for a benchmark in just six months time. Our relative underperformance is due mostly due to stock selection and our underweight to China in addition to an overweight allocation to the UK and North America, two regions that have been relative underperformers YTD by a wide margin. That said our Strategy has still managed to outperform the benchmark by close to 5% since the strategy's inception[1] despite the current setback. We continue to remain optimistic about our Strategy and single investment opportunities around the world. We do not have a crystal ball, nor do we pretend to carry one. Instead, we just keep our heads down and remain committed to our investment philosophy and process which we believe should continue to deliver solid gains over the mid to long term.

Portfolio Changes

During the quarter, we added five new positions and exited the same. The Strategy ended the quarter with twenty-six positions.

Portfolio Additions

Sartorius Stedim Biotech: A leading biopharmaceutical supplier, Sartorius Stedim Biotech provides equipment and services for drug development and production, specializing in cell cultivation, fermentation, filtration, purification, and fluid management. It focuses on single-use technologies to enhance efficiency in bioprocessing.

ASML Holding N.V. (formerly ASM Lithography): ASML, a Dutch multinational, is the world's leading supplier of photolithography machines for semiconductor manufacturing, specializing in extreme ultraviolet (EUV) and deep ultraviolet (DUV) systems. It holds a near-monopoly in EUV technology, enabling the production of advanced microchips for major clients like TSMC, Intel, and Samsung.

Keyence Corp: Keyence, a Japanese company, designs and manufactures high-precision automation equipment, including sensors, vision systems, and laser markers for industrial applications. It is renowned for its direct-sales model and rapid product development, serving diverse industries like automotive and electronics.

Topicus.com: Topicus.com, a Canadian software company and spin-off from Constellation Software, develops and acquires vertical market software for sectors like education, healthcare, and finance. It focuses on niche markets, leveraging a decentralized model to drive growth through acquisitions and organic development.

MakeMyTrip: MakeMyTrip is an online travel company offering booking services for flights, hotels, holidays, and

[1] Strategy Inception Date 1 October 2023.

Portfolio Changes (continued)

transportation in India and abroad. It provides what we see as a user-friendly platform for travel planning and management.

Portfolio Exits

Grab Holdings: Sold to purchase MakeMyTrip. We like the risk/reward and more nascent stage of adoption at MakeMyTrip vs Grab Holdings.

Didi Global Inc: During the quarter we started to hear rumblings of Chinese ADR delistings. Given Didi has no local listing, this was too big of a risk for us to take and we therefore exited. We were also looking for a candidate to sell to purchase MakeMyTrip in India, a region and business we like better long term.

Full Truck Alliance Co. Ltd. – Similar to our sale of Didi Global, we started to get rumblings of Chinese ADR delistings. Full Truck has no local listing and as such this was too big a risk for us to take.

Lam Research Corp. – Sold to purchase ASML. While we like Lam Research, we believe ASML is a high grade to our semicap equipment exposure.

RS Group Plc – Sold to purchase Keyence. While we like RS Group, we believe Keyence is a more structural revenue story and higher quality business vs RS Group

New Portfolio Highlight – Sartorious Stedim Biotech

Headquartered in Aubagne, France, Sartorius Stedim Biotech is a global leader in bioprocessing equipment and services, specializing in solutions for the development and production of biopharmaceuticals. Sartorius provides critical technologies for cell cultivation, fermentation, filtration, purification, and fluid management, with a focus on single-use systems. As the biopharmaceutical industry undergoes transformative shifts, Sartorius's unique business model, robust competitive moats, and alignment with industry trends position it for sustained long-term growth.

The biopharmaceutical industry is undergoing a paradigm shift that we think plays directly into Sartorius' strengths. The rise of biologics and advanced therapies—projected to account for over half of global pharmaceutical sales by 2030—drives demand for flexible, scalable manufacturing solutions. Single-use systems, which Sartorius (formerly Stedim) pioneered, are increasingly preferred over traditional fixed infrastructure due to their adaptability for small-batch, high-value drugs like cell and gene therapies. Unlike traditional small-molecule drugs, biologics require highly specialized, sterile, and flexible manufacturing processes. Sartorius' single-use technologies—disposable bioreactors, filters, and tubing systems—replace traditional stainless-steel equipment, offering cost efficiency, reduced contamination risks, and faster production timelines. This innovation aligns with the industry's shift toward personalized medicine and smaller-batch production, making Sartorius a critical partner for both established pharmaceutical giants and emerging biotech firms in our view. The company's comprehensive portfolio, spanning upstream (cell culture) to downstream (purification) processes, provides end-to-end solutions, fostering deep customer integration and recurring revenue from consumables.

We believe Sartorius' competitive advantages are deeply entrenched. First, its regulatory capture creates a significant barrier to entry. Bioprocessing equipment must meet stringent regulatory standards set by agencies like the FDA (Food the Drug Administration) and EMA (European Medicines Agency), requiring extensive validation and qualification processes. Once Sartorius' systems are integrated into a customer's manufacturing process, switching to competitors is costly and risky due to revalidation requirements, which can take years and millions of dollars. This "stickiness" ensures long-term customer retention. Second, Sartorius' technological leadership in single-use systems, backed by over 2,000 patents, reinforces its market dominance. The company's early investment in single-use technology has given it a first-mover advantage, with oligopolistic competitive position. Third, its global scale and supply chain resilience—with manufacturing sites across Europe, North America, and Asia—mitigate risks and ensure reliability, a critical factor in an industry where production delays can cost millions. Finally, Sartorius' strong brand and customer relationships, built over decades, are evident in its partnerships with top pharmaceutical companies like Pfizer and Moderna, particularly during the COVID-19 vaccine ramp-up.

In our view, Sartorius Stedim Biotech is uniquely positioned at the heart of the biopharmaceutical revolution, leveraging its leadership in single-use technologies, regulatory capture, and global scale to maintain a formidable competitive moat. As drug manufacturing shifts toward biologics, personalized therapies, and sustainable practices, Sartorius' innovative solutions and sticky customer relationships ensure sustained growth.

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Definitions

- **Return on equity (ROE)** is expressed as a percentage and is a measure of financial performance calculated by dividing net income by shareholders' equity (which is equal to a company's assets minus its debt). ROE is considered a gauge of a corporation's profitability and how efficient it is in generating profits.
- **Return on invested capital (ROIC) i**s a calculation used to assess a company's efficiency in allocating capital to profitable investments.
- **Return on assets (ROA)** is a profitability ratio that provides how much profit a company is able to generate from its assets. ROA is shown as a percentage, and the higher the number, the more efficient the company is at managing its balance sheet to generate profits.
- A **P/E ratio (P/E)** takes the stock price divided by the company's earnings per share for a designated period and conveys how much investors will pay per share for $1 of earnings.
- **EBITDA,** or earnings before interest, taxes, depreciation, and amortization, is an alternate measure of profitability to net income. By including depreciation and amortization as well as taxes and debt payment costs, EBITDA attempts to represent the cash profit generated by the company's operations.
- The price-to-cash flow (P/CF) ratio is a stock valuation indicator or multiple that measures the value of a stock's price relative to its operating cash flow per share.
- **The price to sales (P/S)** ratio shows how much the market values every dollar of the company's sales
- **Dividend yield,** expressed as a percentage, is a financial ratio (dividend/price) that shows how much a company pays out in dividends each year relative to its stock price.
- **Shareholder Yield** is the sum of a stock's dividend yield (paid over previous twelve months minus special dividends) and the percentage of net share buybacks over the previous twelve months

Definitions of terminology used can be found https://www.paradice.com/international/important-disclosures/

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Contact:

Brittany Meisner, CFA, CAIA, CIPM
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