30 JUNE 2024

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	-6.21	-8.11	4.27	-1.75	2.54	3.60	5.99	9.15
Benchmark[1]	-1.47	-3.05	8.56	2.39	6.75	7.29	8.76	11.13
Excess Return	-4.74	-5.06	-4.29	-4.14	-4.21	-3.69	-2.77	-1.98

*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

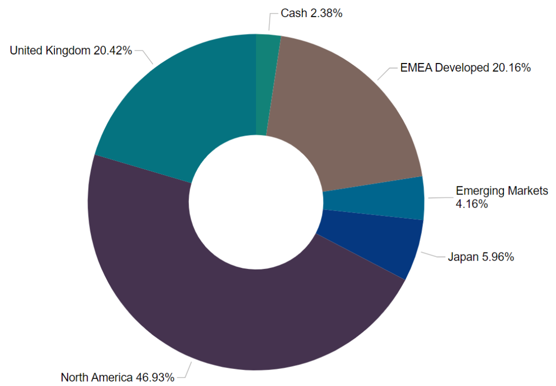
The Fund aims to outperform the S&P Global ex Australia and New Zealand Between USD1 Billion and USD5 Billion Net Total Return Index in AUD over a three to five year period (after management costs and before tax).

LEAD PORTFOLIO MANAGER

Kevin Beck & Paul Mason

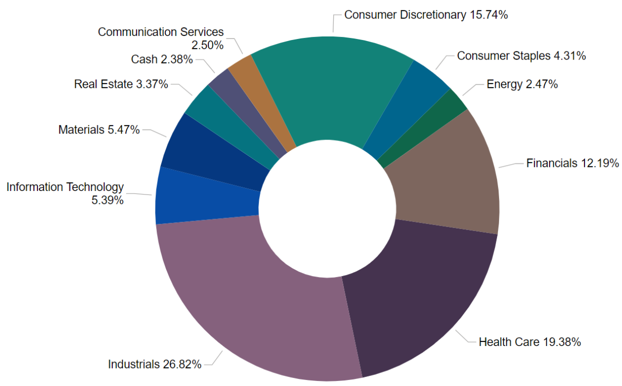
KEY DETAILS	
Number of Holdings	47
Weighted Avg Mkt Cap (AUD M)	$5,842M
Active Share	99.2%
Fund Size (AUD)	$ 106M

REGION ALLOCATION



TOP 10 POSITIONS	WEIGHT %
Euronext NV	3.91
Onex Corporation	3.88
Globus Medical Inc Class A	3.66
OPENLANE, Inc.	3.47
Tandem Diabetes Care, Inc.	3.23
Mohawk Industries, Inc.	3.18
Renewi Plc	2.89
ITT, Inc.	2.89
Kansai Paint Co., Ltd.	2.83
Avanos Medical, Inc.	2.64

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

Disclaimer: This information is prepared by Paradice Investment Management Pty Ltd (ABN 64 090 148 619, AFSL No. 224158) (Paradice, we or us). This material is not intended to constitute advertising or advice (including legal, tax or investment advice) of any kind. These materials are not to be distributed and must not be copied, reproduced, published, disclosed or passed to any other person at any time without the prior written consent of Paradice. Equity Trustees Limited (ABN 46 004 031 298, AFSL No. 240975) (Equity Trustees) is the responsible entity of, and issuer of units in, the Paradice Global Small Cap Fund (ARSN 161 493 456) (Fund). Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX:EQT). In deciding whether to acquire, or to continue to hold, units in the Fund please read the current product disclosure statement available from Paradice. We encourage you to think of investing as a long-term pursuit. In preparing this information, we have not considered your investment objectives, financial situation or needs and therefore the Fund may not be suitable for you. You should have regard to your own individual objectives, financial situation and needs and, if necessary, seek independent professional advice before you make any investment decision. Neither Paradice, Equity Trustees, nor any of their respective related parties, directors or employees, make any representation or warranty as to the accuracy, completeness, reasonableness or reliability of the information contained in this publication or accept liability or responsibility for any losses, whether direct, indirect or consequential, relating to, or arising from, the use or reliance on any part of this material. Any rates of return, forecasts or estimates contained in this publication are not guaranteed. The content of this publication is current as at the date of its publication and is subject to change at any time. It does not reflect any events or changes in circumstances occurring after the date of publication. The Target Market Determination (TMD) for the Fund is available here. A TMD describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how it can be distributed to investors. [1] S&P Global ex Australia and New Zealand Between USD1 Billion and USD5 Billion (AUD) NTR Index effective from 5 November 2018. Prior to this date the benchmark was S&P Global Between USD1 Billion and 5 Billion (AUD) NTR Index effective from 1 October 2015 to 4 November 2018 inclusive and S&P Global Between USD1 Billion and 5 Billion (AUD) TR Index prior to 1 October 2015. [2] The management fee is effective 5 November 2018. Prior to this date the management fee was 1.40% p.a. [3] Applies to the investment performance achieved by the Fund (after management fees and costs) in excess of the Benchmark. Refer to PDS for more information.

GLOBAL SMALL CAP FUND

PARADICE
INVESTMENT MANAGEMENT

Performance in AUD unless otherwise noted.

MARKET REVIEW AND PORTFOLIO PERFORMANCE

The global small cap index[1] sold off during the June quarter with all sectors except Utilities closing lower. Investors continue to grapple with high interest rates, stubborn inflation and the likelihood of the economy achieving the elusive soft landing. So far, in our view, demand remains resilient, yet not enough to inspire strong business confidence, leading to a continuation of the stop/start real economy, which has been a feature of the last several years.

Top Performers for the Quarter Included

Globus Medical (US): Globus Medical is one of the largest spine companies in the world, offering a broad portfolio of surgical implants and innovative technology. Globus is a relatively new position in the portfolio after the company acquired our former holding, NuVasive, in the fall of 2023. Following the announcement of the deal last year, the market appeared skeptical of the company combination as evidenced by weakness in the Globus share price. The market's skepticism sharply reversed in the second quarter of this year after Globus reported strong growth to begin the year, easing concerns over potential revenue dis-synergies from the NuVasive deal. Importantly, we believe the company still has a compelling case for further outperformance from its peers. We believe future upside could be gained by realizing expected cost synergies, selling their flagship robotic surgery platform into legacy NuVasive accounts, and expanding on a new market opportunity for the business as the company recently gained FDA approval for the use of the Globus robot platform in hip and knee surgeries.

Renewi (UK): Renewi is a waste management business listed in the UK, though it mostly does business in the Benelux region. On several occasions, the market has speculated that the company has been a target takeover of larger rivals, with one coming to fruition in late 2023 when Macquarie Asset Management made a bid. In our view, the board and management handled that approach poorly, ultimately leading to the bid being withdrawn. Over the past quarter, the company has softened its language regarding a takeover and appears to be open to conversations with the right partner. The business also exited UK municipal waste collections, which has been a challenged business and somewhat of a poison pill to a potential suitor. Shares have rallied as investors speculate there may be another approach in the near future.

Skillsoft (US): Skillsoft is an education software platform that sells to large corporations to ensure staff members have access to regular training in areas such as compliance, human resources and a range of other skills. Skillsoft has had a very tough 2.5 years due to a poor acquisition and anemic growth in its core business. These strategic missteps ultimately led to the departure of the CEO, which occurred during the quarter. Shares have rallied following the appointment of a new CEO and the announcement of a forthcoming investor day, which shareholders expect will shed light on how to grow shareholder value from these depressed levels.

Bottom Performers for the Quarter Included

Sendas Distribuidora (Brazil): Sendas is one of the leading food retailers in Brazil and the second largest cash and carry operation in the country. Sendas was a top detractor in the quarter, mirroring the sharp decline of Brazil in the Fund's benchmark. This decline was largely driven the Central Bank of Brazil signaling that they will no longer continue with their aggressive interest rate cuts as the country battles sustained, elevated inflation. Because Sendas has higher debt levels as a result of their recent large-scale expansion project, the company's cash flow is particular sensitive to changes in interest rates and will continue to be pressured as rates remain higher for longer. Nonetheless, management reiterated their commitment to de-leveraging the business and recently signaled better progress than initially indicated, a positive in our view. Although the company's strong cash-generating profile will be hindered by continued high rates, we remain positive on the overall operations of the business as they continue to drive market share gains and margin expansion.

Allfunds (Netherlands): Allfunds was another top detractor in the quarter. Allfunds is the largest fund distribution and service platform in Europe, providing the critical role of connecting fund houses and distributors through an open architecture platform. After years of private equity ownership under which the company grew rapidly, Allfunds went public in 2021 with the private owners retaining a stake. We initiated a position in Allfunds last year after the valuation compressed to attractive levels, in our view. Since the beginning of last year, Allfunds has been at the epicenter of takeover discussions from both strategic acquirers and private equity. During the second quarter of this year, it was reported that the company abandoned takeover discussions, sending shares down over 20% over a multi-week span. While the outcome of the sale process is displeasing, we believe Allfunds is grossly undervalued relative to other financial technology platform peers and to the overall quality of the asset.

YDUQS (Brazil): YDUQS, a Brazilian education technology company, was a bottom contributor during the quarter. Brazilian equities faced a challenging environment in the second quarter after Brazil's Central Bank shifted their interest rate policy in favor of continued elevated rates to combat persistent inflation. In our view, this caused panic and uncertainty across the Brazilian macro environment, sending stocks, including YDUQS, lower in the quarter. Despite the volatility in the broader economy, we believe YDUQS is a quality business with meaningful tailwinds to drive earnings expansion, largely driven by favorable government policies and increasing corporate interest in education services.

PORTFOLIO PERFORMANCE

The Fund had poor relative quarterly performance during the period, a disappointing result for the team and our investors, with the majority of the underperformance occurring in the month of June. Approximately, two thirds of the relative underperformance can be attributed to the Fund's Emerging Markets exposure, which was just three names during the quarter (the two Brazilian names (detailed above) as well as a Mexican REIT, each of which had large draw downs in the period). The Fund is also underweight India, a very expensive equity market, that rallied strongly, negatively impacting the relative performance of the Fund. Putting the dismal Emerging Market performance aside, the portfolio performed broadly in line with many Value benchmarks, a reflection of Fund's philosophy and process. Consumer Discretionary and Industrials were two areas of weakness for the portfolio as some investors began to fear an economic slowdown caused by higher interest rates. Communication Services and Healthcare were areas of relative outperformance, but not enough to outweigh problem areas.

The Fund has been on a path of reducing stock numbers and increasing conviction levels across our most compelling ideas. As is to be expected, higher conviction levels increase the stock specific risks leading to higher tracking error. This is something we are comfortable with, as we believe given the passing of time, stock selection will be our primary driver of alpha. Unfortunately, June was a month where the Fund was on the wrong side of stock specific risks. Three of our holdings had large sell downs from private equity owners, our Brazilian names were very weak, and a top weight abandoned a sales process, causing the share price to fall sharply. The sum of these headwinds led to a poor quarter and materially impacted the financial year relative performance to the downside. We expect most of the performance headwinds in June to be transitory in nature and look forward to updating our investors in our next commentary.

[1] *The S&P Global ex AU & NZ Between USD1B and USD5B (AUD) NTR Index*

GLOBAL SMALL CAP FUND

PARADICE
INVESTMENT MANAGEMENT

PORTFOLIO CHANGES

The Fund initiated three new positions during the quarter and exited one.

Endava is a global IT consultancy that helps companies digitize and become more technologically efficient. The company is founder led, critical to the technology journey of its customers and has demonstrated attractive growth levels in the past. The shares have come under pressure in the past two years as growth has slowed as customers are delaying major projects due to concerns regarding the economy. We believe the significant technological advancements in AI, payments, and e-commerce will serve as attractive tailwinds for Endava in the future and believe the shares are very attractively valued at these levels.

Essentra is a UK listed distributor of low cost, mission critical plastic components that are sold in a wide range of end markets such as automotive, medical devices, and safety equipment. After years of restructuring and divestment, Essentra is a focused operator in a highly fragmented industry. We can foresee Essentra executing on a long runway of acquisitions in the coming years, or, conversely become a logical takeout candidate itself by larger competitors as part of broader industry consolidation.

Kingfisher, also listed in the UK, runs a range of home improvement retail outlets that serve both the retail consumer as well as tradespeople and professionals. Kingfisher saw strong growth during COVID as many consumers renovated or remodeled their homes during stay at home protocols. Shares have now come under pressure as growth has stagnated. We see several growth drivers for Kingfisher going forward, including the ongoing rollout of Kingfishers iconic ‘Screwfix’ brand, which serves the professional market and has been a market leader in this business model. The business also has plans to improve e-commerce penetration and streamline its French operations.

UK listed cardboard packaging business, DS Smtih was exited during the quarter. The company is being taken over by the US listed company, International Paper, and we exited on the grounds of it reaching its target valuation.

OUTLOOK

Small cap equities are currently in the 7th consecutive year of underperformance relative to large cap. Especially in the US, market returns continue to be driven by a small handful of Large and Mega cap stocks, making it difficult for small caps to compound at the same rates. While we are certainly frustrated at the lack of returns in the small cap asset class, we believe the valuations we are seeing on what we view as excellent businesses are incredibly low and thus a compelling set up for strong compounding in the future. Our investment style of seeking out what we see as great businesses, with high free cash flows, and astute management teams remains the same and we look forward to when the intrinsic value of these businesses is recognized.