PARADICE
INVESTMENT MANAGEMENT

30 JUNE 2026

GLOBAL SMALL CAP FUND

Quarterly Fund Factsheet

Performance Net (%)	1 MONTH	3 MONTHS	1 YEAR	3 YEARS	5 YEARS	7 YEARS	10 YEARS	SI* P.A.
Global Small Cap Fund	1.45	13.58	8.13	8.36	2.97	4.74	6.14	9.34
Benchmark[1]	3.86	12.49	20.55	15.04	8.52	9.96	10.27	12.18
Excess Return	-2.41	1.09	-12.42	-6.68	-5.55	-5.22	-4.13	-2.84

*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

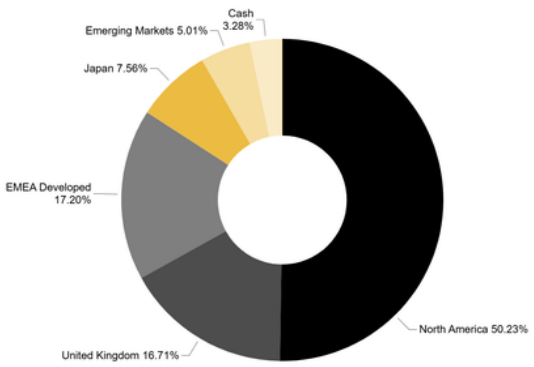
The Fund aims to outperform the Benchmark[1] over a three to five year period, after management costs and before tax.

Lead Portfolio Manager

Kevin Beck & Paul Mason

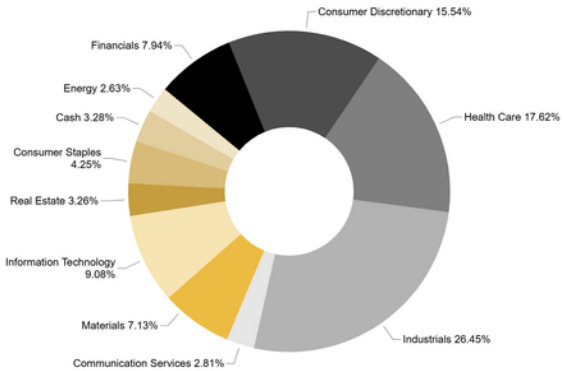
Key Details	
Number of Holdings	46
Weighted Avg Mkt Cap (USD)	$5,394M
Active Share	99.35%
Fund Size (AUD)	$ 69M

Regional Allocation



Top 10 Positions	Weight %
Generac Holdings Inc.	3.96
Flowserve Corporation	3.31
Globus Medical Inc Class A	3.08
Mohawk Industries, Inc.	3.07
ConvaTec Group Plc	3.06
Envista Holdings Corp.	3.03
Hamamatsu Photonics K.K.	2.93
SCHOTT Pharma AG & Co. KGaA	2.86
ACV Auctions, Inc. Class A	2.85
Gates Industrial Corporation plc	2.82

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

[1]MSCI ACWI SMID Cap Net Total Return Index effective from 5 June 2026. Prior to this date the benchmark was S&P Global ex Australia and New Zealand Between USD1 Billion and USD5 Billion (AUD) NTR Index effective from 5 November 2018 to 4 June 2026 inclusive. 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.

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MARKET REVIEW

The June quarter saw strong absolute performance for global small and mid-cap stocks with MSCI AC World SMID Net Total Return Index returns up over 12% for the quarter. The market continued to search for artificial intelligence winners, with this quarter's darlings being semiconductors, capital equipment and memory providers. Pleasingly, the Fund outperformed the benchmark, largely due to significant outperformance in European semiconductor names combined with our stalwart US Industrials holdings, which continue to compound capital at attractive rates. Despite the single stock picking success in semiconductors, our overall underweight to Information Technology globally was a drag on returns, with this single sector contributing roughly 50% of all benchmark returns.

Rather than opine on macroeconomics, the Strait of Hormuz or the SpaceX IPO, we would prefer to dig into individual stock performance and portfolio changes over the past quarter, as these are likely to be important drivers of future returns. Notably, three of our top four performance contributors came from names that have been added since May of last year.

ATTRIBUTION

Positive

Generac, a manufacturer of backup power systems for residential and commercial markets, was a leading performer in the quarter. While the company remains dominant in the residential generator market, Generac is an emerging player in the larger industrial market, including high-growth backup power solutions for data centres. During the quarter, Generac reported 28% growth compared to the same period in the prior year in its Commercial & Industrial ("C&I") segment and signalled similar growth for the balance of the year, results that we believe exceeded investor expectations and contributed to share outperformance. Additionally, Generac announced a global supply agreement with a leading hyperscale data centre operator, which we view as a long-awaited "seal of approval" for the company's long-term credibility in the broader C&I market. We continue to believe Generac remains well positioned to benefit from strong structural tailwinds, including rising global power demand, grid instability, and the growing frequency of severe weather events threatening aging grid infrastructure.

Soitec was a top performer in the quarter. Shares in the semiconductor materials supplier rose on growing investor optimism around the company's role in supplying critical, foundational architecture for AI datacentre semiconductors. Specifically, Soitec's silicon photonics solutions are a key enabler of co-packaged optics, which eliminates the need to drive electrical signals across circuit boards, improving power efficiency and reducing the signal loss associated with incumbent technology. During the quarter, Soitec posted results that pointed to robust current demand and a positive outlook for this product line, which we believe helped propel shares higher. While we remain optimistic about the company's product roadmap and revenue trajectory, we trimmed our position during the quarter, as we viewed the share price as increasingly disconnected from the business's intrinsic value amid what we believe was heightened investor euphoria.

Ams Osram, an Austria-based sensor and optical semiconductor company, was a top contributor to performance in the quarter. In addition to general excitement across the semiconductor industry, ams Osram's shares rallied sharply after the company announced an agreement to develop micro-LED interconnects with an AI infrastructure partner. While this was an exciting announcement, the company's underlying fundamentals continue to improve as it executes on strategic initiatives, including shedding non-core assets and strengthening the balance sheet, which has the potential to support improved cash generation. Although the company remains in a "transition year," we believe green shoots are forming across the company's refocused portfolio. Given the sharp share price appreciation and the market enthusiasm around the AI interconnect partnership, we trimmed our position during the quarter, as we believe the stock's valuation increasingly reflects optimism around this opportunity ahead of more concrete details on its potential scale and economics.

Negative

Tandem Diabetes, a U.S.-based provider of insulin pumps and related supplies for type 1 and 2 diabetes, was a detractor during the quarter. In prior commentary, we highlighted the company's ongoing commercial transformation aimed at driving long-term sales growth and meaningfully enhancing its margin profile. In the most recent quarter, Tandem's results suggested this transformation may be off to a slower-than-expected start, with new patient starts declining year-over-year. However, we believe these results should be viewed in the context of Tandem's newly implemented go-to-market strategy, which launched late in the quarter and therefore had a limited impact on operating performance. Looking ahead, we expect the company's efforts to drive growth in new patient starts, revenue, and cash flow to become increasingly visible as the year progresses. Our conviction is reinforced by the anticipated launch of Tandem's tubeless insulin pump later this year, which we believe, alongside its improved commercial strategy, will drive higher insulin pump penetration and above-market growth, ultimately supporting durable revenue and earnings growth in the years ahead.

Endava, a U.K.-based information technology service provider, was a negative contributor in the quarter. Since the advent of generative AI, Endava and its IT services peers have suffered a multi-year valuation reset, with multiples compressing to levels we view as excessively depressed. While recent operating performance has been mixed, we believe AI will create meaningful opportunities on both the revenue and cost side, as companies increasingly turn to skilled implementation partners like Endava to integrate AI into legacy systems, while AI-enabled delivery models could improve utilization rates and project margins over time. The market remains sceptical that IT services firms can adapt to a world of AI-assisted workflows, and we believe this scepticism is reflected in the stock's current valuation, which prices in a degree of structural disruption not supported, in our view, by the company's client relationships or its track record navigating complex, mission-critical platform migrations.

YDUQS, a Brazilian education provider, was a negative contributor in the quarter. Shares came under pressure as investors seemingly grew concerned over decelerating revenue growth and margin compression, compounded by regulatory headwinds that have weighed on sector-wide valuations.

While near-term operating trends have been mixed, we believe the market is underappreciating YDUQS's positioning in Brazil's underpenetrated higher education market and its ability to grow its higher-margin Premium segment over time. We believe improving free cash flow trends may provide the opportunity for enhanced capital return in the coming years, and the stock continues to trade at a discount to sector peers, which we view as a favourable setup for future share outperformance.

PORTFOLIO CHANGES

New Names

During the quarter, we initiated a position in Shimadzu, a Japan-based global leader in analytical and scientific instruments. Shimadzu holds one of the top global positions in chromatography, a scientific technique used to separate, identify, or purify the contents of a mixture. Chromatography is a core, high-margin category spanning liquid and gas systems used extensively in pharmaceutical, biotechnology, environmental, and food-safety testing. Shimadzu also brings differentiated expertise in turbomolecular pumps, a specialized vacuum technology critical to semiconductor manufacturing. We believe this combination of leadership positions and diverse end markets reduces the company's exposure to any single end-market cycle. We expect that the company will benefit from durable, secular demand tailwinds, including increased life sciences research spending, rising semiconductor demand, and tightening PFAS[1] water-quality regulations. Additionally, we believe Shimadzu's high-margin consumables and service revenue, tied to its large installed base of instruments, provide a source of recurring, resilient cash flow. It's quite rare that names of Shimadzu's quality trade at reasonable (sub 20x earnings) valuations, however, concerns around government funding of medical research and the market's current infatuation with AI and semiconductors is, in our view, offering an attractive entry point into a long-term compounder operating in an attractive industry.

The Fund also initiated a position in Sinch AB, a Sweden-based leader in cloud communications platform. Sinch provides the tools businesses use to reach customers via SMS, voice and email. Real-world use cases include one-time passcodes for bank logins, appointment reminders and airline flight-delay alerts. Sinch's 2021 acquisition of Inteliquent gave it a direct-owned US voice network rather than renting carrier capacity, improving reliability and margins. The bigger opportunity is AI voice: as enterprises deploy AI voice agents for customer service and outbound calling, that traffic must run over carrier-grade infrastructure, and Sinch's owned network positions it to capture this volume directly rather than ceding the economics to a middleman.

As well as this, traditional SMS messaging is migrating to RCS (rich communication services) offering a more immersive and engaging customer experience. We see Sinch as a misunderstood asset with an extremely unique digital infrastructure angle that offers multiple avenues for value creation.

Finally, we added ACV Auctions. ACV Auctions is a US-based online marketplace for dealer to dealer used vehicle auctions. We have long followed the intricacies of this niche industry and currently have another investment in the space, Openlane. These auctions are the lifeblood of the used car industry, allowing liquidity for dealers to continue operating their businesses. Amazingly, in the USA, 75% of dealer-to-dealer transactions are done in live, "in person" auctions, with 25% of auctions performed online, this number of online auctions has been steadily rising. As discussed in the first quarter results calls, during the first quarter of 2026, total used vehicles volumes across the dealer wholesale industry shrunk by around 5-6%, while ACV Auctions saw volume growth, gaining market share; we believe there is an evolving share shift between physical and digital auctions which ACV Auctions stands to benefit from. ACV Auctions continues to innovate the industry with AI powered inspections, unique auction features and efficient vehicle transport. Our conviction in the name was strengthened following management stock purchases and the announcement of a large share buyback worth nearly 8% of the market capitalisation.

Exits

During the quarter, we exited Essentra, a long-term holding in the portfolio. Essentra supplies "essential" small components to a global industrial customer base, having divested two other divisions years ago to become a focused components pureplay. However, the company has struggled to grow, which we believe reflects a lack of scale and persistently weak end markets. Following a spike in energy prices and a deteriorating European outlook, we made the decision to exit the position.

OUTLOOK

We are excited at the quality of the new names we have been able to add into the portfolio, and the pipeline of new names remains compelling. We believe the market is giving us a rare opportunity to purchase high quality businesses at very attractive valuations, which we believe positions the portfolio well for future returns We see AI as both a disruptive force and an enabler for businesses which will continue to drive dispersion amongst returns, an ideal environment for active management.

1. PFAS – Per- and polyfluroalkyle substances

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