31 DECEMBER 2025

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	-2.48	-0.52	0.39	7.28	4.24	4.59	4.87	8.78
Benchmark[1]	-0.43	1.62	12.72	14.60	9.81	10.37	9.23	11.83
Excess Return	-2.05	-2.14	-12.33	-7.32	-5.57	-5.78	-4.36	-3.05

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

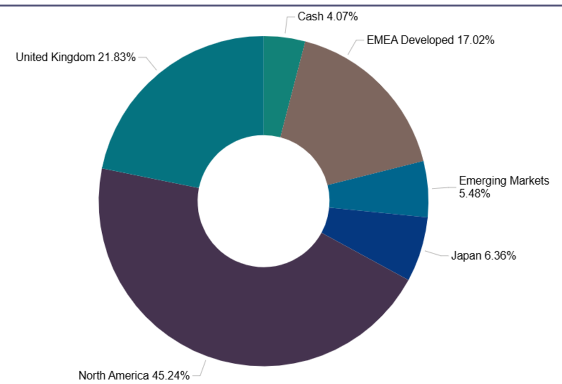
The Fund aims to outperform the S&P Global ex Australia and New Zealand Between USD1 Billion and USD5 Billion Net Total Return Index in AUD over a three to five year period (after management costs and before tax).

LEAD PORTFOLIO MANAGER

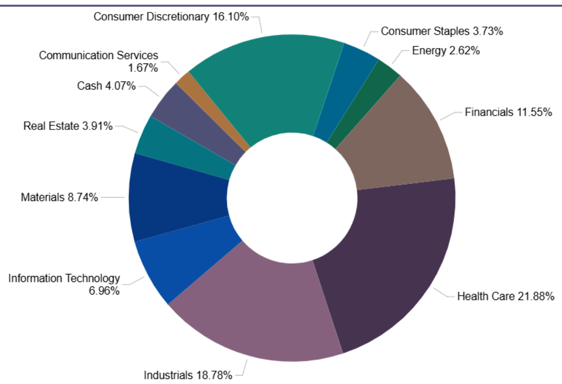
Kevin Beck & Paul Mason

KEY DETAILS	
Number of Holdings	43
Weighted Avg Mkt Cap (AUD M)	$7,053M
Active Share	99.31%
Fund Size (AUD)	$ 67M

REGION ALLOCATION



SECTOR ALLOCATION



TOP 10 POSITIONS	WEIGHT %
Tandem Diabetes Care, Inc.	4.33
Globus Medical Inc Class A	4.19
Envista Holdings Corp.	3.41
LivaNova Plc	3.31
Lear Corporation	3.31
Allfunds Group plc	3.12
Flowserve Corporation	3.06
Croda International Plc	3.05
Arcadis NV	3.02
ConvaTec Group Plc	2.94

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]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.

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Performance in AUD unless otherwise noted.

MARKET REVIEW AND PORTFOLIO PERFORMANCE

The Fund finished behind the benchmark in the December quarter. We had the strongest outperformance in Healthcare and Financials which was offset by poor stock picking in the Information Technology sector.

Active managers up and down the market cap curve had a difficult 2025. Small Cap returns were highly focused around select themes: artificial intelligence, data centers, quantum computing, rare earths, precious metals, to name a few. For example, gold miners and precious metals returned over 150% and 200% respectively. The portfolio has some exposure to these growth areas via Industrials and Materials, however, not nearly enough to keep up.

Benchmarks may be at or close to all-time highs, but that masks the true underlying economy. There are many sectors that have been bouncing along the bottom since late 2022: auto makers, homebuilders, non-AI semiconductors, biotechnology, medical devices, chemicals, and agriculture to name a few. In the US, the Purchasing Managers Index (PMI), which indicates whether the economy is contracting or expanding, has been in contracting territory for almost consistently for 35 months, a record which dates back to the second world war.

For the year, we outperformed in financial exchanges data, REIT's, and in Consumer Discretionary. Our Industrials did not have enough growth to keep up with peers, and our medical device exposure faced transitory stock specific headwinds which held them back. Our software and Information Technology did very poorly as we looked to thread the needle (unsuccessfully) of quality and valuation; this sector alone accounted for roughly half of the underperformance and is being addressed.

Importantly, many changes were made in the Fund. 2025 was easily the highest turnover year since inception, culling slower growth, stale names and reinvesting into positions which are improving the growth profile of the Fund whilst maintaining a valuation discipline. As we continue to reduce the number of single stock holdings, we are sizing positions with greater conviction and have seen some early signs of success.

Contributors

Tandem Diabetes Care was the leading contributor to performance in the quarter. While 2025 was a volatile year for the U.S.-based insulin pump manufacturer, the company appears to be emerging on the other side of this period of uncertainty. Over the past year, management has been planting seeds throughout the organization to drive durable long-term sales growth, such as adding sales reps in both the U.S. and international markets, broadening patient access through the pharmacy channel, and advancing a robust technology pipeline. Now, the business is beginning to harvest the fruit of these investments as quarterly sales exceeded market expectations in the September quarter. Additionally, management confirmed plans to launch their next-generation insulin pump in 2026 - a tubeless offering that would represent only the second such product currently available in the U.S. This launch would meaningfully expand Tandem's addressable market, which we believe should support above-market growth for the business. We remain encouraged by these developments and believe that continued execution on these initiatives could drive further upside in shares.

Globus Medical, a leading spine implant and robotic technology provider in the U.S., was a top contributor. Following a challenging start to the year that included a CEO transition, the company has since stabilized operations and returned to sales growth in its core spine implant business. In addition, Globus delivered a significant improvement in profitability in its recently acquired spine stimulator asset, Nevro, within months of closing the transaction, alleviating a key overhang on the shares, in our view. These operational improvements prompted the new CEO to raise full-year guidance for both revenue and earnings, a development that was positively received by the market. As a leading innovator in spine, Globus Medical is well positioned to capitalize on ongoing market dislocation, gain market share in core spine franchise, and further diversify into higher-growth adjacencies such as stimulation and broader orthopedics.

Dutch-listed Allfunds, one of the largest fund distribution platforms in Europe, was another top contributor during the quarter. Allfunds has been a core holding in the strategy over the past year, following several years of takeover speculation. In late November, Deutsche Boerse, a leading European exchange operator and fund services provider, submitted a preliminary offer to acquire Allfunds for €8.80 per share, representing a premium of more than 30% to the undisturbed share price. We believe this proposal vindicates our long-standing view of the compelling value that Allfunds brings to the European fund industry. A potential combination with Deutsche Boerse's Clearstream would create a highly complementary platform with expanded geographic reach and significant scale across fund services and would align closely with the European Union's broader objective of harmonizing capital markets across borders, in our view. While the potential combination is still being finalized, we believe the merit of the deal is strong and that there has been sufficient regulatory diligence by Deutsche Boerse to get a deal approved. Meanwhile, we are managing the weight prudently and will carefully monitor further developments.

Detractors

French semiconductor materials supplier Soitec was a detractor during the most recent quarter. The company continues to operate against a challenging backdrop in its core automotive and smartphone end markets, where semiconductor manufacturers are still working through elevated inventory levels of key materials provided by suppliers like Soitec. Sluggish growth both in auto and mobile has prolonged the inventory correction, weighing on near-term demand for Soitec's materials. While the adoption of Soitec's technology remains strong in emerging applications such as power electronics and data centers, these markets are still in early stages of development and have not yet been sufficient to offset the weakness in auto and mobile. Although these dynamics have weighed on near-term results and sentiment, we view them as cyclical rather than structural in nature. Our long-term thesis remains intact and is supported by Soitec's unique technological positioning, high barriers to entry, and critical role in enabling next-generation semiconductor architecture across a range of applications. With a new management team and a disciplined approach to capital allocation, we believe the company is well positioned to benefit from an eventual normalization in demand and continued secular adoption of their unique substrates. We remain constructive on the long-term opportunity.

ams Osram, a European-based supplier of optical solutions and semiconductor components, was a detractor in the quarter. The company posted sluggish results in the quarter and gave a tepid outlook as they navigate weaknesses across key end markets including consumer electronics, automotive, and industrial applications. Despite the near-term noise, ams maintains its strong positions in optical sensing, emitters, and automotive lighting, which remain critical to growing applications such as advanced driver assistance systems, electrification, and broader industrial automation. In the background, the company continues to make progress on its portfolio transformation program, where management is focused on simplifying the portfolio, divesting non-core assets, improving cost structure, and strengthening the balance sheet. As these efforts progress and industry conditions normalize, we believe the business can deliver durable, profitable growth that is not fully reflected in the current share price.

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Schott Pharma, a German glass packaging manufacturer serving the pharmaceutical industry, was another negative performer. In December, the company published results below expectations and subsequently reduced their medium-term sales growth and profit margin targets, which weighed on shares in the period. While the revised targets are lower than anticipated, we believe they are realistic and achievable for the new management team and provide a credible baseline to rebuild investor confidence – something the company has struggled to manage in their short history in public markets. Schott Pharma is a recent addition to the Fund and while we acknowledge the initial disappointing share performance, we remain optimistic about the long-term compounding potential of the business. Our thesis remains intact, underpinned by the company's strong competitive position, favorable industry structure, and a net cash balance sheet. Given the recent underperformance and what we view as a meaningful disconnect between the company's current valuation and our estimate fair value, we increased our position during the period.

Sendas Distribuidora, a leading cash and carry operator in Brazil, was a top detractor in the quarter. As discussed in previous updates, the company's operating model is closely linked to consumer spending trends, food inflation, and the interest rate environment. The Brazilian consumer continues to face pressure following elevated inflation in recent years and persistently high interested rates. During the second half of 2025, food inflation decelerated across the country; however, consumer demand remained subdued, resulting in sales growth headwinds for Sendas. Additionally, the country's restrictive interest rates continue to limit cash flow accumulation given the company's leveraged balance sheet. Looking ahead, we believe the ongoing moderation of inflation, particularly food inflation, should support a gradual recovery in consumption at food retailers such as Sendas. A more benign inflation outlook may also allow for interest rate cuts in Brazil in the year ahead. Together, these factors could serve as meaningful catalysts for the equity story, and we remain patient with our position.

PORTFOLIO CHANGES

The Fund initiated two new positions in the portfolio during the quarter, adding highly differentiated exposure to the portfolio.

US listed Knife River is a construction materials business with activities in aggregates (road base), asphalt and ready-mix concrete. Knife River's end markets should see mid-single digit growth as various government stimulus and US onshoring supports activity in both the construction and infrastructure sectors. In addition to this, inorganic growth via M&A is a feature of the industry. In the US, there are roughly 10,000 aggregates quarries, with roughly 5,000 owners, making the backdrop ripe for M&A. The aggregate majors actively mop up smaller operators, and Knife River itself could also be taken out by one of its larger competitors. At the time of purchase, we believe that we were paying roughly 22x next year's earnings, for the business, not necessarily cheap. However, there is a very attractive margin improvement story at Knife River which supports double digit compounding potential in the name.

The second purchase made during the quarter was Hamamatsu Photonics, listed in Japan. Put simply, Hamamatsu manufactures devices which measure light waves across the visible, infrared and ultraviolet spectrum. These devices have applications across semiconductor manufacturing, medical diagnostics, pharmaceutical drug development and industrial inspection. Of the above end markets, the semiconductor end market is most likely the key growth driver for the business which is seeing rising demand on the back of the highly complex artificial intelligence chip manufacturing. Hamamatsu seems like a strong portfolio fit in that it adds differentiated end market and geographic exposure.

The Fund exited three names in the portfolio during the quarter.

En Japan, a Japanese listed internet-based recruitment business, was sold to zero following concerns regarding the competitive threat from much larger players. Despite the founder's ambitious plans to reinvigorate growth, we deemed the risk vs reward payoff too high for our appetite.

Dutch listed, Signify was also sold during the quarter. Signify is a lighting business known for its Philips Lighting brand and has been a long-term holding in the portfolio. Ultimately, we decided to sell the name due to the lack of organic growth in the industry. Lighting has become a brutally competitive industry globally, with multiple companies in different countries fighting for razor thin margins. Whilst Signify is cheap and pays an attractive dividend, we decided there were better ways to deploy our investors' capital.

Loomis, another long-term holding in the portfolio, was divested during the quarter. Loomis is based in Sweden and provides cash handling and cash management services to banks and retailers throughout the world. During the quarter, shares traded near the highs of their historical valuation range despite the growth outlook continuing to look sluggish, therefore we took advantage of the strength and sold our position during the quarter.

OUTLOOK

The last three years have seen incredible dispersion between Large and Small Caps globally. Global Large Caps outperformed Small Caps by 32%[1]. In the US, the technology heavy NASDAQ has outperformed the Russell 2000 by a staggering 90% over the same period[2]. The investment case for smalls is stacking up nicely with declining interest rates, fiscal support, onshoring and a normalization of PMI ordering patterns all supportive for the asset class. We don't know when, exactly, but we look forward to a long overdue recovery across the asset class.

[1] MSCI AC World Large Cap Index versus MSCI AC World Small Cap Index, 3 years to 31 Dec 2025. [2] Nasdaq 100 Index.