31 MARCH 2026

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	-7.14	-1.63	1.48	4.46	1.76	3.13	5.33	8.48
Benchmark[1]	-5.30	-1.90	14.73	11.80	7.45	8.57	9.47	11.43
Excess Return	-1.84	0.27	-13.25	-7.34	-5.69	-5.44	-4.14	-2.95

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

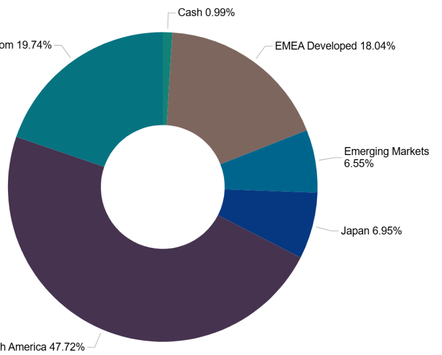
The Fund aims to outperform the S&P Global ex Australia and New Zealand Between USD1 Billion and USD5 Billion Net Total Return Index in AUD over a three to five year period (after management costs and before tax).

LEAD PORTFOLIO MANAGER

Kevin Beck & Paul Mason

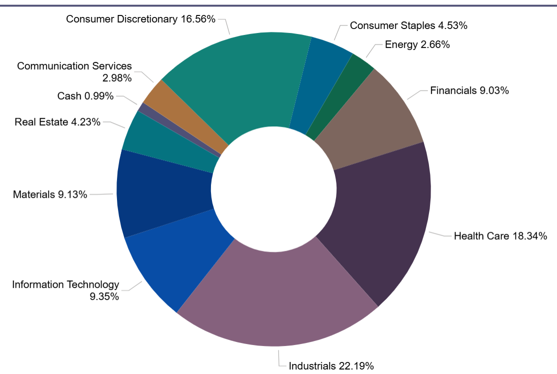
KEY DETAILS	
Number of Holdings	44
Weighted Avg Mkt Cap (USD)	$4,938M
Active Share	99.25%
Fund Size (AUD)	$ 64M

REGION ALLOCATION



TOP 10 POSITIONS	WEIGHT %
Tandem Diabetes Care, Inc.	3.89
Globus Medical Inc Class A	3.80
Generac Holdings Inc.	3.66
Lear Corporation	3.61
Flowserve Corporation	3.34
Soitec SA	3.27
Croda International Plc	3.22
Envista Holdings Corp.	3.19
Euronext NV	2.84
Hamamatsu Photonics K.K.	2.78

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

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GLOBAL SMALL CAP FUND

PARADICE
INVESTMENT MANAGEMENT

Performance in AUD unless otherwise noted.

MARKET REVIEW AND PORTFOLIO PERFORMANCE

The first quarter must be broken down into smaller increments to provide context. The first two months of the quarter were very positive; the strategy managed to avoid the vast majority of the software sell-off during February, whilst also having a very strong Q4 earnings reporting season. The month of February was the best relative month since inception and 2026 was off to a flying start. However, the US-Iran conflict commencing March 1 has caused significant uncertainty and many of our economically sensitive names sold off during the month of March. Taken together, we outperformed the benchmark during the quarter, a pleasing outcome given the volatility.

For six out of the last seven years, the first quarter has thrown a significant curve ball at financial markets, business confidence and economic growth. Starting with COVID, followed by Russian invading Ukraine (2022), sharply rising inflation, higher interest rates and Silicon Valley Bank failure (2023), supply chain bottlenecks (2024), Trumps Tariffs/Liberation Day (2025). We thought we were out of the woods for 2026, but the first quarter curse continued with the US/Iran war. It is little wonder that small caps, which are more economically sensitive than their large cap counterparts, have struggled to outperform for so long.

In our last quarterly, we called out the weak PMI's in the U.S. that had been contracting nearly every single month for 3 years. The first 3 months of the year all showed PMI's in expansion territory, the first positive 3 month stretch since 2022. This is an incredible feat given the uncertainty created by the Iran conflict, and also speaks to how strong the underlying drivers of demand are, particularly in the US. We continue to see data centre capital expenditure, onshoring of U.S. manufacturing and general construction as enduring tailwinds to demand and have been adding exposure during the volatility.

Contributors

Soitec, a France-based supplier of specialty semiconductor materials, was the top contributor to performance in the quarter. As noted in our previous commentary, the company has navigated a challenging market characterised by elevated inventory levels. To address this, the company has reportedly been under-shipping its flagship product to customers for several quarters now, a trend that has pressured both revenue and margins and is expected to persist in the near term. However, Soitec continues to invest in innovative substrates for emerging applications, specifically in data centers and power electronics. We believe this quarter's strong performance was driven by investor enthusiasm for Soitec's silicon photonics solutions. These are critical for co-packaged optics, enabling higher compute efficiency and lower power consumption required by modern datacentres. While we anticipate continued volatility in both operations and share price, we are confident that Soitec's material expertise is essential to the future of semiconductor designs across various applications.

Generac, a U.S. based leader in backup power solutions, saw its shares rally this quarter following an unwarranted sell-off late last year, in our view. The company supplies backup generators for both residential and commercial industries, including datacentres, representing a key growth vertical in the coming years. While there has been scepticism over Generac's ability to penetrate this market opportunity, we believe the company is well-positioned to capture market share. As primary competitors grapple with multi-year capacity constraints, from our perspective Generac stands as one of the few reputable manufacturers capable of meeting the rising demand for large-scale power reliability. While the datacentre opportunity is compelling, we believe Generac benefits from powerful secular tailwinds, including increasing grid instability and surging global power requirements. Given these dynamics, we anticipate sustained demand for Generac's portfolio of products throughout the coming years.

Sendas Distribuidora was another top performer in the quarter. The Brazilian cash and carry operator continues to navigate a dynamic macroeconomic environment in the country. During the quarter, Sendas posted results demonstrating resilient operating margins and improving cash generation while management remains strategic in balancing the pace of new store expansions with cash preservation. Despite potential food consumption headwinds from GLP-1s, the company is proactively managing its assortment by launching new product categories and in-store pharmacies to leverage store traffic and increase share of wallet. Another exciting growth opportunity for the business is the anticipated rollout of its own private label offering set to begin in 2026. These initiatives support our confidence in the future cash generation profile and long-term compounding potential of the business.

Detractors

Arcadis, a Dutch-listed engineering services firm, was the primary detractor from performance during the quarter. Following the appointment of a new, industry-veteran CFO last year, the need for further organisational change became evident, leading the board to install a new CEO at the start of the year. Arcadis reported soft earnings in the quarter and provided tepid near-term guidance. In our view, this reflects a new management team focused on resetting expectations to re-establish credibility with the investment community. Furthermore, we attribute poor stock performance to concerns regarding the impact of AI across the sector. Due to the physical, project-specific nature of Arcadis's work, we believe the business and sector is largely insulated from this threat. We remain patient as leadership refocuses the organisation toward higher-growth, higher-margin end markets while de-emphasizing low-margin legacy business. Arcadis currently trades at a significant discount to its peer group, and as operating momentum improves, we expect its valuation multiple to converge with those of its industry counterparts.

Endava, a U.K. based provider of digital transformation and technology services, was a detractor in the quarter. The company reported soft financial results as they navigate a challenging IT spending market and a complex business model transition toward becoming an "AI-native" services provider. Management has announced that it is accelerating the rollout of the company's AI delivery model, Dava.Flow, which shifts the business from a traditional headcount-based billing to outcome-based delivery. While this pivot results in short-term revenue and margin headwinds, we believe this model is essential for the company to maintain long-term relevance with customers in this rapidly evolving sector. Despite the soft results, Endava continues to secure high-value contracts with new and existing customers. While share performance has been frustrating, we believe Endava will continue to be a critical partner to customers, especially as customers procure and implement AI models across their organisations.

Tandem Diabetes Care, a U.S. based insulin pump manufacturer, was a detractor this quarter. In February, the company announced strong results to close out 2025, supported by a healthy market backdrop and sustained business momentum. Alongside these results, management announced a strategic pivot from its traditional durable medical equipment (DME) sales channel to a "pay-as-you-go" pharmacy model. This transition is expected to significantly improve patient access by eliminating the high upfront costs associated with pump therapy. It also streamlines the patient experience by consolidating the procurement of insulin, pumps, and related supplies, such as continuous glucose monitors (CGMs) and infusion sets, into a single channel. Strategically, Tandem's channel shift, levels the playing field versus their primary competitor and is expected to be accretive to both revenue and margins over the typical four-year pump lifecycle, in our view. While the market initially welcomed the news, we believe skepticism emerged over the company's near-term guidance, which reflects a temporary revenue headwind while this transition begins.

GLOBAL SMALL CAP FUND

PARADICE
INVESTMENT MANAGEMENT

However, we believe this shift strengthens Tandem's future revenue and profitability trajectory, and we expect the share price to align with the company's improving earnings profile over time.

Pet Valu, the leading Canadian specialty pet retailer, was a detractor this quarter. While the company reported solid full year results, shares declined after management gave a cautious outlook for 2026. This outlook was based on a weaker-than-expected finish to the year and declining consumer sentiment across Canada. The company observed customers trading down to lower-priced food alternatives and responding to increased promotional activity in the market, limiting Pet Valu's revenue and profits. Despite an increasingly price competitive market, Pet Valu maintains the largest store base and membership program, and the company is actively modifying assortment to better stave off smaller regional rivals. Furthermore, now that Pet Valu's supply chain investments are effectively complete, we believe that the company should generate stronger cash flow this year despite potentially moderating top line growth. We are optimistic that this recent pricing pressure is a temporary effect of consumer sentiment rather than a structural headwind, and we remain encouraged by the steps management is taking to ensure continued growth and market share gains.

PORTFOLIO CHANGES

During the quarter, we initiated a position in **Transcat,** a U.S. based provider of calibration services and precision measurement equipment. Transcat operates in a structurally attractive niche: ensuring the accuracy of measurement instruments used in highly regulated industries including life sciences, aerospace, defence, and semiconductors. Its services division, which represents the majority of revenue and carries superior margins, is deeply embedded in customer quality systems, creating switching costs that are reinforced by regulatory audit trails and customer accreditation requirements. We view the calibration market as a classic fragmented services industry ripe for consolidation, which Transcat has demonstrated a consistent and repeatable M&A playbook. The company benefits from non-discretionary demand: calibration is mandated, not optional. We are attracted to the recurring revenue profile, the defensibility of the regulatory moat, and in our opinion, management's measured approach to capital allocation. We see Transcat as a 'boring but beautiful' business with compounder characteristics.

Another new name added during the quarter was **CTS Eventim**, Europe's leading ticketing platform and a significant promoter of live entertainment. Eventim's ticketing technology is deeply embedded with venues, promoters, and artists across Germany and increasingly across Southern and Northern Europe, creating a network effect that is difficult and expensive to displace. The ticketing segment generates high-margin, capital-light revenues, collecting fees on both primary and secondary ticket transactions, while the live entertainment division provides vertical integration and proprietary deal flow. Structural tailwinds are compelling: live event attendance continues to recover and grow post-pandemic, consumer willingness-to-pay for experiences remains robust, and Eventim's geographic expansion into underpenetrated markets provides a long runway.

CTS Eventim seemingly came under pressure on fears of artificial intelligence disrupting the ticketing space, we view this as unlikely. If anything, we view CTS Eventim has a beneficiary as AI begins to blur with reality, the concept of real, live tangible experiences increases in value to consumers.

During the quarter, we initiated a position in **McGrath Rentcorp**, a U.S. based specialty rental company. McGrath's core division, Mobile Modular, is a leading provider of prefabricated and custom modular buildings for education, commercial, and industrial end markets. While this business is linked to construction activity, its large education exposure provides resilient, counter-cyclical revenue. We expect the Mobile Modular business, which accounts for two-thirds of profits, to be a primary beneficiary as commercial construction and infrastructure projects accelerate. McGrath's highly cash-generative TRS-RenTelco division rents electronic test equipment, which has seen a pickup in activity from datacentre buildouts. The company's portable storage segment, operated under Mobile Modular, rounds out a diversified portfolio of high-utility assets. We have been particularly impressed by management's disciplined focus on "cash on cash" returns and their selective approach to geographic expansion. We view McGrath as a high-quality, niche specialty rental asset and anticipate significant upside as domestic construction activity recovers.

Loomis, another long-term holding in the Fund, 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.

Enhabit, which was received as a spinoff mid-way through 2022, is home health business which was sold to zero during the quarter. Previously a darling industry, home health has come under pressure in recent years as reimbursement rates from the government have come under pressure, and higher interest rates have taken the M&A angle out of the investments. In conjunction with other shareowners, we have often encouraged management to explore other options for the business, we were relatively pleased when the board had decided to sell a private equity firm, and subsequently sold out shares on the market.

OUTLOOK

The first two months of 2026 gave a glimpse of the pent-up performance that we believe sits within the strategy; we were very pleased with the Q4 earnings that came through for most of our holdings. Whilst recent geopolitical events and higher oil prices will make for some volatility in the near term, we believe the broader economic backdrop, combined with compelling valuations for smaller businesses provide a strong setup for the strategy to compound capital.