

# AUSTRALIAN SMALL CAP OPPORTUNITIES FUND – CLASS A

PARADICE  
INVESTMENT MANAGEMENT

| PERFORMANCE NET (%)                               | 1 MONTH | 3 MONTHS | 1 YEAR | 2 YEARS | SI* P.A. |
|---------------------------------------------------|---------|----------|--------|---------|----------|
| Australian Small Cap Opportunities Fund - Class A | 4.07    | 6.14     | 51.41  | 36.10   | 33.43    |
| S&P/ASX Small Ordinaries Total Return Index       | 1.42    | 1.80     | 24.96  | 16.36   | 14.31    |
| Excess Return                                     | 2.65    | 4.34     | 26.45  | 19.74   | 19.12    |

\*Since Inception date (SI) – 20 July 2023

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, noting that performance fees were waived prior to July 2024, and assumes the reinvestment of distributions. Returns greater than 1 year are annualised.

## INVESTMENT OBJECTIVE

The Fund aims to outperform the S&P/ASX Small Ordinaries Total Return Index over the longer term, (after fees and before taxes).

## LEAD PORTFOLIO MANAGER

Sam Theodore

## FUND OVERVIEW

The highly experienced team employs a detailed fundamental research process to identify undervalued stocks on a risk-adjusted basis. The Fund is style agnostic, favouring well-managed, good value companies that have significant growth opportunities through their comparative advantage.

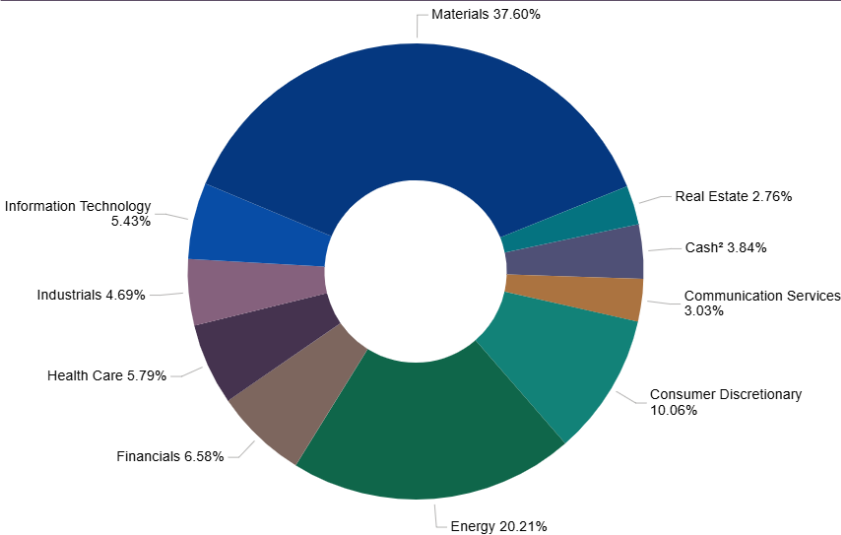
## KEY DETAILS

|                          |        |
|--------------------------|--------|
| Number of Holdings       | 59     |
| Portfolio Dividend Yield | 0.93%  |
| Fund Size (AUD)          | \$ 37M |

## TOP 5 POSITIONS

|                          |
|--------------------------|
| Black Cat Syndicate Ltd. |
| Genesis Minerals Ltd.    |
| Life360, Inc.            |
| Light & Wonder, Inc.     |
| NexGen Energy Ltd.       |

## SECTOR ALLOCATION



## FUND DETAILS

|                              |                 |
|------------------------------|-----------------|
| APIR Code                    | ETL4624AU       |
| Distribution Frequency       | Semi-Annually   |
| Management Fee               | 1.00% p.a.      |
| Performance Fee <sup>1</sup> | 20% p.a.        |
| Buy Sell Spread              | +/-0.30%        |
| Minimum Investment           | \$20,000        |
| Stock Range                  | Typically 30–70 |
| Cash Range                   | Typically 0–10% |

**Disclaimer:** This information is prepared by Paradise 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 Paradise. Equity Trustees Limited (ABN 46 004 031 298, AFSL No. 240975) (Equity Trustees) is the responsible entity of, and issuer of units in, the Paradise Australian Small Cap Opportunities Fund (ARSN 667 664 137) (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 Paradise. 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 Paradise, 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. <sup>1</sup> 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. The performance fees prior to 1 July 2024 were waived and therefore are not reflected in net performance prior to this date. <sup>2</sup> The Cash percentage in the Sector Allocation chart is inclusive of derivatives held in the Fund, if any.

# AUSTRALIAN SMALL CAP OPPORTUNITIES FUND – CLASS A

**PARADICE**  
INVESTMENT MANAGEMENT

Performance in AUD unless otherwise noted.

## MARKET REVIEW

Global equities ended 2025 near all-time highs. The calendar year's performance was driven largely by the Magnificent 7, which rallied strongly since April. The market debated the extent of spending that will be required on AI and what returns investors can hope to achieve, which caused some uncertainty late in the year.

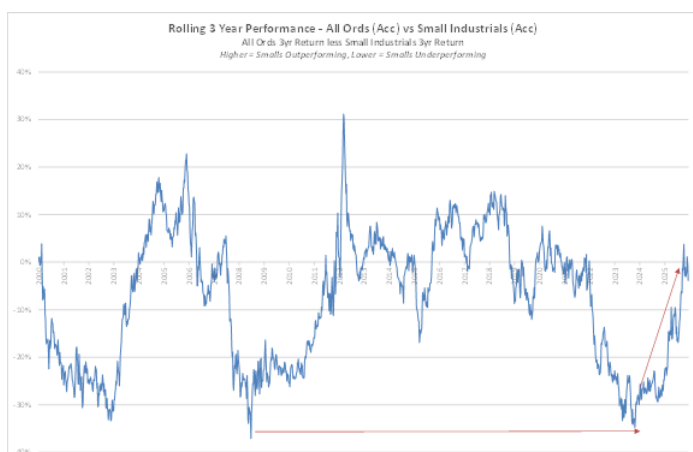
The US Federal Reserve cut rates twice in the quarter, -25bps in October and a further -25bps in December, bringing the Fed funds rate to 3.50%–3.75%. In contrast, the RBA remained on hold – at 3.60%, with sticky inflation and relatively strong economic data increasing the risk that the next move in interest rates might be up rather than down.

Our benchmark, the S&P/ASX Small Ordinaries Total Return Index rose 1.8% over the quarter but outperformed the ASX100 during the quarter, which declined -1.2%. Our Fund outperformed the benchmark by 4.34%.

The S&P/ASX Small Resources Total Return Index (+15.6%) outperformed S&P/ASX Small Industrials Total Return Index (-4.0%) during the quarter. Our Fund benefited by being overweight commodities. A feature of the quarter was the sharp de-rating of high multiple growth stocks. In this basket of stocks, our Fund was impacted by our overweight position in Life 360 (360). On the flip side in the quarter we benefited from a strong rebound in Light & Wonder (LNW) and the outperformance of Gold/Silver/Copper mining and mining services stocks. Our Healthcare overweight positions also contributed positively during the quarter.

Of the commodities, Silver (+53.6% in USD), Gold (+11.9%), and Copper (+21.4%) were standouts over the December quarter and the Fund benefited from overweight positions in related equities. Our largest overweight commodity exposure remains Uranium equities, which continue to be volatile. However, as we have discussed at length in previous commentaries, we have a high level of conviction around the supply and demand fundamentals around nuclear energy.

The current environment has delivered strong returns for small caps relative to large caps. As can be seen in the chart below Small Cap Industrials (on a 3-yr rolling return basis) have gained back much of the ground lost relative to the broader All Ordinaries Accumulation Index since early 2022.



Source: Bloomberg, as of 17 December 2025

## ATTRIBUTION<sup>1</sup>

### Contributors

**Light & Wonder (LNW) – Overweight:** Light & Wonder was our biggest contributor over the quarter as the share price rebounded after the primary listing change to the ASX. From our perspective the 3 uncertainties that have held back the valuation for this stock are beginning to be worked through:

1) Index changes from re-domicile into Australia – the NASDAQ delisting has occurred – and whilst potentially there remains some unnatural holders of the Australian listed stock, we believe much of the issue has now worked its way through. The stock was upweighted in the top 100 at implementation date (15 December).

2) Re-acceleration in earnings momentum – the Q3 result had many positives – with a beat to consensus expectations. However, the beat was largely driven by margins (revenue growth remains modest at +2.9%). We don't think this level of margin realisation is necessarily reasonable on an ongoing basis. During the 3Q result the company reiterated FY25 earnings guidance – and with the stronger Q3 earnings the market seems slightly more comfortable in its ability to deliver given the Q4 required is now less demanding. We note some of the previously expected Q4 drivers have slipped into FY26 – including the Philippines opening (~500 units) and the Indiana Grover rollout, but from our perspective this is not a concern and rather shows some of the many growth drivers that will be available going forward for the business.

3) IP Litigation is ongoing, but we are hopeful for a resolution on this issue in early 2026.

Whilst the recent share price rally has been significant, it still has some way to go in our view. On consensus numbers (which are broadly around guidance) the stock is on c.15x FY25E P/E based on Bloomberg consensus as at 10 January, and c.9x FY28E P/E vs the company guidance. Relative to the market, and given the strong earnings growth we expect the company to deliver over the next 3 years, we believe the LNW share price remains very attractive at current levels

**Peel Mining (PEX) – Overweight:** We recently added PEX to the portfolio on the back of the late September capital raising, which coincided with a refreshed leadership team focused on unlocking value from the company's 100%-owned South Cobar Project in NSW. This was part of a basket of copper names we added to the Fund given our increasingly positive view on the commodity. PEX holds one of the largest tenement positions in the region, with a substantial high-grade resource base of 22.9 Mt @ 2.2% CuEq (~500 kt CuEq) across five deposits. The company's revitalised strategy – led by new CEO Nick Woolrych – aims to accelerate feasibility work, resource expansion, and regional consolidation. With copper and critical minerals exposure, established infrastructure, and a strong balance sheet post-raising, PEX is, in our view, well placed to benefit from renewed interest in domestic base metals and the growing momentum in the Cobar region.

**Genesis Minerals (GMD) – Overweight:** Whilst Genesis recently graduated to the mid-cap market (and hence is now out of the benchmark), it remains one of the Fund's largest positions and our largest gold exposed company. The stock benefited from the ongoing strength in the gold price. During the quarter they achieved the necessary rail agreements which had been an impediment to development of the very attractive Tower Hill mine. Studies are now well advanced on the potential mill expansions at both Leonora and Laverton processing hubs – with an updated long-term outlook (including potentially a 5-year production/AISC outlook, updated mine plan, growth capital requirements, exploration priorities and outcomes of the mill expansion studies as well as FID) all to be released by 2H FY26.

**Ora Banda (OBM) – Overweight:** Another of the Fund's core gold holdings – OBM continued to benefit from the ongoing strength in the underlying commodity price. The company is currently undergoing an aggressive exploration program (investing c\$70m per annum), and this has continued to deliver positive outcomes – with extension of resources of current underground mines and newer more prospective areas also uncovered. We could see significant additions to the company's resource and reserves at the next announcement (likely March/April 2026), which would continue to lower the risk in the market's view around the more limited mine life.

<sup>1</sup>Attribution may not represent the most material contributors or detractors to the Fund for the quarter.

# AUSTRALIAN SMALL CAP OPPORTUNITIES FUND – CLASS A

**PARADICE**  
INVESTMENT MANAGEMENT

**Corporate Travel (CTD) – Underweight:** In the quarter the Fund benefited from our zero exposure to CTD, which was removed from the benchmark at zero weight after the stock had failed to trade since being suspended in late August when their auditor refused to release the accounts. To be clear our Fund has never owned the stock as it failed our Stage 1 of our Investment Process (as well as had a number of red flags in the accounts). The Fund received the benefit in relative performance for the full index weight in December's attribution.

## Detractor

**Life360 (360) – Overweight:** 360 detracted from Fund performance during the December quarter as the stock declined alongside a broader sell-off in technology names, compounded by short-term concerns over slowing MAU growth and management stock sales. We saw the declining MAU in the result more as noise around a volatile measure rather than a signal for an investment case deterioration – but it is something we will continue to monitor. Meetings with the company confirmed that the Q3 deceleration reflected temporary factors – marketing timing shifts, user mix changes, and tough year-on-year comparisons – rather than any structural weakening in demand. From our perspective, the 360 platform remains well positioned for multi-year growth, supported by accelerating international markets as they reach scale and adoption thresholds that historically drive traction; rising Average Revenue Per User (ARPU) as monetisation deepens; and the rollout of new verticals in pets and aged care. In addition, the recently acquired Nativo business is already performing ahead of expectations, enhancing advertising revenues and broadening optionality through further bolt-on opportunities. While consensus currently implies an FY27E P/E of ~50x and an implied EBITDA margin of ~24%, we believe these estimates understate both the earnings leverage and margin potential as the platform matures. In our view, the fundamentals remain robust, and the recent pullback presents an attractive entry point into a structurally growing, global consumer platform.

**Bannerman Energy (BMN) – Overweight:** BMN detracted from Fund performance during the December quarter, as uranium equities corrected more generally— with BMN not immune and which saw the stock price fall ~15% in the quarter. The uranium equity price weakness was despite the uranium term price continuing to rise – finishing December at US\$86.50/lb according to Cameco's Monthly Long-Term Price – which was up another 50c in December to a new 17 year high. Spot price has also started the year positively at US\$82 and with the Sprott Physical Uranium Trust (SPUT) trading at a premium to NAV and hence raising money to acquire uranium pounds. We continue to have a high level of conviction in both the uranium thematic and BMN's strategic positioning. The company's fully permitted Etango project in Namibia remains one of the world's largest and most advanced greenfield uranium developments, supported by strong economics (US\$353.5m capex, 8Mtpa throughput capacity, 3.5Mlb pa production at a disclosed US\$35.8/lb cash cost) and a staged, low-risk development plan. Early works and detailed engineering are reported to be progressing on schedule and within budget, with construction contracts for earthworks, water infrastructure, and access roads already in place. Medium term, we anticipate the structural uranium deficit to persist over the medium term without a dramatic increase in price to encourage new production and exploration. With its strong balance sheet, proven operating jurisdiction, and highly experienced team, BMN remains a core holding and is one of our preferred long-term exposures to the uranium cycle.

**Westgold (WGX) – Underweight:** Whilst the Fund had an overweight position to the precious minerals sector through a number of our gold and silver investments, we did not own Westgold. Given the strong share price performance of WGX in the quarter (helped by the strength in the gold price) and its large index weight – it negatively impacted relative performance. Note however, the precious metals sector as a whole added alpha for the Fund over the quarter.

**Greatland Resources (GGP) – Underweight:** Like Westgold above, GGP's large index weight and strong performance given the strength in the gold sector more generally, cost the Fund relative performance.

**Metro Mining (MMI) – Overweight:** MMI detracted from Fund performance during the quarter, largely due to the market's reaction to the September quarterly production report. While operationally it was a strong quarter – with record shipments of 2.25Mt and multiple production milestones – weaker realised pricing and lower-than-expected cash flow overshadowed the operational gains. Guidance for CY25 was trimmed to 6.2–6.6Mt, reflecting weather-related constraints and a temporary barge loader failure at Skardon River. From our perspective, this remains a story of an operational turnaround that is progressing well beneath the surface – albeit it remains a challenging operating environment. Management has invested considerable effort into improving production reliability, reducing costs, and positioning the operation for sustained higher output. While production has yet to fully fire, the operational base is now much stronger and efficiency gains are evident. With the final legacy contracts completing in the December quarter, MMI enters CY26 fully exposed to current market pricing – at which point the company's cash generation capacity should become clear. At steady-state 7.5Mtpa shipping and a cash margin of A\$25–30/t, the business could generate roughly A\$200m in operating cash flow in our view, compared with a market cap of ~A\$400m. With Guinea – which accounts for around 75% of Asia Pacific bauxite supply – experiencing production disruptions, the broader commodity backdrop remains supportive. We continue to view MMI as a well-positioned, low-cost producer with meaningful leverage to improving market conditions and strong medium-term upside potential as production reliability and free cash flow normalise.

## MARKET OUTLOOK

As we head into 2026, domestic and global equity indices remain not far from all-time highs. However, volatility emerged toward the end of 2025, including significant underperformance among a number of high-multiple stocks.

A growing divergence appears to be developing in expectations for cash rates across major markets. In the US, market commentators continue to debate the timing and magnitude of potential rate cuts in 2026. By contrast, in Australia, Europe and Japan, discussion has increasingly centred on the risk that the next move in interest rates could be upward.

If the domestic rate-cut cycle has indeed concluded, this may have implications for rate-sensitive sectors such as high-multiple, long-duration growth companies, the consumer discretionary sector and listed property.

We believe our style-agnostic investment philosophy remains well suited to this environment. Our focus continues to be on companies with relatively simple business models, strong management teams demonstrating sound governance, robust balance sheets and valuations that we believe do not reflect underlying fundamentals.

We remain well positioned for the positive medium-term supply-demand outlook for nuclear energy. In addition, we see attractive dynamics in gold and copper and are positioned with exposure to well-managed emerging producers. While we continue to maintain limited exposure to the consumer discretionary, real estate and industrials sectors, we are selectively adding names in these areas where opportunities align with our investment philosophy and process.

# AUSTRALIAN SMALL CAP OPPORTUNITIES FUND – CLASS A

PARADICE  
INVESTMENT MANAGEMENT

**Disclaimer:** This information is prepared by Paradise Investment Management Pty Ltd (ABN 64 090 148 619, AFSL No. 224158) (Paradise, 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 Paradise. Equity Trustees Limited (ABN 46 004 031 298, AFSL No. 240975) (Equity Trustees) is the responsible entity of, and issuer of units in, the Paradise Australian Small Cap Opportunities Fund (ARSN 667 664 137) (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 Paradise. 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 Paradise, 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.