31 MARCH 2026

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	-11.82	-6.87	35.97	23.30	26.59
S&P/ASX Small Ordinaries Total Return Index	-10.96	-10.87	13.65	5.93	8.21
Excess Return	-0.86	4.00	22.32	17.37	18.38

*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

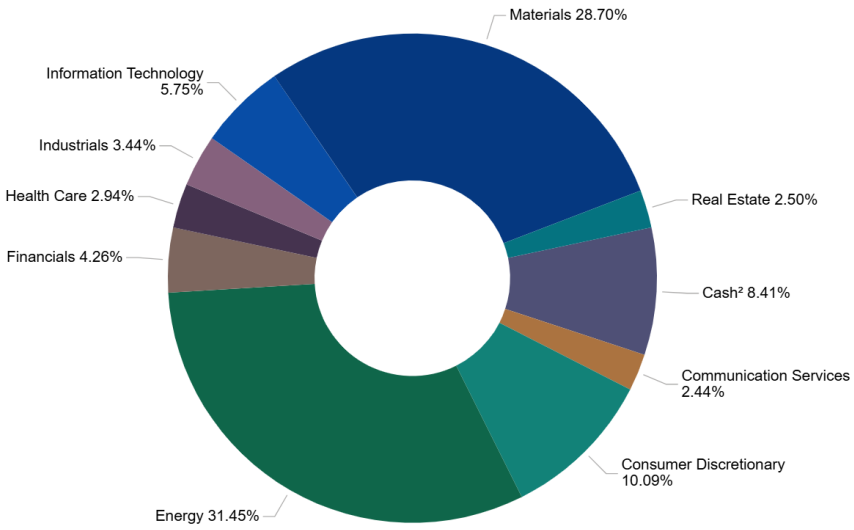
FUND OVERVIEW

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	56
Portfolio Dividend Yield	0.71%
Fund Size (AUD)	$ 47M

TOP 5 POSITIONS
Bannerman Energy Ltd.
Light & Wonder, Inc.
NexGen Energy Ltd.
Viva Energy Group Ltd.
Yancoal Australia Ltd.

SECTOR ALLOCATION



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

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Performance in AUD unless otherwise noted.

MARKET REVIEW

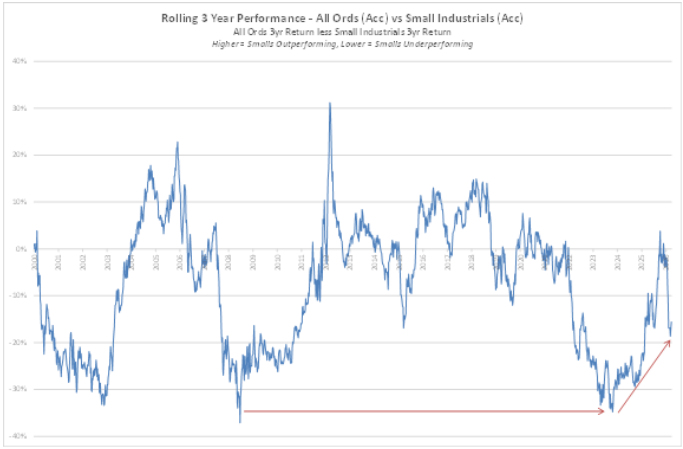
The March quarter was a tough quarter for global equities – the MSCI World Total Return Index fell -3.2% (in USD). The overwhelming driver was escalation of military action in the Middle East centered around Iran and the Strait of Hormuz. Another driver of the index weakness was the "SaaSpocalypse" - a term coined to describe the sharp sell-off in Software-as-a-Service (SaaS) stocks triggered by the emergence of advanced AI agents capable of automating workflows.

The US Federal Reserve remained on hold, with rate cut expectations fading. The RBA increased rates twice in reaction to higher inflation and relatively strong economic data. The unfolding events in the Middle East fueled fears globally that inflation could rise significantly in the short term.

Our benchmark, the S&P/ASX Small Ordinaries Total Return Index fell -10.9% over the quarter, significantly underperforming the ASX200, which only declined -1.6%. The Fund outperformed the benchmark by 4.0%.

The S&P/ASX Small Resources Total Return Index (-3.6%) strongly outperformed S&P/ASX Small Industrials Total Return Index (-14.3%) during the quarter. The Fund being overweight in commodities, particularly Energy, was a positive buffer to the broader selloff. Following the trend from the December quarter, the de-rating of high multiple growth stocks continued, driven in part by the SaaSpocalypse, and the Fund continued to be impacted by our overweight position in Life 360 (360). We added to our Energy overweight, initiating a position in Viva Energy (VEA).Of the commodities, Brent Oil (+94.5% in USD) and LNG (JKM Asia LNG, +109.6% in USD) told the story of what the Iranian conflict has done to the globally supply of oil, gas and the many related products, at least in the short term. The Fund benefited from overweight positions in related equities. Our largest overweight commodity exposure remains in 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.

As shown on the chart below, up until the end of CY2025 Small Cap Industrials (on a 3-yr rolling return basis) gained back all the relative performance lost since the end of 2022. However, some of those gains have been given back so far on CY2026.



Source: Bloomberg, Rolling 3 year - All Ords (Acc) vs Small Industrials (Acc) as at 31 March 2026.

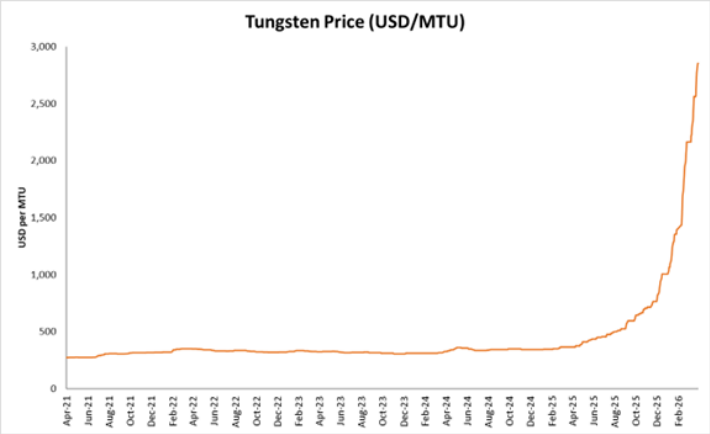
ATTRIBUTION[1]

Contributors

EQ Resources (EQR) - *Overweight:* Since the Fund's inception our research process has uncovered some opportunities in smaller/niche commodities. EQR, for Tungsten exposure is an example. Tungsten was a commodity that appealed to us as a critical mineral for advanced industrial and military applications, with very tight supply and a growing demand outlook. China dominates world Tungsten production, with over 85% of supply. Contributions from Russia and North Korea take this above 95%[2]. In August 2023, China imposed restrictions on tungsten exports, and in February 2025 imposed stricter controls on a range of critical minerals including Tungsten.

As the chart below shows, the APT price (Tungsten) has been rising over the past 5 years since the recovery from restrictions imposed by governments after COVID-19, and the invasion of Ukraine.

But the recent sharp lift in price really commenced in mid-March 2025 and we have since seen the price x6. Even since the start of this calendar year, the price is up +155%.



Source: Bloomberg, Tungsten (APT) price index

Finding a way to play this theme isn't very easy – but EQR is the largest non-Chinese producer of Tungsten globally with annual capacity above 240,000 metric tonne units (mtu) of Tungsten in concentrate from Barruecopardo, Spain, and Mt Carbine, Queensland. Both mines have the resource base to support the doubling of current output, with upgrades in progress to the process plant in Spain.

We took a small position in the name in early October 2025, given the company's strategic nature and strong leverage to the Tungsten theme as the stock price hadn't meaningfully reacted to the Tungsten market dynamics. At the time, the company's market capitalisation was $175m – and we thought with the risk of a stronger commodity price, we were potentially paying less than 1x cashflow. The commodity price far surpassed those initial assumptions, and we have seen a significant rally in the EQR share price.

We continue to believe the stock looks interesting. If the commodity price can hold, there is still more than enough valuation support to see a significantly higher share price. However, this does not rule out prudently taking profits along the way. We have continued to manage risk in the position and have taken more than our initial capital out of the investment already.

Yancoal Australia Ltd (YAL) – *Overweight*: YAL was a strong beneficiary of a sharp re-rating in seaborne thermal coal prices during the March 2026 quarter, driven by the conflict in the Middle East and its knock-on effect on global LNG markets. With the Strait of Hormuz disruption creating a 20% supply shock to LNG, Asian utilities across Japan, Korea and Taiwan moved aggressively to switch from gas-fired to coal-fired generation, adding an estimated 1.5–2m tonnes per month of incremental thermal coal import demand.

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

2. U.S. Geological Survey (USGS) Mineral Commodity Summaries 2025.

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As an Australian producer of approximately 38.6m tonnes of saleable coal annually — 86% of which is thermal — YAL was directly exposed to the resulting spike in Newcastle 6000cv benchmark prices, which outperformed other coal grades, rallying 12% from the start of March.

NexGen Energy Ltd (NXG) – *Overweight*: NXG was one of the top positive contributors during the March 2026 quarter, supported by a combination of project de-risking milestones and a uranium sector re-rating driven by heightened global energy security concerns. The key catalyst was NexGen receiving its License to Construct (LTC) for the Rook I project in Saskatchewan's Athabasca Basin (one of the highest-grade undeveloped uranium deposits in the world), following a positive Environmental Assessment decision. With official construction commencing in the quarter, NexGen transitioned from a developer with a binary regulatory overhang to an active construction-stage company, a step-change in project maturity which we believe warrants a significant re-rating of the stock. The Rook I project's scale and quality are extraordinary, and the offtake contracting story began to gain traction with investors. Broader thematic tailwinds also supported the share price as interest in energy security alternatives increased, with nuclear power increasingly well positioned as a critical non-carbon baseload solution.

Viva Energy (VEA) – *Overweight*: We added VEA to the portfolio addition in February, initially based on: 1) a very undemanding valuation with the stock trading at <10x fwd PE; 2) our view that there was asymmetric risk to the upside for the Refining, and the Mobile & Convenience Divisions over the medium term, and 3) the company's irreplicable asset base at a time when energy security and related infrastructure should be trading at a premium. As the events of March panned out, we added to the position as it became clear that there was significant upside to near-term refining earnings and that the importance of VEA's infrastructure to Australia and the region had increased. VEA was a significant beneficiary of the surge in global refining margins following the Middle East conflict and the effective closure of the Strait of Hormuz during the March 2026 quarter. Singapore Weighted Average Margins, a key benchmark for the Geelong refinery's economics, reached approximately US$35.2/bbl in March — well above the January/February average of around US$11.9/bbl and materially above long-run averages — driven by a combination of elevated crude, tightening product availability, and suspended refined product exports from several Asian countries. As the operator of the Geelong refinery, Viva had direct and highly leveraged earnings exposure to this margin environment, with each US$1/bbl improvement in refining margins translating to a large uplift in earnings. The fuel supply squeeze was further compounded by Australia's structurally limited refined product storage (30 to 40 days by product[2]) which elevated the strategic importance of domestic refining capacity and drew active government support, including the release of Minimum Stockholding Obligation reserves, relaxation of fuel quality standards, and emergency ACCC authorisation to allow joint fuel purchasing.

Bannerman Energy Ltd (BMN) – *Overweight*: BMN was an outperformer during the March 2026 quarter, driven by a confluence of project de-risking milestones and a constructive backdrop for uranium as an energy security asset. The key catalyst was the introduction of China National Nuclear Corporation (CNNC) as a partner to the Etango project in Namibia, acquiring a 42.75% effective interest and substantially de-risking the funding path to a final investment decision. We regard the CNNC offtake agreement among the strongest in the sector, featuring market-based pricing that blends spot and term components, no ceiling on the uranium price received, and accelerated payment terms that reduce the working capital dilution risk that had weighed on sector peers. This strategic partnership with a major state-owned nuclear utility lent significant credibility to the project's development timeline, economics and in our view positioned BMN as a rare ASX-listed uranium developer with a near-term, fully financed pathway to production. Rising Middle East tensions increased focus on energy security and non-carbon baseload alternatives, driving increased investor interest in uranium developers with de risked projects during the quarter. With construction management underway via Wood Group and the project advancing on site, Bannerman offered a compelling combination of near-term development news flow and leverage to a uranium price.

2.Institute for Energy Economics and Financial Analysis, 2 April 2026

Detractors

Life360 (360) – *Overweight:* For the second quarter in a row, 360 was a significant detractor from fund performance as the stock continued to de-rate alongside a broader sell-off in technology names, compounded by concerns over the potential impact of agentic AI.

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. We believe consensus estimates understate both the earnings leverage and margin potential as the platform matures. In our view, the fundamentals remain strong, and we added to our position during the quarter, taking advantage of what we believe is an unwarranted drawdown in a structurally growing, global consumer platform stock.

Light & Wonder (LNW) – *Overweight:* Light & Wonder was one of the biggest detractors in the March quarter, highlighting the current volatility in equity markets, after being our biggest contributor in the December quarter, While the market was somewhat disappointed with the 4Q25 result and short-term outlook, we thought it was a solid result given the disruption to the business during the year. The 1Q26 margin guidance for c.50% AEBITDA margin is below the 54% delivered in the 4Q25 but management was similarly conservative in the last quarter and beat. That said, it may be hard to deliver the same cost control exhibited in FY25 in the short term.

With the stock now migrated fully to the ASX, another concern seems to be higher levels of debt at LNW than many Australian investors may be comfortable with. It seems like LNW management have heard these views, stating in the 4Q25 result in relation to FY26 "Whilst we continue to be opportunistic regarding share repurchases, from a capital management perspective, we plan to de-lever our balance sheet over the course of the year." This should be a highly cash generative business in our view, capable of at least 85% cash conversion (Free Cash Flow as % of Net Profit After Tax Attributable), which could drive a faster deleveraging of the balance sheet than the market thinks.

The threat from AI for LNW seems overblown to us. Management provided a preview of its AI transformation program (launched in 2025) during the February 4Q25 result call, laying out AI as an opportunity for the business.

We are more focused on the 3-yr outlook, which implies upside to consensus and attractive growth at an undemanding valuation. Even with numbers that are below management guidance for FY28 the stock is trading at more than 9x P/E based on end of the March quarter Bloomberg consensus. On an FY26 basis the multiple is more than 12x P/E – this is for a high quality, globally significant player, with high margins and strong earnings growth. In our view, this is a 16-20x P/E business, and we added to our position during the quarter.

Autosports Group (ASG) – *Overweight*: The ASG share price endured a challenging March quarter, underperforming the ASX Small Ordinaries Index materially as the sector was caught in a broad de-rating following two 25bps cash rate increases by the RBA. Rate increases hit ASG in two ways, impacting consumer affordability which dampens discretionary spending on big-ticket luxury vehicles, on the company's own cost base, with higher bailment costs flowing through on the ~$580m inventory book. There is also likely to be a hit to demand for Internal Combustion Engine (ICE) vehicles following the oil price spike. ASG does have exposure to EV and Hybrid vehicles, but there is likely to be an overall negative impact on order volumes.

The company continued to pursue its acquisition strategy during the quarter, with the announced acquisition of the Solitaire Automotive group, involving 15 dealerships across South Australia for ~$50m, marking ASG's entry into the SA market and adding exclusive rights to brands including Aston Martin, Maserati, Land Rover and Audi in that state.

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The deal, funded via a combination of cash and scrip, is expected to add approximately $300m in annualised revenue and be immediately earnings accretive upon settlement, expected in 1H FY27. Despite the headwind to ICE demand in the short term, and annualising the acquisitions, at 7.7x ASG is trading well below its long-term average NTM PE of ~9.7x.

Qoria Ltd (QOR) – *Overweight:* QOR was weighed down by the broader drawdown in software and technology stocks during the quarter. The selling was indiscriminate and despite QOR's relatively defensive, subscription-based revenue model. Against this challenging backdrop, the underlying operational picture at Qoria remained constructive. The proposed merger with Aura continued to progress, with the two businesses targeting a combined $55m in cost savings ($25m from direct and operating costs and $30m from brand and marketing rationalisation), of which approximately $18m has already been actioned across both entities ahead of completion. Aura's own operational metrics provided further encouragement for the merger thesis: annualised recurring revenue reached $238m, up 30% year-on-year, supported by 35% year on year (YoY) growth in active subscribers, while the customer acquisition cost trajectory continued to improve, declining 13% year-on-year to $171 as of the most recent quarter. In our view the operational fundamentals remain intact, even as the stock continues to trade well below where the merger rationale was first articulated on the market.

Capricorn Metals Ltd (CMM) - *Overweight*: To say it was a volatile quarter for the CMM share price is an understatement. The gold price and CMM rallied to fresh record highs in January. This was followed by a sharp selloff, firstly in February on the back of the AI-related drawdown, only to be quickly followed by a shaper drawdown in March as the Iranian conflict erupted. Gold and related equities have behaved as high beta exposures which is out of character with historic behaviour. The stock declined approximately 30% on an absolute basis from its peak in late January to the end of March but only underperforming the S&P/ASX Small Ordinaries Index by around 6% over the quarter. Aside from the obvious gold price relationship, the March drawdown may have been caused by some more stock-specific concerns. The threat of higher diesel costs, a significant input cost and the risk of supply disruptions to Western Australia seem to have been factors partially contributing to the drawdown. The de-rating looks harsh to us and short term focused - given the underlying operational momentum: The Karlawinda Gold Project (KGP) delivering 30,358 ounces in the March quarter at a strong recovery rate of 91%, keeping the company firmly on track for the upper end of FY26 guidance of 115,000–125,000 ounces at an All-In Sustaining Cost (AISC) of $1,530–$1,630/oz. Construction progress at the Karlawinda Expansion Project also continued to advance materially, with the majority of major equipment packages delivered to site and the ball mill arriving slightly ahead of schedule.

MARKET OUTLOOK

The March quarter was very much all about the macro. As we write this, peace talks have failed to bring an end to the conflict. We don't pretend to have any particular edge regarding this situation, but what is obvious to us is that sentiment has worsened, and valuations have generally improved.

As shown in the following chart, the Small Industrials forward P/E has now fallen to c.16x, the lowest 1-yr forward earnings multiple we have seen over 5 years.

Source: Bloomberg, S&P/ASX Small Industrials, P/E Ratio

From our perspective this is encouraging for finding undervalued stocks. However, we are very aware, given we are going through what might be one of the largest energy shocks of our lifetimes, that we are yet to see the potential full impact flow through supply chains, economies and company earnings. One early indication of the potential impact on company earnings came from Orora Ltd (not a position held in the Fund) on April 9th – announcing a profit warning which resulted in FY26 earnings revisions being cut by –10 to -14% and a one day share price fall of -18%.

As such, from our perspective it is still a time to be very selective in the type of industries, businesses and management teams we would want to allocate capital to. That said, if these risks look to be manageable, we could see a large risk-on rally that could be a significant positive driver for small cap returns more generally.

The Portfolio continues to be heavily invested in the following themes: 1) Energy security / the power needs that AI, and the general electrification of economies will require (uranium, coal), and the metals that will be needed to drive this change (copper, lithium, tin, tungsten, etc); 2) Precious metals; 3) Undervalued/cheap consumer/ industrial companies; and 4) Specific growth names that we believe have strong moats and hence believe that the investment case is skewed that they become AI beneficiaries rather than victims of disruption.

We are entering quarterly production season for many of the resource companies, where we could see impacts/comments around cost inflation from the Middle East conflict. However, the market's focus on these factors may be short lived if a longer-term cease fire emerges.

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