

Fund 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).

Performance Net (%)	1 Month	3 Months	1 Year	3 Years p.a.	5 Years p.a.	Since Inception* p.a.
Global Small Cap Fund	4.30	-0.09	-2.24	7.94	8.88	13.97
Benchmark**	1.97	2.25	1.51	10.30	10.83	14.44
Excess Return	2.33	-2.34	-3.75	-2.36	-1.95	-0.47

* Inception date - 18 January 2013

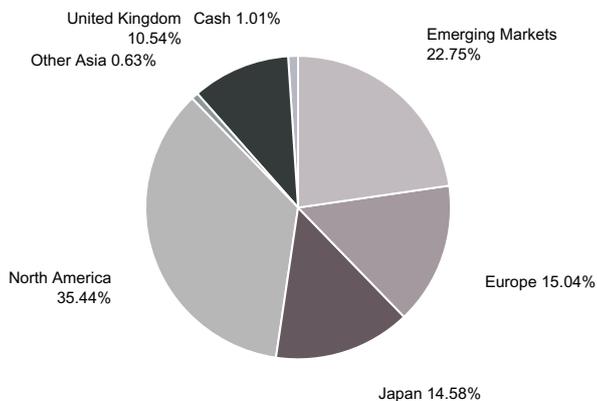
Fund Details

APIR Code	ETL0365AU
Fund Size (AUD m)	\$752
Number of Stocks	73
Weighted Average Market Capitalization (AUD)	\$3,609
Fund Base Currency	AUD
Distribution Frequency	Semi-Annually
Management Fee	1.25% p.a.
Performance Fee	15% p.a.
Buy Sell Spread	+/-0.30%
Minimum Investment (AUD)	\$20,000

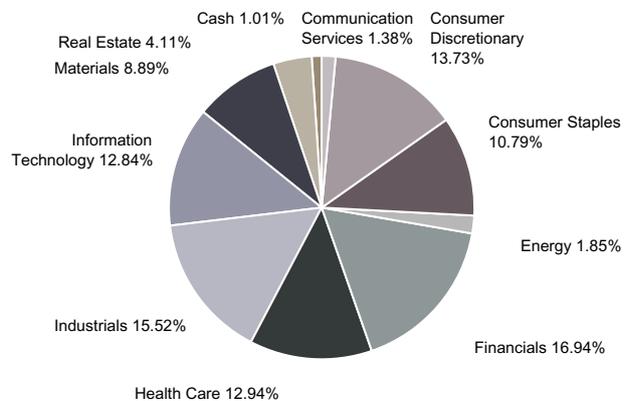
Top 10 Positions

	Weight %
Kansai Paint Co., Ltd.	3.21
Axis Capital Holdings Ltd.	3.09
ITT, Inc.	2.70
CNO Financial Group, Inc.	2.57
Nihon Kohden Corporation	2.52
Prologis Property Mexico, S.A. de C.V.	2.47
Avanos Medical, Inc.	2.46
Equiniti Group Plc	2.35
Mandom Corporation	2.34
YDUQS Participacoes S.A.	2.32

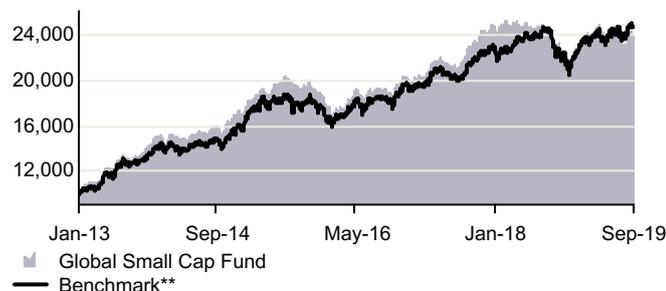
Region Allocation



Sector Allocation



Growth of AUD 10,000



Contact

Phone: 02 8227 7400

Email: distribution@paradice.com

Website: www.paradice.com

** 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.

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 Global Small Cap Fund (ARSN 161 493 456) (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. 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. Total returns are calculated before tax and after ongoing management costs. 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.

Commentary

MARKET REVIEW

For the purpose of comparison, commentary is quoted in AUD terms except where stated otherwise.

Global small caps improved 2% in Q3 2019 (S&P Global Between USD\$1-5B Net Total Return Index) driven by Japan, North America, and the UK. The quarter was volatile with the benchmark declining in August only to recover in September. Due to this volatility investors rotated to more defensive sectors including Real Estate and IT in search of more stable assets.

PERFORMANCE

We performed best in our Emerging Market investments due to stock selection. This performance, however, was more than offset by stock specific issues in North America and the UK.

The top contributors to performance for the quarter are as follows:

Pioneer Food Group (South Africa)

Staple foods player Pioneer Food received a cash buyout offer from PepsiCo, putting an end to a multi-year share slump brought on in part by difficult agricultural and macroeconomic factors. Pioneer has suffered during this cyclical downturn, but Pepsi is taking a long-term view and paying an attractive price for Pioneer's assets.

Kansai Paint (Japan)

Kansai has benefitted from M&A rumors swirling around the global coatings industry. Kansai is in a unique position as a potential target and/or consolidator in the space, and global consolidation makes sense for the industry. Improving market fundamentals as well as Indian tax cuts that should support demand for decorative paint have also benefitted Kansai this quarter.

Axis Capital Holdings (Bermuda)

Axis continues to benefit from improving pricing in the reinsurance market on top of their internal portfolio pruning initiatives. These trends are leading to improved profitability for the business. In addition, Axis traded up with reinsurance peers as the path of Hurricane Dorian avoided potentially large losses for the industry.

The bottom detractors from performance for the quarter are as follows:

M&C Saatchi Plc (UK)

M&C Saatchi, a global, full-service advertising agency, declined after announcing an accounting review at various UK subsidiaries. This announcement was followed by a profit warning partially due to the costs incurred during the ongoing internal review. We expect shares to remain under pressure until the internal review is completed and Saatchi can communicate the results to the market.

Luxfer Holdings (UK)

Luxfer, a producer of gas cylinders and other highly engineered materials, saw sales decline due in part to low-margin product rationalization. In addition, the Company has experienced pressure in the oil & gas end market, particularly in North America. Despite the sales weakness, Luxfer continues to improve profitability under its capable and relatively new management team.

KLX Energy Services (US)

KLX declined due to issues in the North American oilfield market. Crude prices weakened somewhat and concerns around E&P capex spending drove a broader sell off in the oilfield services complex. KLX customers' renewed focus on positive cash flow is creating pricing pressure and demand headwinds in the market.

Portfolio Changes

We initiated a position in LivaNova Plc and added to our existing investment in Orthofix Medical. LivaNova is a UK based medical device manufacturer. The Company's products are used to treat both heart and neurological diseases. We increased our position in Orthofix, a leading provider of spine and orthopedic products, as shares traded down with the broader healthcare sector.

We reduced our position in Mitra Adiperkasa as the business approached our price target.

OUTLOOK

All eyes are on the US as numerous issues come to a head simultaneously. Economic data worsened in the quarter with US manufacturing and service data missing estimates. The trade war with China, at least partially at fault for the declining economic indicators, is showing little signs of progress. As the trade war continues, President Trump's negotiating position appears to be weakening as talks of impeachment are renewed. We expect these issues to remain in the near-term as there are few catalysts for resolution. President Trump is unlikely to sign a trade deal on terms other than his own, and headlines around failed trade talks would serve him well as a distraction from impeachment proceedings. Without a trade deal we expect continued sluggish global growth, even with the Fed standing ready to combat economic slowness with interest rate cuts. We continue to take a long-term view and look beyond these near-term challenges.