

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	0.90	5.93	17.05	7.84	8.12	14.37
Benchmark**	0.18	5.53	22.22	10.02	10.33	14.77
Excess Return	0.72	0.40	-5.17	-2.18	-2.21	-0.40

* Inception date - 18 January 2013

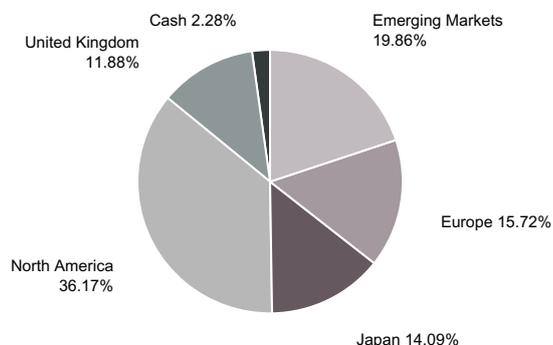
Fund Details

APIR Code	ETL0365AU
Fund Size (AUD m)	\$765
Number of Stocks	68
Weighted Average Market Capitalization (AUD m)	\$3,907
Fund 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

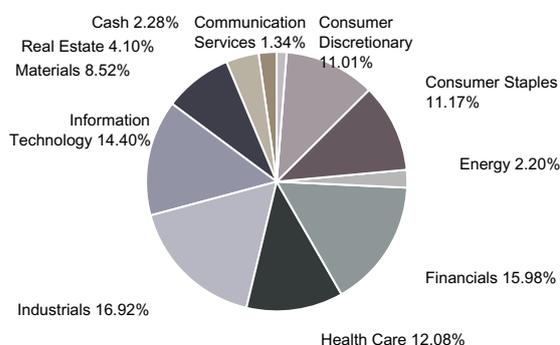
Top 10 Positions

	Weight %
ITT, Inc.	2.87
Kansai Paint Co., Ltd.	2.83
CNO Financial Group, Inc.	2.78
ON Semiconductor Corporation	2.66
Axis Capital Holdings Ltd.	2.60
Mandom Corporation	2.46
Lear Corporation	2.40
Equiniti Group Plc	2.35
Prologis Property Mexico, S.A. de C.V.	2.28
Nihon Kohden Corporation	2.25

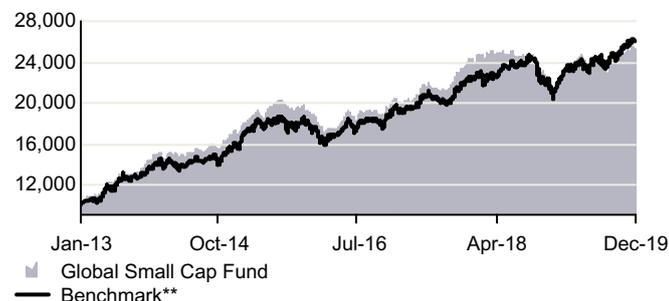
Region Allocation



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.

After taking a breather in Q3, global small caps soared 5.5% higher in Q4 (S&P Global Between USD1-5 Billion Total Return Index). The UK was up double digits rallying sharply this quarter on the back of the Tory landslide election victory. Quantitative easing picked up in Q4, with the ECB committing to EUR20B of monthly bond purchases beginning in November 2019. This significantly exceeds the pace of easing in Japan, running at about JPY5T annually. The US Fed meanwhile committed to an initial pace of \$60B in monthly balance sheet expansion to ostensibly help support wobbly repo markets, arguing that these Treasury bill purchases do not constitute QE as they are not meant to stimulate the economy. All geographies benefited as the market once again focused on global stimulus. Price action has been reminiscent of 2013, with the most obvious differences being that we are six years further removed from the last major bear market.

PERFORMANCE

Our overweight position in the UK was beneficial in the quarter, but mostly offset by our underweight stance in North America. We performed best in Europe and Emerging Markets due to stock selection.

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

YDUQS Participacoes (Brazil) Education company YDUQS rallied as investors factored in margin improvement from M&A synergies and mix shift toward distance learning. The Brazilian education ministry's increased allowance for distance learning content on campuses is also expected to provide a regulatory tailwind to future growth.

Savills (UK) UK-based property brokerage Savills was a beneficiary of the Tory election victory, rising sharply on hopes of a Brexit resolution. Savills is a leading player in the London property market which has felt the impact of Brexit uncertainty. The Company will stand to benefit from pent-up demand for property and potential appreciation of real estate value.

CGG (France) Seismic services and equipment leader CGG traded higher both as crude prices rose and as the company exited asset-heavy operations. Investors now look forward to the refinancing of expensive bonds in mid-2020 that will help to further enhance free cash generation.

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

Axis Capital (Bermuda) Axis Capital's results suffered due to weather-related catastrophe and mid-size credit and aviation losses. Axis has transitioned its business to focus sharply on underwriting profitability, but these setbacks will obscure progress in the near-term.

Avanos Medical (US) Medtech player Avanos had a difficult quarter due to continued supply disruption and a delayed pickup in growth for their ON-Q pain management product. The Company has worked to strengthen its operation infrastructure and has an opportunity to improve margins, but growth will be required for the business to achieve its ambitions.

Nihon Kohden (Japan) Nihon Kohden, a medical device vendor, declined modestly due to a delay of its expected FDA submission on a new US patient monitor series. This delay will cause a temporary growth slowdown for the business.

Portfolio Changes

We initiated a position in LogMeIn (US), an undervalued software player that subsequently received a buyout offer. International Speedway (US) and Sotheby's (US) left our portfolio due to buyouts, and our holding in Evry (Norway) became TietoEvry (Finland) following a merger.

OUTLOOK

The Pavlovian response to all this central bank easing by equity investors has proven dependable, with "Don't Fight the Fed" apparently taped above Bloomberg terminals globally. Q1 is expected to continue this trend as slowdowns in demand for automotive and industrial products push policy makers to continue to stimulate the economy. On top of quantitative easing, bulls are cheering a reduction in geopolitical tension as the US and China move towards a trade deal and Brexit approaches a long-awaited resolution.

Despite the market's excitement for 2020, we expect a less rosy picture. Today we are further removed from the last major bear market and stocks are rallying off already high valuations. With the UK having rallied sharply this quarter on the back of the Tory landslide, we are finding even fewer opportunities to deploy capital globally than we have in the past few years.