

# **Paradice Investment Management Funds**

## **Annual report**

### **For the year ended 30 June 2024**

This financial report covers the following Paradise Investment Management Funds:

**Paradice Global Small Cap Fund**

ARSN 161 493 456

**Paradice Australian Equities Fund**

ARSN 617 679 071

# **Paradice Investment Management Funds**

## **Annual report**

### **For the year ended 30 June 2024**

#### **Contents**

Directors' report  
Auditor's independence declaration  
Statements of comprehensive income  
Statements of financial position  
Statements of changes in equity  
Statements of cash flows  
Notes to the financial statements  
Directors' declaration  
Independent auditor's report to the unit holders of Paradise Investment Management Funds

This annual report covers the following Paradise Investment Management Funds as individual entities:

Paradice Global Small Cap Fund

Paradice Australian Equities Fund

The Responsible Entity of the Paradise Investment Management Funds is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975).

The Responsible Entity's registered office is:

Level 1, 575 Bourke Street  
Melbourne, VIC 3000.

## Directors' report

The directors of Equity Trustees Limited, the Responsible Entity of the Paradise Investment Management Funds (the "Funds"), present their report together with the financial statements of the following Funds for the year ended 30 June 2024:

Paradice Global Small Cap Fund

Paradice Australian Equities Fund

The Funds are collectively known as "Paradice Investment Management Funds".

## Principal activities

The principal activity of each Fund is to invest in accordance with the investment objective and guidelines as set out in the respective Fund's current Product Disclosure Statement and its Constitution.

The Funds did not have any employees during the year.

There were no significant changes in the nature of the Funds' activities during the year.

The various service providers for the Funds are detailed below:

Service	Provider
Responsible Entity	Equity Trustees Limited
Investment Manager	Paradice Investment Management Pty Ltd
Custodian and Administrator	State Street Australia Limited
Statutory Auditor	KPMG

## Directors

The following persons held office as directors of Equity Trustees Limited during or since the end of the year and up to the date of this report:

Philip D Gentry	Chairman (resigned 6 June 2024)
Michael J O'Brien	Chairman (appointed 6 June 2024)
Russell W Beasley	
Mary A O'Connor	
David B Warren	
Andrew P Godfrey	(appointed 1 May 2024)

## Review and results of operations

During the year, the Funds continued to invest their funds in accordance with their Product Disclosure Statement and the provisions of their Funds' Constitutions.

The Funds' performance and Funds' benchmark return for the year ended 30 June 2024 were as follows:

Fund name	Benchmark	Net return (net of fees)	Benchmark return
	S&P Global ex Australia and New Zealand Between USD1 Billion and USD5 Billion (AUD) Net Total Return Index		
Paradice Global Small Cap Fund		4.27	8.56
Paradice Australian Equities Fund	S&P/ASX 200 Total Return Index	11.58	12.10

## Directors' report (continued)

### Review and results of operations (continued)

Each Fund's performance is calculated based on the percentage change in the Fund's mid-price over the period (with any distributions paid during the period reinvested). Returns are disclosed after fees and expenses.

The performance of each Fund, as represented by the results of their operations, was as follows:

	<b>Paradice Global Small Cap Fund</b>		<b>Paradice Australian Equities Fund</b>	
	<b>Year ended</b>		<b>Year ended</b>	
	<b>30 June 2024</b>	<b>30 June 2023</b>	<b>30 June 2024</b>	<b>30 June 2023</b>
Profit/(loss) for the year (\$'000)	<b>5,736</b>	20,978	<b>9,708</b>	10,908
Distributions paid and payable (\$'000)	<b>4,324</b>	1,576	<b>3,724</b>	5,655
Distributions (cents per unit)	<b>8.77</b>	2.00	<b>5.40</b>	8.67

\*Distributions (cents per unit) includes special distributions paid in its calculation. The cents per unit figure for special distributions is disclosed at Note 9 to the financial statements.

### Significant changes in the state of affairs

Andrew P Godfrey was appointed as a director of Equity Trustees Limited on 1 May 2024.

Philip D Gentry resigned as a director of Equity Trustees Limited on 6 June 2024.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Funds that occurred during the financial year.

### Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may have a significant effect on:

- (i) the operations of the Funds in future financial years; or
- (ii) the results of those operations in future financial years; or
- (iii) the state of affairs of the Funds in future financial years.

### Likely developments and expected results of operations

The Funds will continue to be managed in accordance with the investment objectives and guidelines as set out in the Product Disclosure Statement and the provisions of the Funds' Constitution.

The results of the Funds' operations will be affected by a number of factors, including the performance of investment markets in which the Funds invest. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

### Indemnification and insurance of officers

No insurance premiums are paid for out of the assets of the Funds in regard to insurance cover provided to the officers of Equity Trustees Limited. So long as the officers of Equity Trustees Limited act in accordance with the Funds' Constitution and the Law, the officers remain indemnified out of the assets of the Funds against losses incurred while acting on behalf of the Funds.

## **Directors' report (continued)**

### **Indemnification of auditor**

The auditor of the Funds is in no way indemnified out of the assets of the Funds.

### **Fees paid to and interests held in the Funds by the Responsible Entity and its associates**

Fees paid to the Responsible Entity and its associates out of Funds' property during the year are disclosed in Note 15 to the financial statements.

No fees were paid out of Funds' property to the directors of the Responsible Entity during the year.

The number of interests in the Funds held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 15 to the financial statements.

### **Interests in the Funds**

The movement in units on issue in the Funds during the year is disclosed in Note 8 to the financial statements.

The value of the Funds' assets and liabilities is disclosed in the statements of financial position and derived using the basis set out in Note 2 to the financial statements.

### **Environmental regulation**

The operations of the Funds are not subject to any particular or significant environmental regulations under Commonwealth, State or Territory law.

### **Rounding of amounts to the nearest thousand dollars**

Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, unless otherwise indicated.

### **Financial statements presentation**

The Funds are entities of the kind referred to by *ASIC Corporations (Related Scheme Reports) Instrument 2015/839* and in accordance with that Instrument, Funds with a common Responsible Entity (or related Responsible Entities) can include their financial statements in adjacent columns in a single set of financial reports.

### **Auditor's independence declaration**

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

## Directors' report (continued)

This report is made in accordance with a resolution of the directors of Equity Trustees Limited through a delegated authority given by Equity Trustees Limited's Board.



Andrew P Godfrey  
Director

Melbourne

11 September 2024



## Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Equity Trustees Limited, the Responsible Entity of the following funds:

- Paradise Global Small Cap Fund
- Paradise Australian Equities Fund

I declare that, to the best of my knowledge and belief, in relation to the audit of the Funds for the financial year ended 30 June 2024 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Andrew Reeves

Partner

Sydney

11 September 2024

## Statements of comprehensive income

		Paradice Global Small Cap Fund Year ended		Paradice Australian Equities Fund Year ended	
		30 June 2024	30 June 2023	30 June 2024	30 June 2023
	Note	\$'000	\$'000	\$'000	\$'000
<b>Income</b>					
Interest income from financial assets at amortised cost		152	112	162	150
Dividend and distribution income		2,051	2,434	3,150	4,142
Net foreign exchange gain/(loss)		(155)	100	-	1
Net gains/(losses) on financial instruments at fair value through profit or loss		5,598	20,986	7,294	7,884
Other income		-	-	-	15
<b>Total income/(loss)</b>		<b>7,646</b>	<b>23,632</b>	<b>10,606</b>	<b>12,192</b>
<b>Expenses</b>					
Management fees and costs		1,521	2,306	664	650
Performance fees	15(g)	-	-	-	458
Withholding taxes		312	278	8	2
Transaction costs		63	70	226	173
Other expenses		14	-	-	1
<b>Total expenses</b>		<b>1,910</b>	<b>2,654</b>	<b>898</b>	<b>1,284</b>
<b>Profit/(loss) for the year</b>		<b>5,736</b>	<b>20,978</b>	<b>9,708</b>	<b>10,908</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>5,736</b>	<b>20,978</b>	<b>9,708</b>	<b>10,908</b>

The above statements of comprehensive income should be read in conjunction with the accompanying notes.



## Statements of financial position

	Note	Paradice Global Small Cap Fund		Paradice Australian Equities Fund	
		As at		As at	
		30 June 2024	30 June 2023	30 June 2024	30 June 2023
		\$'000	\$'000	\$'000	\$'000
<b>Assets</b>					
Cash and cash equivalents	10	2,508	1,632	2,536	3,239
Receivables	12	155	246	397	473
Due from brokers - receivable for securities sold		14	-	624	-
Financial assets at fair value through profit or loss	6	103,431	141,095	101,324	83,134
Margin accounts		-	-	69	133
<b>Total assets</b>		<b>106,108</b>	<b>142,973</b>	<b>104,950</b>	<b>86,979</b>
<b>Liabilities</b>					
Distributions payable	9	4,324	347	2,031	3,537
Payables	13	122	133	80	44
Due to brokers - payable for securities purchased		100	142	818	183
<b>Total liabilities</b>		<b>4,546</b>	<b>622</b>	<b>2,929</b>	<b>3,764</b>
<b>Net assets attributable to unit holders - equity</b>	8	<b>101,562</b>	<b>142,351</b>	<b>102,021</b>	<b>83,215</b>

The above statements of financial position should be read in conjunction with the accompanying notes.

## Statements of changes in equity

	Note	Paradice Global Small Cap Fund		Paradice Australian Equities Fund	
		Year ended		Year ended	
		30 June 2024	30 June 2023	30 June 2024	30 June 2023
		\$'000	\$'000	\$'000	\$'000
<b>Total equity at the beginning of the financial year</b>		<b>142,351</b>	324,186	<b>83,215</b>	72,074
<b>Comprehensive income for the financial year</b>					
Profit/(loss) for the year		<b>5,736</b>	20,978	<b>9,708</b>	10,908
Other comprehensive income		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income</b>		<b>5,736</b>	20,978	<b>9,708</b>	10,908
<b>Transactions with unit holders</b>					
Applications	8	<b>2,707</b>	6,880	<b>22,823</b>	16,625
Redemptions	8	<b>(44,983)</b>	(209,666)	<b>(10,197)</b>	(11,385)
Reinvestment of distributions	8	<b>75</b>	1,549	<b>196</b>	648
Distributions paid and payable	8	<b>(4,324)</b>	(1,576)	<b>(3,724)</b>	(5,655)
<b>Total transactions with unit holders</b>		<b>(46,525)</b>	(202,813)	<b>9,098</b>	233
<b>Total equity at the end of the financial year</b>		<b>101,562</b>	142,351	<b>102,021</b>	83,215

The above statements of changes in equity should be read in conjunction with the accompanying notes with reference to Notes 2(c) and 8.

## Statements of cash flows

	Note	Paradice Global Small Cap Fund Year ended		Paradice Australian Equities Fund Year ended	
		30 June 2024 \$'000	30 June 2023 \$'000	30 June 2024 \$'000	30 June 2023 \$'000
<b>Cash flows from operating activities</b>					
Proceeds from sale of financial instruments at fair value through profit or loss		63,834	64,416	98,310	65,930
Payments for purchase of financial instruments at fair value through profit or loss		(20,564)	(17,934)	(107,879)	(89,715)
Net foreign exchange gain/(loss)		(155)	100	-	1
Net movement in margin accounts		-	-	64	(121)
Interest income received from financial assets at amortised cost		156	104	170	136
Dividends and distributions received		1,774	2,276	1,894	3,009
Other income received		-	95	-	17
Management fees and costs paid		(1,533)	(2,531)	(628)	(634)
Performance fees paid		-	-	-	(482)
Transactions costs paid		(63)	(70)	(226)	(173)
Other expenses paid		(25)	-	-	(1)
<b>Net cash inflow/(outflow) from operating activities</b>	11(a)	<u>43,424</u>	<u>46,456</u>	<u>(8,295)</u>	<u>(22,033)</u>
<b>Cash flows from financing activities</b>					
Proceeds from applications by unit holders		2,707	6,880	22,823	16,625
Payments for redemptions by unit holders		(44,983)	(58,510)	(10,197)	(11,385)
Distributions paid to unit holders		(272)	(14,110)	(5,034)	(5,465)
<b>Net cash inflow/(outflow) from financing activities</b>		<u>(42,548)</u>	<u>(65,740)</u>	<u>7,592</u>	<u>(225)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>876</b>	<b>(19,284)</b>	<b>(703)</b>	<b>(22,258)</b>
Cash and cash equivalents at the beginning of the year		<u>1,632</u>	<u>20,916</u>	<u>3,239</u>	<u>25,497</u>
<b>Cash and cash equivalents at the end of the year</b>	10	<u>2,508</u>	<u>1,632</u>	<u>2,536</u>	<u>3,239</u>
Non-cash operating and financing activities	11(b)	139	(149,607)	1,512	1,585

The above statements of cash flows should be read in conjunction with the accompanying notes.

## Notes to the financial statements

### Contents

1	General information
2	Summary of material accounting policies
3	Financial risk management
4	Offsetting financial assets and financial liabilities
5	Fair value measurement
6	Financial assets at fair value through profit or loss
7	Derivative financial instruments
8	Net assets attributable to unit holders - equity
9	Distributions to unit holders
10	Cash and cash equivalents
11	Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities
12	Receivables
13	Payables
14	Remuneration of auditors
15	Related party transactions
16	Events occurring after the reporting period
17	Contingent assets and liabilities and commitments

## 1 General information

These financial statements cover the below Funds (the “Funds”) as individual entities. The Funds are Australian registered managed investment schemes which were constituted on the dates in the below table and will terminate in accordance with the provisions of the Funds’ Constitution or by Law.

Paradice Global Small Cap Fund	16 June 2012
Paradice Australian Equities Fund	03 March 2017

The Responsible Entity of the Funds is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975) (the “Responsible Entity”). The Responsible Entity’s registered office is Level 1, 575 Bourke Street, Melbourne, VIC 3000. The financial statements are presented in the Australian currency unless otherwise noted.

The principal activity of each Fund is to invest in accordance with the investment objective and guidelines as set out in the respective Fund’s current Product Disclosure Statement and its Constitution.

The financial statements were authorised for issue by the directors on the date the Directors’ declaration was signed. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

## 2 Summary of material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* in Australia. The Funds are for-profit entities for the purpose of preparing the financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities, except where otherwise stated.

The statements of financial position are presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within 12 months, except for investments in financial assets and liabilities at fair value through profit or loss and net assets attributable to unit holders.

The Funds manage financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at reporting date.

In the case of net assets attributable to unit holders, the units are redeemable on demand at the unit holders’ option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

#### (i) Compliance with International Financial Reporting Standards (IFRS)

The financial statements of the Funds also comply with IFRS as issued by the International Accounting Standards Board (IASB).

#### (ii) New and amended standards adopted by the Funds

The Funds have applied the following standards and amendments for the first time for their financial year beginning 1 July 2023:

- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates [AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2].

## 2 Summary of material accounting policies (continued)

### (a) Basis of preparation (continued)

#### *(ii) New and amended standards adopted by the Funds (continued)*

The amendments have had an impact on the Funds' disclosures of accounting policies, including the requirement to disclose 'material' rather than 'significant' accounting policies, but not on the measurement, recognition or presentation of any items in the Funds' financial statements.

None of the other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2023 have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

#### *(iii) New standards and interpretations not yet adopted*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2024 and have not been early adopted in preparing these financial statements.

None of these are expected to have a material effect on the financial statements of the Funds.

### (b) Financial instruments

#### *(i) Classification*

- Financial assets

The Funds classify their financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss; and
- those to be measured at amortised cost.

The Funds classify their financial assets based on their business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

The Funds' portfolios of financial assets are managed and their performance is evaluated on a fair value basis in accordance with the Funds' documented investment strategy. The Funds' policy is for the Investment Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information.

For equity securities and derivatives, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss.

For cash and cash equivalents, receivables, due from brokers and margin accounts, these assets are held in order to collect the contractual cash flows. The contractual terms of these assets give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. Consequently, these are measured at amortised cost.

- Financial liabilities

Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

For financial liabilities that are not classified and measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost (distributions payable, management fees and costs payable, withholding tax payable and due to brokers).

#### *(ii) Recognition and derecognition*

The Funds recognise financial assets and financial liabilities on the date they become party to the contractual agreement (trade date) and recognise changes in the fair value of the financial assets or financial liabilities from this date.

## 2 Summary of material accounting policies (continued)

### (b) Financial instruments (continued)

#### (ii) Recognition and derecognition (continued)

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Funds have transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statements of comprehensive income.

#### (iii) Measurement

- Financial instruments at fair value through profit or loss

At initial recognition, the Funds measure a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statements of comprehensive income.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of 'financial assets at fair value through profit or loss' category are presented in the statements of comprehensive income within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise.

For further details on how the fair value of financial instruments is determined please see Note 5 to the financial statements.

- Financial instruments at amortised cost

For financial assets and financial liabilities at amortised cost, they are initially measured at fair value including directly attributable costs and are subsequently measured using the effective interest rate method less any allowance for expected credit losses.

Cash and cash equivalents, receivables, due from brokers, margin accounts, distributions payable, payables and due to brokers are carried at amortised cost.

#### (iv) Impairment

At each reporting date, the Funds shall estimate a loss allowance on each of the financial assets carried at amortised cost (cash and cash equivalents, receivables, due from brokers and margin accounts) at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Funds shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that the asset is credit impaired. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the net carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

The expected credit loss (ECL) approach is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Funds expect to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The amount of the impairment loss is recognised in the statements of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statements of comprehensive income.

## 2 Summary of material accounting policies (continued)

### (b) Financial instruments (continued)

#### (v) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position when the Funds have a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis for gains and losses from financial instruments at fair value through profit or loss and foreign exchange gains and losses.

Financial assets and liabilities that have been offset are disclosed in Note 4.

### (c) Net assets attributable to unit holders

Units are redeemable at the unit holders' option; however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unit holders.

The units can be put back to the Funds at any time for cash based on the redemption price, which is equal to a proportionate share of the Funds' net asset value attributable to the unit holders.

The units are carried at the redemption amount that is payable at the reporting date if the holder exercises the right to put the units back to the Funds.

The Funds' units are classified as equity as they satisfy the following criteria under AASB 132 *Financial Instruments: Presentation*:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Funds' liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Funds, and it is not a contract settled in the Funds' own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

### (d) Cash and cash equivalents

For the purpose of presentation in the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as trading of these securities represents the Funds' main income generating activity.

### (e) Margin accounts

Margin accounts comprise cash held as collateral for derivative transactions and short sales. The cash is held by the broker and is only available to meet margin calls. It is not included as a component of cash and cash equivalents.

### (f) Income

#### (i) Interest income

Interest income from financial assets at amortised cost is recognised using the effective interest method and includes interest from cash and cash equivalents.



## 2 Summary of material accounting policies (continued)

### (f) Income (continued)

#### (i) Interest income (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Funds estimate cash flows considering all contractual terms of the financial instruments (for example, prepayment options) but do not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

#### (ii) Dividends and distributions

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense. The Funds currently incur withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the statements of comprehensive income.

Trust distributions are recognised on an entitlement basis.

### (g) Expenses

All expenses are recognised in the statements of comprehensive income on an accruals basis.

Management fees and costs covers certain ordinary expenses such as Responsible Entity fees, investment management fees, custodian fees, and administration and audit fees and other operating expense.

### (h) Income tax

Under current legislation, the Funds are not subject to income tax provided they attribute the entirety of their taxable income to their unit holders.

The Funds currently incur withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statements of comprehensive income. Withholding taxes are included in the statements of comprehensive income as an expense.

### (i) Distributions

The Funds may distribute their distributable income, in accordance with the Funds' Constitution, to unit holders by cash or reinvestment. The distributions are recognised in the statements of changes in equity.

### (j) Foreign currency translation

#### (i) Functional and presentation currency

Balances included in the Funds' financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar which reflects the currency of the economy in which the Funds compete for funds and is regulated. The Australian dollar is also the Funds' presentation currency.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of comprehensive income.

## 2 Summary of material accounting policies (continued)

### (j) Foreign currency translation (continued)

#### (ii) Transactions and balances (continued)

The Funds do not isolate that portion of unrealised gains or losses on financial instruments at fair value through profit or loss which is due to changes in foreign exchange rates. Such fluctuations are included in the net gains/(losses) on financial instruments at fair value through profit or loss.

### (k) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by year end. The due from brokers balance is held for collection and is recognised initially at fair value and subsequently measured at amortised cost.

### (l) Receivables

Receivables may include amounts for interest, dividends and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Where applicable, interest is accrued on a daily basis. Amounts are generally received within 30 days of being recorded as receivables.

### (m) Payables

Payables include liabilities and accrued expenses owed by the Funds which are unpaid as at the end of the reporting period.

A separate distribution payable is recognised in the statements of financial position.

Distributions declared effective 30 June in relation to unit holders who have previously elected to reinvest distributions are recognised as reinvested effective 1 July of the following financial year.

### (n) Applications and redemptions

Applications received for units in the Funds are recorded net of any entry fees payable prior to the issue of units in the Funds. Redemptions from the Funds are recorded gross of any exit fees payable after the cancellation of units redeemed.

### (o) Goods and services tax (GST)

The GST incurred on the costs of various services provided to the Funds by third parties such as management, administration and custodian services where applicable, have been passed on to the Funds. The Funds qualify for Reduced Input Tax Credits (RITC) at a rate of at least 55%. Hence, fees for these services and any other expenses have been recognised in the statements of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Amounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statements of financial position. Cash flows relating to GST are included in the statements of cash flows on a gross basis.

### (p) Use of estimates and judgements

The Funds make estimates, assumptions and judgements that affect the reported amounts of assets and liabilities within the current and next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods effected.

## 2 Summary of material accounting policies (continued)

### (p) Use of estimates and judgements (continued)

For the majority of the Funds' financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over-the-counter derivatives or unquoted securities, are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Investment Manager.

The Funds estimate that the resultant expected credit loss (ECL) derived from using impairment model has not materially impacted the Funds. Please see Note 3 for more information on credit risk.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations, require management to make estimates and judgements. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For more information on how fair value is calculated refer to Note 5 to the financial statements.

### (q) Rounding of amounts

The Funds are entities of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars, unless otherwise indicated.

## 3 Financial risk management

The Funds' activities expose them to a variety of financial risks including market risk (which incorporates price risk, foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

The Funds' overall risk management programme focuses on ensuring compliance with the Funds' Product Disclosure Statement and the investment guidelines of the Funds. It also seeks to maximise the returns derived for the level of risk to which the Funds are exposed and seeks to minimise potential adverse effects on the Funds' financial performance. The Funds' policy allows them to use derivative financial instruments in managing their financial risks.

All investments present a risk of loss of capital. The maximum loss of capital on long equity and unit trusts is limited to the fair value of those positions. The maximum loss of capital on long futures and forward currency contracts is limited to the notional contract values of those positions.

The investments of the Funds, and associated risks, are managed by a specialist Investment Manager, Paradise Investment Management Pty Ltd under an Investment Management Agreement (the "IMA") approved by the Responsible Entity, and containing the investment strategy and guidelines of the Funds, consistent with those stated in the Product Disclosure Statement.

The Funds use different methods to measure different types of risk to which they are exposed. These methods are explained below.

### (a) Market risk

#### (i) Price risk

The Funds are exposed to price risk on equity securities listed or quoted on recognised securities exchanges. Price risk arises from investments held by the Funds for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates which are considered a component of price risk.

Price risk is managed by Paradise Investment Management Pty Ltd, the Funds' Investment Manager. The Investment Manager mitigates this price risk through diversification and careful selection of securities and other financial instruments in accordance with the investment mandate of the Funds.

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (i) Price risk (continued)

The Funds' overall market positions are monitored on a regular basis by the Investment Manager. This information and the compliance with the Funds' Product Disclosure Statement are reported to the Investment Manager's compliance manager and other key management personnel.

The tables at Note 3(b) summarises the sensitivities of the Funds' financial assets and liabilities to price risk. The analysis is based on the reasonably possible shift that the investment portfolio in which the Funds invest move by +/-10% (2023: +/-10%).

##### (ii) Foreign exchange risk

The Paradise Global Small Cap Fund operates internationally and hold both monetary and non-monetary assets denominated in currencies other than the Australian dollar. Foreign exchange risk arises as the value of monetary securities denominated in other currencies fluctuate due to changes in exchange rates. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk and not foreign exchange risk. However, the Investment Manager monitors the exposure of all foreign currency denominated assets and liabilities.

Foreign exchange risk is managed by Paradise Investment Management Pty Ltd.

The tables below summarise the fair value of Paradise Global Small Cap Fund's financial assets and financial liabilities, monetary and non-monetary, which are denominated in a currency other than the Australian dollar.

<b>Paradice Global Small Cap Fund</b>	<b>US Dollars</b>	<b>Euros</b>	<b>British Pounds</b>	<b>Canadian Dollar</b>	<b>Other currencies</b>
<b>As at 30 June 2024</b>	<b>A\$'000</b>	<b>A\$'000</b>	<b>A\$'000</b>	<b>A\$'000</b>	<b>A\$'000</b>
Cash and cash equivalents	5	-	-	-	49
Receivables	19	15	78	-	-
Due from brokers - receivable for securities sold	-	14	-	-	-
Financial assets at fair value through profit or loss	47,461	16,383	15,833	8,062	15,692
Payables	(1)	-	-	-	-
Due to brokers - payable for securities purchased	-	(94)	(6)	-	-
<b>Net exposure</b>	<b>47,484</b>	<b>16,318</b>	<b>15,905</b>	<b>8,062</b>	<b>15,741</b>
Net increase/(decrease) in exposure from forward currency contracts*	-	80	6	-	(26)
<b>Net exposure including forward currency contracts</b>	<b>47,484</b>	<b>16,398</b>	<b>15,911</b>	<b>8,062</b>	<b>15,715</b>

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (ii) Foreign exchange risk (continued)

As at 30 June 2023	US Dollars A\$'000	Euros A\$'000	British Pounds A\$'000	Canadian Dollar A\$'000	Other currencies A\$'000
Cash and cash equivalents	4	-	-	-	26
Receivables	43	41	61	-	65
Financial assets at fair value through profit or loss	78,636	15,758	19,118	4,865	22,718
Due to brokers - payable for securities purchased	(142)	-	-	-	-
Net exposure	<u>78,541</u>	<u>15,799</u>	<u>19,179</u>	<u>4,865</u>	<u>22,809</u>
Net increase/(decrease) in exposure from forward currency contracts*	-	-	-	-	(25)
Net exposure including forward currency contracts	<u>78,541</u>	<u>15,799</u>	<u>19,179</u>	<u>4,865</u>	<u>22,784</u>

\*The amount disclosed above reflects notional values. Refer to Note 7 for the mark to market value of forward currency contracts.

The Paradise Australian Equities Fund did not have any exposure to foreign exchange risk as at 30 June 2024 and 30 June 2023.

The tables at Note 3(b) summarises the sensitivities of the Funds' monetary assets and liabilities to foreign exchange risk. The analysis is based on the reasonably possible shift that the Australian dollar weakened or strengthened by 10% (2023: +/-10%) against the material foreign currencies to which the Funds are exposed.

##### (iii) Cash flow and fair value interest rate risk

The Funds are exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Funds to fair value interest rate risk.

The Funds' interest bearing financial instruments expose them to risks associated with the effects of fluctuations in the prevailing market interest rates on their financial position and cash flows. The impact of interest rate risk on the profit and net assets attributable to unit holders is considered immaterial to the Funds and thus is not included in the sensitivity analysis below.

Interest rate risk is managed by Paradise Investment Management Pty Ltd.

#### (b) Summarised sensitivity analysis

The following tables summarise the sensitivity of the Funds' operating profit and net assets attributable to unit holders to market risks. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in foreign exchange rates, interest rates and the historical correlation of the Funds' investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the Funds invest. As a result, historic variations in risk variables should not be used to predict future variances in the risk variables.

### 3 Financial risk management (continued)

#### (b) Summarised sensitivity analysis (continued)

Paradice Global Small Cap Fund	Impact on operating profit/net assets attributable to unit holders	
	Price risk	
	+10%	-10%
	\$'000	\$'000
As at 30 June 2024	10,343	(10,343)
As at 30 June 2023	14,110	(14,110)

The sensitivity factor for 30 June 2023 was +/-10% for price risk.

Paradice Australian Equities Fund	Impact on operating profit/net assets attributable to unit holders	
	Price risk	
	+10%	-10%
	\$'000	\$'000
As at 30 June 2024	10,171	(10,171)
As at 30 June 2023	8,489	(8,489)

The sensitivity factor for 30 June 2023 was +/-10% for price risk.

Paradice Global Small Cap Fund	Impact on operating profit/net assets attributable to unit holders							
	Foreign exchange risk							
	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
	US Dollars	US Dollars	Euros	Euros	British Pounds	British Pounds	Canadian Dollar	Canadian Dollar
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 30 June 2024	4,748	(4,748)	1,640	(1,640)	1,591	(1,591)	806	(806)
As at 30 June 2023	7,854	(7,854)	1,580	(1,580)	1,918	(1,918)	487	(487)

The sensitivity factor for 30 June 2023 was +/-10% for foreign exchange risk.

#### (c) Credit risk

The Funds are exposed to credit risk, which is the risk that a counterparty will be unable to pay their obligations in full when they fall due, causing a financial loss to the Funds.

The Funds do not have a significant concentration of credit risk that arises from an exposure to a single counterparty or group of counterparties having similar characteristics. The main concentration of credit risk, to which the Funds are exposed, arises from cash and cash equivalents and amounts due from brokers' balances. None of these assets are impaired nor past their due date. The maximum exposure to credit risk is the carrying of these balances at the reporting date.

### 3 Financial risk management (continued)

#### (c) Credit risk (continued)

The Funds determine credit risk and measure expected credit losses for financial assets measured at amortised cost using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. At 30 June 2024 and 30 June 2023, all receivables, amounts due from brokers, cash and short-term deposits are held with counterparties with a credit rating of AA/Aa or higher and are either callable on demand or due to be settled within 1 week. Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Funds.

#### (d) Liquidity risk

Liquidity risk is the risk that the Funds may not be able to generate sufficient cash resources to settle their obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Exposure to liquidity risk for the Funds may arise from the requirement to meet daily unit holder redemption requests, margin calls on derivative transactions or to fund foreign exchange related cash flow requirements.

Liquidity risk is managed by Paradise Investment Management Pty Ltd. The Investment Manager mitigates the liquidity risk factor by generally investing in securities that are believed to offer sufficient liquidity to allow investors to withdraw from the Funds as set out in the Product Disclosure Statement.

In order to manage the Funds' overall liquidity, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unit holders. The Responsible Entity did not reject or withhold any redemptions during 2024 and 2023.

##### (i) Maturities of non-derivative financial liabilities

All non-derivative financial liabilities of the Funds in the current period have maturities of less than 1 month.

##### (ii) Maturities of derivative financial instruments

The tables below analyse the Funds' derivative financial instruments based on their contractual maturity. The Funds may, at their discretion, settle financial instruments prior to their original contractual settlement date, in accordance with their investment strategy, where permitted by the terms and conditions of the relevant instruments.

Paradice Global Small Cap Fund did not have material liquidity risk exposure as at 30 June 2024 and 30 June 2023.

Paradice Australian Equities Fund did not have material liquidity risk exposure as at 30 June 2024.

#### **Paradice Australian Equities Fund**

	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	Over 12 months \$'000	Total \$'000
As at 30 June 2023					
Derivatives					
Futures contracts	-	18	-	-	18
Total derivatives	-	18	-	-	18

#### 4 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The gross and net positions of financial assets and liabilities that have been offset in the statements of financial position are disclosed in the first three columns of the tables below.

Paradice Global Small Cap Fund	Effects of offsetting on the statements of financial position			Related amounts not offset		
	Gross amounts of financial instruments	Gross amounts set off in the statements of financial position	Net amount of financial instruments presented in the statements of financial position	Amounts subject to master netting arrangements	Collateral received/ pledged	Net amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 30 June 2024</b>						
<b>Financial assets</b>						
Derivative financial instruments (a)	140	(140)	-	-	-	-
<b>Total</b>	140	(140)	-	-	-	-
<b>Financial liabilities</b>						
Derivative financial instruments (a)	140	(140)	-	-	-	-
<b>Total</b>	140	(140)	-	-	-	-
<b>As at 30 June 2023</b>						
<b>Financial assets</b>						
Derivative financial instruments (a)	25	(25)	-	-	-	-
<b>Total</b>	25	(25)	-	-	-	-
<b>Financial liabilities</b>						
Derivative financial instruments (a)	25	(25)	-	-	-	-
<b>Total</b>	25	(25)	-	-	-	-



#### 4 Offsetting financial assets and financial liabilities (continued)

Paradice Australian Equities Fund	Effects of offsetting on the statements of financial position			Related amounts not offset		
	Gross amounts of financial instruments	Gross amounts set off in the statements of financial position	Net amount of financial instruments presented in the statements of financial position	Amounts subject to master netting arrangements	Collateral received/pledged	Net amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 30 June 2023						
Financial assets						
Derivative financial instruments (a)	18	-	18	-	-	18
Total	18	-	18	-	-	18

Paradice Australian Equities Fund did not have any financial assets and liabilities to offset as at 30 June 2024.

##### (a) Master netting arrangement – not currently enforceable

Agreements with derivative counterparties are based on the International Swaps and Derivatives Association (ISDA) Master Agreement. Under the terms of these arrangements, only when certain credit events occur (such as default), the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Funds do not presently have a legally enforceable right of set-off, these amounts have not been offset in the statements of financial position, but have been presented separately in the above tables.

#### 5 Fair value measurement

The Funds measure and recognise financial assets and financial liabilities at fair value through profit or loss on a recurring basis.

- Financial assets at fair value through profit or loss (see Note 6)
- Derivative financial instruments (see Note 7)

The Funds have no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The Funds value their investments in accordance with the accounting policies set out in Note 2 to the financial statements.

##### (a) Valuations using level 1 inputs

The fair value of financial instruments traded in active markets (such as equity securities and unit trusts) are based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

For the majority of their investments, the Funds rely on information provided by independent pricing services for the valuation of their investments.

## 5 Fair value measurement (continued)

### (a) Valuations using level 1 inputs (continued)

The quoted market price used for financial instruments held by the Funds is the last traded price. When the Funds hold derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

### (b) Recognised fair value measurements

The tables below present the Funds' financial assets and financial liabilities measured and recognised at fair value as at 30 June 2024 and 30 June 2023.

#### Paradice Global Small Cap Fund

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>As at 30 June 2024</b>				
<b>Financial assets</b>				
Equity securities	102,096	-	-	102,096
Unit trusts	1,335	-	-	1,335
<b>Total financial assets</b>	<b>103,431</b>	<b>-</b>	<b>-</b>	<b>103,431</b>

As at 30 June 2023

<b>Financial assets</b>				
Equity securities	138,336	-	-	138,336
Unit trusts	2,759	-	-	2,759
<b>Total financial assets</b>	<b>141,095</b>	<b>-</b>	<b>-</b>	<b>141,095</b>

#### Paradice Australian Equities Fund

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>As at 30 June 2024</b>				
<b>Financial assets</b>				
Equity securities	99,428	-	-	99,428
Unit trusts	1,896	-	-	1,896
<b>Total financial assets</b>	<b>101,324</b>	<b>-</b>	<b>-</b>	<b>101,324</b>

As at 30 June 2023

<b>Financial assets</b>				
Futures contracts	18	-	-	18
Equity securities	80,669	-	-	80,669
Unit trusts	2,447	-	-	2,447
<b>Total financial assets</b>	<b>83,134</b>	<b>-</b>	<b>-</b>	<b>83,134</b>

## 5 Fair value measurement (continued)

### (c) Transfer between levels

Management's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels in the fair value hierarchy at the end of the reporting period.

### (d) Financial instruments not carried at fair value

The carrying values of cash and cash equivalents, receivables, due from brokers, margin accounts, distributions payable, payables and due to brokers approximate their fair values due to their short-term nature.

## 6 Financial assets at fair value through profit or loss

	Paradice Global Small Cap Fund		Paradice Australian Equities Fund	
	As at		As at	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	\$'000	\$'000	\$'000	\$'000
Derivatives (Note 7)	-	-	-	18
Equity securities	102,096	138,336	99,428	80,669
Unit trusts	1,335	2,759	1,896	2,447
<b>Total financial assets at fair value through profit or loss</b>	<b>103,431</b>	<b>141,095</b>	<b>101,324</b>	<b>83,134</b>

An overview of the risk exposures and fair value measurements relating to financial assets at fair value through profit or loss is included in Note 3 and Note 5 to the financial statements.

## 7 Derivative financial instruments

In the normal course of business, the Funds enter into transactions in various derivative financial instruments which have certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include many different instruments such as forwards, futures and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Funds' portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Funds against a fluctuation in market values, foreign exchange risk or to reduce volatility;
- a substitution for trading of physical securities; and
- adjusting asset exposures within the parameters set in the investment strategy and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Funds.

## 7 Derivative financial instruments (continued)

The Funds hold the following derivatives:

### (a) Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are usually settled net daily with the exchange. Interest rate futures are contractual obligations to receive or pay a net amount based on changes in interest rates at a future date at a specified price, established in an organised financial market.

### (b) Forward currency contracts

Forward currency contracts are primarily used by the Funds to economically hedge against foreign currency exchange rate risks on their non-Australian dollar denominated trading securities. The Funds agree to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Forward currency contracts are valued at the prevailing bid price at the end of each reporting period. The Funds recognise a gain or loss equal to the change in fair value at the end of each reporting period.

The Funds' derivative financial instruments measured at fair value at year end are detailed below:

	<b>Paradice Global Small Cap Fund</b>		
	<b>Contractual/ notional \$'000</b>	<b>Assets \$'000</b>	<b>Liabilities \$'000</b>
<b>As at 30 June 2024</b>			
Forward currency contracts*	<u>140</u>	-	-
<b>Total derivatives</b>	<u>140</u>	-	-
<b>As at 30 June 2023</b>			
Forward currency contracts*	<u>25</u>	-	-
<b>Total derivatives</b>	<u>25</u>	-	-

\*Forward currency contracts for Paradice Global Small Cap Fund was \$164 and (\$365) respectively as at 30 June 2024 and rounded to Nil (30 June 2023: \$44).

## 7 Derivative financial instruments (continued)

	Paradice Australian Equities Fund		
	Contractual/ notional \$'000	Assets \$'000	Liabilities \$'000
<b>As at 30 June 2024</b>			
Futures contracts*	389	-	-
<b>Total derivatives</b>	389	-	-
<b>As at 30 June 2023</b>			
Futures contracts	1,772	18	-
Total derivatives	1,772	18	-

\*Futures contracts for Paradice Australian Equities Fund was (\$450) as at 30 June 2024 and rounded to Nil.

Information about the Funds' exposure to credit risk, foreign exchange risk, interest rate risk and about the methods and assumptions used in determining fair values is provided in Note 3 and Note 5 to the financial statements. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of derivative financial instruments disclosed above.

## 8 Net assets attributable to unit holders - equity

Under AASB 132 *Financial Instruments: Presentation*, puttable financial instruments are classified as equity where certain criteria are met. The Funds shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions. The Funds' units are classified as equity as they meet the definition of a financial instrument to be classified as equity.

Movements in the number of units and net assets attributable to unit holders during the year were as follows:

	Paradice Global Small Cap Fund			
	Year ended			
	30 June 2024 Units '000	30 June 2024 \$'000	30 June 2023 Units '000	30 June 2023 \$'000
Opening balance	69,101	142,351	174,072	324,186
Applications	1,258	2,707	3,583	6,880
Redemptions	(21,099)	(44,983)	(109,384)	(209,666)
Reinvestment of distributions	36	75	830	1,549
Distributions paid and payable	-	(4,324)	-	(1,576)
Profit/(loss) for the year	-	5,736	-	20,978
<b>Closing balance</b>	49,296	101,562	69,101	142,351

## 8 Net assets attributable to unit holders - equity (continued)

	Paradice Australian Equities Fund			
	Year ended			
	30 June 2024	30 June 2024	30 June 2023	30 June 2023
	Units '000	\$'000	Units '000	\$'000
Opening balance	64,429	83,215	59,760	72,074
Applications	16,720	22,823	12,632	16,625
Redemptions	(7,673)	(10,197)	(8,484)	(11,385)
Reinvestment of distributions	150	196	521	648
Distributions paid and payable	-	(3,724)	-	(5,655)
Profit/(loss) for the year	-	9,708	-	10,908
<b>Closing balance</b>	<b>73,626</b>	<b>102,021</b>	<b>64,429</b>	<b>83,215</b>

As stipulated within the each Fund's Constitution, each unit represents a right to an individual share in the Funds and does not extend to a right in the underlying assets of the Funds.

There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Funds.

Units are redeemed on demand at the unit holders' option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within twelve months after the end of the reporting period cannot be reliably determined.

### Capital risk management

The Funds consider their net assets attributable to unit holders as capital which is classified as equity. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Funds are subject to daily applications and redemptions at the discretion of unit holders.

Daily applications and redemptions are reviewed relative to the liquidity of the Funds' underlying assets on a daily basis by the Responsible Entity. Under the terms of the Funds' Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unit holders.

## 9 Distributions to unit holders

The distributions declared during the year were as follows:

	Paradice Global Small Cap Fund				Paradice Australian Equities Fund			
	Year ended		Year ended		Year ended		Year ended	
	30 June 2024	30 June 2024	30 June 2023	30 June 2023	30 June 2024	30 June 2024	30 June 2023	30 June 2023
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
<b>Distributions</b>								
August*	-	-	572	0.69	-	-	-	-
December	-	-	657	0.81	1,693	2.64	2,118	3.18
June (payable)	4,324	8.77	347	0.50	2,031	2.76	3,537	5.49
<b>Total distributions</b>	<b>4,324</b>	<b>8.77</b>	<b>1,576</b>	<b>2.00</b>	<b>3,724</b>	<b>5.40</b>	<b>5,655</b>	<b>8.67</b>

\*The August 2022 (CPU: \$0.69) distribution represents special distribution paid by the Paradice Global Small Cap Fund due to a unit holder redemption of greater than 5% of the net assets of the Fund. Due to this redemption, as outlined in the Product Disclosure Statement, a portion of the withdrawal proceeds represented distributable income to the redeeming unit holder. Refer to the Fund's Product Disclosure Statement for details on special distributions.

## 10 Cash and cash equivalents

	Paradice Global Small Cap Fund		Paradice Australian Equities Fund	
	As at		As at	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	\$'000	\$'000	\$'000	\$'000
Cash at bank	2,508	1,632	2,536	3,239
<b>Total cash and cash equivalents</b>	<b>2,508</b>	<b>1,632</b>	<b>2,536</b>	<b>3,239</b>

## 11 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	Paradice Global Small Cap Fund		Paradice Australian Equities Fund	
	Year ended		Year ended	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	\$'000	\$'000	\$'000	\$'000
<b>(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities</b>				
Profit/(loss) for the year	5,736	20,978	9,708	10,908
Proceeds from sale of financial instruments at fair value through profit or loss	63,834	64,416	98,310	65,930
Payments for purchase of financial instruments at fair value through profit or loss	(20,564)	(17,934)	(107,879)	(89,715)
Net (gains)/losses on financial instruments at fair value through profit or loss	(5,598)	(20,986)	(7,294)	(7,884)
Dividend and distribution income reinvested	(64)	-	(1,316)	(937)
Net movement in margin accounts	-	-	64	(121)
Net change in receivables	91	217	76	(206)
Net change in payables	(11)	(235)	36	(8)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>43,424</b>	<b>46,456</b>	<b>(8,295)</b>	<b>(22,033)</b>
<b>(b) Non-cash operating and financing activities</b>				
The following distribution payments to unit holders were satisfied by the issue of units under the distribution reinvestment plan	75	1,549	196	648
The following redemptions were satisfied by in specie asset transfers	-	(151,156)	-	-
The following purchases of investments were satisfied by the participation in dividend and distribution reinvestment plans	64	-	1,316	937
<b>Total non-cash operating and financing activities</b>	<b>139</b>	<b>(149,607)</b>	<b>1,512</b>	<b>1,585</b>

## 12 Receivables

	Paradice Global Small Cap Fund		Paradice Australian Equities Fund	
	As at		As at	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	\$'000	\$'000	\$'000	\$'000
Interest receivable	8	12	6	14
Dividends and distributions receivable	112	210	375	443
GST receivable	35	24	16	16
<b>Total receivables</b>	<b>155</b>	<b>246</b>	<b>397</b>	<b>473</b>



## 13 Payables

	Paradice Global Small Cap Fund		Paradice Australian Equities Fund	
	As at		As at	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	\$'000	\$'000	\$'000	\$'000
Management fees and costs payable	121	133	80	44
Withholding tax payable	1	-	-	-
<b>Total payables</b>	<b>122</b>	<b>133</b>	<b>80</b>	<b>44</b>

## 14 Remuneration of auditors

During the year, the following fees were paid or payable for services provided by the auditors of the Funds:

	Paradice Global Small Cap Fund		Paradice Australian Equities Fund	
	Year ended		Year ended	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	\$	\$	\$	\$
<b>KPMG</b>				
<i>Audit and other assurance services</i>				
Audit and review of financial statements*	19,183	22,520	11,626	10,815
Total auditor remuneration and other assurance services	19,183	22,520	11,626	10,815
<i>Taxation services</i>				
Tax compliance services	10,176	10,236	10,176	10,236
Total remuneration for taxation services	10,176	10,236	10,176	10,236
<b>Total remuneration of KPMG</b>	<b>29,359</b>	<b>32,756</b>	<b>21,802</b>	<b>21,051</b>
<b>PricewaterhouseCoopers</b>				
<i>Audit and other assurance services</i>				
Audit of compliance plan	2,400	2,346	2,400	2,346
Total auditor remuneration and other assurance services	2,400	2,346	2,400	2,346
<b>Total remuneration of PricewaterhouseCoopers</b>	<b>2,400</b>	<b>2,346</b>	<b>2,400</b>	<b>2,346</b>

The auditors' remuneration is borne by the Funds. Fees are stated exclusive of GST.

## 15 Related party transactions

The Responsible Entity of the Paradise Investment Management Funds is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975). Accordingly, transactions with entities related to Equity Trustees Limited are disclosed below.

The Responsible Entity has contracted services to Paradise Investment Management Pty Ltd to act as Investment Manager for the Funds and State Street Australia Limited to act as Custodian and Administrator for the Funds. The contracts are on normal commercial terms and conditions.

## 15 Related party transactions (continued)

### (a) Key management personnel

#### (i) Directors

Key management personnel include persons who were directors of Equity Trustees Limited at any time during or since the end of the financial year and up to the date of this report.

Philip D Gentry	Chairman (resigned 6 June 2024)
Michael J O'Brien	Chairman (appointed 6 June 2024)
Russell W Beasley	
Mary A O'Connor	
David B Warren	
Andrew P Godfrey	(appointed 1 May 2024)

#### (ii) Responsible Entity

Other than fees paid to the Responsible Entity, there were no other transactions.

#### (iii) Other key management personnel

There were no other key management personnel with responsibility for planning, directing and controlling activities of the Funds, directly or indirectly during the financial year.

### (b) Transactions with key management personnel

There were no transactions with key management personnel during the reporting period.

### (c) Key management personnel unit holdings

Key management personnel did not hold units in the Funds as at 30 June 2024 (30 June 2023: nil).

### (d) Key management personnel compensation

Key management personnel are paid by EQT Services Pty Ltd. Payments made from the Funds to Equity Trustees Limited do not include any amounts directly attributable to the compensation of key management personnel.

### (e) Key management personnel loans

The Funds have not made, guaranteed or secured, directly or indirectly, any loans to key management personnel or their personally related entities at any time during the reporting period.

### (f) Other transactions within the Funds

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Funds during the financial year and there were no material contracts involving management personnel's interests existing at year end.

### (g) Responsible Entity fees, Investment Manager's fees and other transactions

Under the terms of the Funds' Constitution and Product Disclosure Statement for the Funds, the Responsible Entity and the Investment Manager are entitled to receive fees.

The Investment Manager is also entitled to a performance fee.

## 15 Related party transactions (continued)

### (g) Responsible Entity fees, Investment Manager's fees and other transactions (continued)

The transactions during the year and amounts payable as at year end between the Funds, the Responsible Entity and the Investment Manager were as follows:

	Paradice Global Small Cap Fund		Paradice Australian Equities Fund	
	Year ended		Year ended	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	\$	\$	\$	\$
Management fees for the year	1,418,707	2,125,287	574,995	543,822
Performance fees for the year	-	-	-	458,244
Responsible Entity fees for the year	51,186	74,953	38,603	36,696
Management fees payable at year end	116,888	122,991	76,279	41,457
Responsible Entity fees payable at year end	4,102	9,506	3,900	2,924

Under the terms of the Funds' Constitution and Product Disclosure Statement, management fees and costs includes responsible entity fees paid to the Responsible Entity, management fees paid to the Investment Manager and other costs (such as custody fees, administration fees and audit fees) paid to other unrelated parties. Please refer to the Funds' Product Disclosure Statement for information on how management fees and costs are calculated.

Under the terms of the Funds' Constitution and Product Disclosure Statement, the Investment Manager is also entitled to receive a performance fee in relation to the performance of the Funds. For information on how performance fees are calculated please refer to the Funds' Product Disclosure Statement.

### (h) Related party unit holdings

Parties related to the Funds (including Equity Trustees Limited, their related parties and other schemes managed by Equity Trustees Limited and the Investment Manager) held no units in the Funds as at 30 June 2024 (30 June 2023: nil).

### (i) Investments

The Funds did not hold any investments in Equity Trustees Limited or their related parties during the year (30 June 2023: nil).

## 16 Events occurring after the reporting period

No significant events have occurred since the end of the year which would impact on the financial position of the Funds as disclosed in the statements of financial position as at 30 June 2024 or on the results and cash flows of the Funds for the year ended on that date.

## 17 Contingent assets and liabilities and commitments

There were no outstanding contingent assets, liabilities or commitments as at 30 June 2024 and 30 June 2023.

## Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) The financial statements and notes set out on pages 7 to 34 for the Paradise Investment Management Funds are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Funds' financial position as at 30 June 2024 and of their performance for the financial year ended on that date.
- (b) There are reasonable grounds to believe that the Funds will be able to pay their debts as and when they become due and payable; and
- (c) Note 2(a) confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors of Equity Trustees Limited through a delegated authority given by Equity Trustees Limited's Board.



Andrew P Godfrey  
Director

Melbourne  
11 September 2024



# Independent Auditor's Report

To the unitholders of:

- Paradise Global Small Cap Fund
- Paradise Australian Equities Fund

(the Funds)

## Opinion

We have audited the **Financial Reports** of the Funds.

In our opinion, the accompanying Financial Reports of the Funds give a true and fair view, including of the Funds' financial position as at 30 June 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Reports** comprise:

- Statements of Financial Position as at 30 June 2024
- Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows for the year then ended
- Notes, including material accounting policies
- Directors' Declaration

## Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Funds in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

## Other Information

Other Information is financial and non-financial information in Funds' annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors of the Responsible Entity are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We are required to report if we conclude that there is a material misstatement of this Other Information and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

### Responsibilities of the Directors for the Financial Report

The Directors of the Responsible Entity are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Funds, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Funds, and that is free from material misstatement, whether due to fraud or error
- assessing the Funds' ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Funds or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our Auditor's Report.



KPMG



Andrew Reeves

Partner

Sydney

11 September 2024