FORAGER

INTERNATIONAL SHARES FUND

JUNE 2023 FINANCIAL YEAR PERFORMANCE REPORT

FORAGER INTERNATIONAL SHARES FUND PERFORMANCE SUMMARY (as at 30 June 2023. Net of all fees and expenses)

	1 month return	3 month return	6 month return	1 year return	3 year return (p.a.)	5 year return (p.a.)	10 year return (p.a.)	Since inception* (p.a.)
International Shares Fund	2.51%	5.88%	17.23%	19.01%	9.64%	7.71%	10.75%	11.79%
MSCI AC World Net Index in $A	2.89%	6.54%	15.37%	19.98%	12.22%	9.92%	12.13%	13.08%

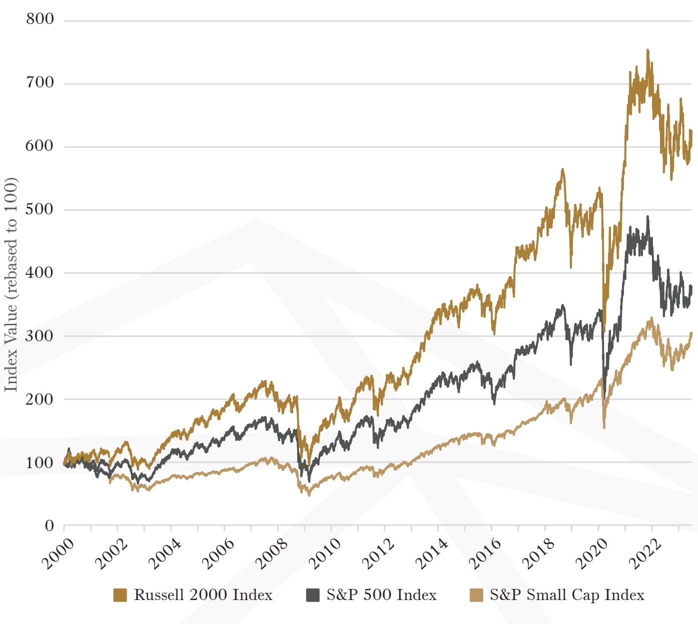
MSCI AC World Net Index in $A is an abbreviation of MSCI All Country World Investable Market Index (Net) in Australian dollars. Past performance is not indicative of future performance and the value of your investments can rise or fall. *8 February 2013

Over the year to 30 June 2023, the Forager International Shares Fund returned 19%. Despite slightly underperforming its benchmark index over the year, it's a result our team can be proud of.

This portfolio—by design—is invariably weighted towards smaller companies. Smaller companies garner less attention from investors and research houses. They tend to grow faster than more mature counterparts. Furthermore, mergers and acquisitions tend to be a more important tailwind for these companies given their size. The results? Smaller stocks have historically achieved higher returns over the full business cycle.

The S&P SmallCap 600 Index has outperformed the large cap S&P 500 by more than two times since the turn of the millennium. When seeking an analytical or behavioural edge in order to scoop a bargain, small caps are an evergreen hunting ground.

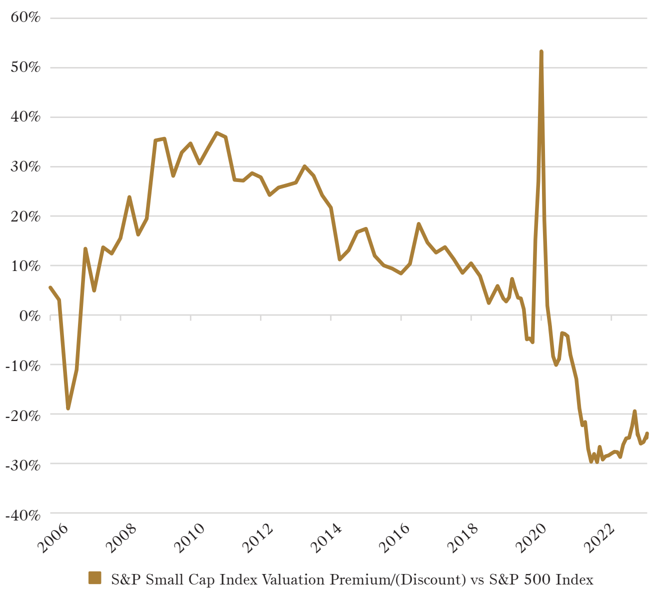
RUSSELL 2000 INDEX VS S&P 500 INDEX VS S&P SMALL CAP INDEX



Source: Bloomberg

But that hunting ground is currently even more fertile than usual. In the decades prior to 2021, small caps traded at a premium multiple to the S&P 500 (higher growth is the reason they typically deliver higher returns). They are currently trading at a 25% discount—a multi year low.

S&P SMALL CAP INDEX VALUATION PREMIUM/ (DISCOUNT) VS S&P 500 INDEX



Source: Bloomberg

History suggests that small and mid cap stocks tend to get hit hardest in the period prior to a recession or slowdown. But they also tend to recover quickest, often rallying from around the time a recession officially starts, or even beforehand (markets are anticipatory in nature).

After significantly underperforming the past few years versus larger peers, it's our opinion that our small cap investments are like coiled springs—ready to bounce higher when sentiment turns.

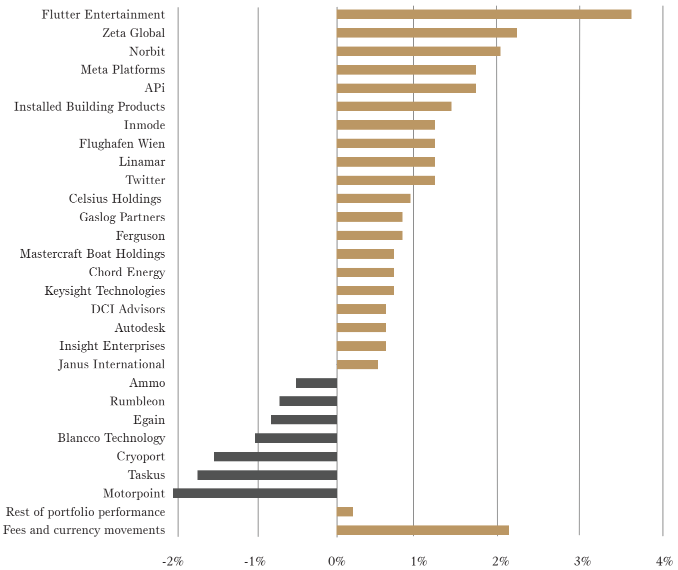
So we own a lot of them and we think that's the right way to maximise risk-adjusted returns from the current opportunity set. That's why today almost two thirds of the Fund is invested in stocks smaller than US$10bn, far higher than our comparable index.

STILL A HEADWIND

But that positioning wasn't a tailwind over the past financial year. In fact, it remained a headwind, at least in a relative sense. For example, over the past year the S&P 500, a capitalisation-weighted measure of the stockmarket performance of the largest 500 companies in the US, returned 16%. The small cap focused S&P SmallCap 600 returned a more pedestrian 7% over the same period.

We're positioned to do well if and when small caps outperform, which wasn't 2023. And yet the Fund managed to almost keep up with its benchmark. That's a good year.

FISF PERFORMANCE CONTRIBUTION FOR THE YEAR ENDING 30 JUNE 2023



BIGGEST LOSERS

After last year's *annus horribilis*, it's pleasing to once again report a year where our list of losing stocks was short and contained. The Fund had three investments that cost us more than one percentage point of total return.

UK used car dealer **Motorpoint** (LSE:MOTR) disappointed a second year running, clipping 2% from Fund returns. Motorpoint's skill is efficiently moving large numbers of near-new vehicles acquired cheaply from industrial-scale sellers such as short-term car hire companies.

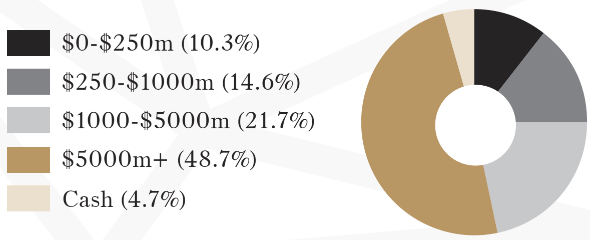
Covid interruptions and the follow-on chip shortage that decimated new car production over 2020-22 have led to a dearth of the one to three-year-old cars that Motorpoint specialises in reselling. This was predictable but we underestimated the depth and duration of the impact in a business heavily dependent on volume. Market conditions have morphed Motorpoint from a highly profitable operator to one that will trade around breakeven for a few years. If the longer-term future looks anything like the pre-Covid past, the business will once again be profitable and today's stock price will prove much too cheap. There are risks. But it's an example of the sort of coiled spring we're seeing elsewhere in smaller cap stocks around the world. At least some of them will pay off handsomely.

IT outsourcing company **Taskus** (NASDAQ:TASK) has had a tough couple of months. The market is concerned about its major customers (high-growth tech companies such as Meta and Uber) cutting costs and reducing their outsourcing spend.

Despite this, the company's recent results demonstrated resilient profit margins and management has committed to a $200m share buyback.

The stock currently trades on eight to nine times expected earnings for 2023, well below most outsourcing peers. And this is from a business that can continue growing. Outsourcing companies tend to be early winners once the economy stabilises and clients begin to ramp up investment. As demand for products and services improves, outsourcing tasks and customer support functions is a far more efficient solution than hiring full-time internal employees. Taskus fell 33% in 2023 and deducted 1.7% from overall returns.

PORTFOLIO DISTRIBUTION ACCORDING TO MARKET CAPITALISATION



Source: S&P Capital IQ

Cryoport (NASDAQ:CYRX) fell 44% over the year, with most of the damage done in the back half of 2022. It crimped results by 1.5%. The market environment for rapidly-growing smaller companies hasn't helped, but the pain has been compounded by a profit warning due to softer demand for their high-end cryogenic storage freezers. Thankfully, the following two profit results showed signs of recovery in growth. It's hardly a deep-value bargain. But it's the market leader in a vital business where scale matters immensely. Providing cryogenic transportation for the rapidly growing cell and gene therapy market is likely to prove a good business over the coming decades.

In recent months, we've added to two of these three poor performers. Each thesis has risks, but we believe the upside potential more than compensates. Averaging down on stocks that have underperformed is tricky business—it's a category that invariably holds some of your biggest winners and silliest losses. We don't do it lightly. There are several investments that generated small losses this year that could have been uglier had we doubled down rather than, in the case of **RumbleOn** (Nasdaq:RMBL), **Tremor International** (AIM:TRMR), and **AMMO** (Nasdaq:POWW), sold and moved on when we felt the thesis was not playing out as expected.

WINNER'S CIRCLE

Twelve months ago, global online gambling giant **Flutter** (LSE:FLTR) was one of the Fund's largest positions and we outlined our investment case during the 2022 roadshow. Our variant perception centred around a belief that online gambling is a winner-take-most business, with evidence mounting monthly that Flutter's FanDuel operation was going to be that winner in the nascent but already huge US market.

That evidence has continued to pile up and the market has taken note, with the stock price doubling over the year and contributing 3.6% to Fund returns. We think there's more upside to come, which is why Flutter remains an important investment. But our viewpoint is now no longer so starkly contrarian, and we've taken a lot of profit off the table over the past few months to reinvest elsewhere.

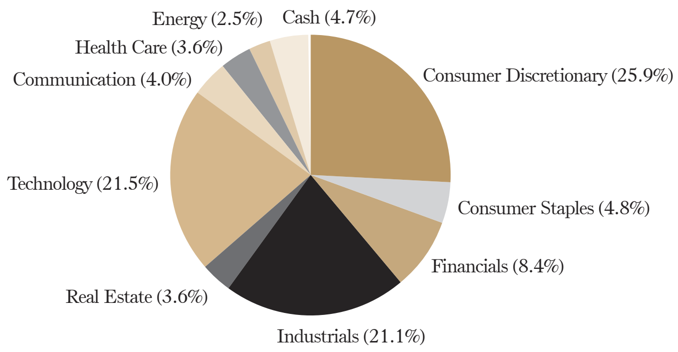
Zeta Global (NASDAQ:ZETA) was another significant contributor to the fund over the past year. The prior year, the stock fell more than 60% despite strong underlying performance, with the business continuing to report 20%-plus annual revenue growth. We increased the position significantly in July 2022.

The share price has almost doubled since and added 2.2% to portfolio returns. We have cashed out some of those gains, retaining a smaller position given an attractive valuation, good growth prospects and a management team building a track record of delivering on their promises.

Famed fund manager Peter Lynch said that most often, he made his money in the third or fourth year of holding an underpriced security. So it's been with Norwegian high-tech manufacturer **Norbit** (OB:NORBT), bought via an Initial Public Offering in 2019. The share price has almost doubled since and added 2.2% to portfolio returns. We have cashed out some of those gains, retaining a smaller position given an attractive valuation, good growth prospects and a management team building a track record of delivering on their promises.

Three years later, the stock hadn't delivered much, starkly contrasting the business itself which was going from strength to strength. But in this fourth year of ownership, the coiled spring unloaded, with the stock almost doubling and adding nearly 2% to returns. The Fund has sold more than 40% of the shares it held 12 months ago. The easiest money has been made, but Norbit remains an important investment.

STOCK EXPOSURE BY SECTOR



Source: S&P Capital IQ

Meta Platforms (NASDAQ:META) was one of the biggest detractors to fund performance last year and one of the biggest contributors this year. The original investment was meant to provide portfolio resilience in a market where finding value was difficult. If you had slept the past two years, you might think Meta had done its job, with the share price roughly where it was. For those of us awake, however, it has been a wild ride. The share price is up 216% from the November 2022 lows under $90, showing just how much pessimism was priced in at that point.

The rally was sparked by a series of cost cuts. More recently, Meta's advertising revenue has recommenced growing after three consecutive quarters of declines. Artificial Intelligence (AI) recommendation tools have been responsible for a large chunk of its increased investment but they are starting to pay off. As outlined in the first quarter results, users were sharing Reels twice as much as just six months earlier and AI tools drove a 24% increase in time spent on Instagram. We added to our investment near the lows in late 2022 and have been selling down our stake as the price increases to fair value. Meta added 1.7% to returns this year.

APi Group (NASDAQ:APG) is another investment we've held for a few years (since 2020) that really hit its stride this year. It came to market via a dreaded SPAC but, unlike most of its peers, it had a very long history of organic growth and attractive margins. The company is predominantly focused on the fire and safety market with a lot of repeat business. Often forced by regulation, customers tend to refresh fire extinguishers and new smoke detector systems every few years.

Management has a strong track record of acquiring smaller businesses in a way that adds value for shareholders. When the team announced the acquisition of Chubb for $3.1bn at the start of 2022, we were nervous. It was a much larger target and one that had been mismanaged for years.

So far, the evidence has been positive - Chubb is growing again and margins have been improving. The stock rallied 80% over the year and added 1.7% to overall returns. The valuation remains attractive, with APG currently among the Fund's top five holdings.

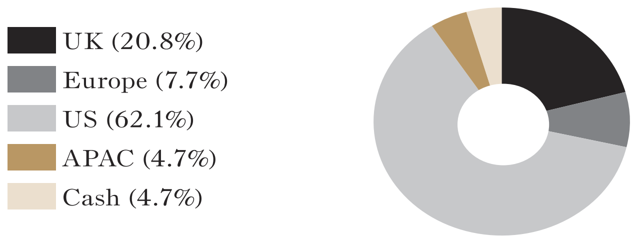
Exposure to US housing provided us with a nice tailwind over the past six months, with investments such as **Installed Building Products** (NYSE:IBP) and **Ferguson** (NYSE:FERG) contributing 2.3% to returns combined. New home sales had already begun to stabilise in late 2022, yet the market remained overly pessimistic. It was a simple and sharp bounceback—IBP, for example, is up 69% over the year, with most of that coming since Christmas. We have sold some but continue to see it as an attractive investment trading below historical norms.

Ferguson is currently the fund's largest holding for reasons discussed in previous reports. It holds market-leading positions across several categories of distribution. Sales to both the non-residential construction industry and the residential repair and remodel market make it more resilient than businesses focused on new residential markets. We await potential catalysts such as inclusion into the S&P 500 index after its relisting to the US, which will force index funds to buy. In the meantime, Ferguson offers a good balance of capital returns to shareholders via dividends and buybacks, and growth from both organic sources and acquisitions.

Aesthetic device company **InMode** (NASDAQ:INMD) is another investment reversing its negative contribution to performance last year. The share price increased more than 50%, adding 1.2% to returns. The company has continued to deliver in what should be a tough economic environment for its products. Investors have been sceptical of InMode's ability to continue growing revenues and maintain industry-leading margins. It's early days, but management has not seen any signs of a slowdown in procedure demand yet and profitability continues to hold up well.

Linamar (TSX:LNR) is a cyclical yet structurally growing manufacturer. It had a tough couple of years due to the massive reduction in new cars made globally in 2020-22 due to Covid and a computer chip shortage. The industry has now largely shaken that off, and Linamar finally gets a chance to fire on all cylinders. The stock added 1.2% to results, and we're betting there's more to come.

STOCK EXPOSURE BY GEOGRAPHY



Source: S&P Capital IQ

TAKE ME OUT

We think it's a good sign when portfolio investments are regularly receiving takeover bids. There were three that impacted this past year.

Elon Musk's bid for Twitter was the most welcome Get out of Jail Free card we've ever been dealt. It was also one of the more bizarre takeover cases in history.

Despite some of the most ridiculous legal opining on the case from Twitter users themselves, we were confident in the value of the signed contract even after Musk tried to pull out of the bid. The law won, as did the Fund, and Twitter added 1.4% to overall returns. It should have been more. We spoke long and hard about doubling down during the fractious court case, but failed to act meaningfully.

Liquefied natural gas (LNG) carrier business **GasLog Partners** (NYSE:GLOP) was bought as part of a basket of commodity stocks we've held for a few years. We bought it when it was way too cheap. We sold it, not entirely happily, to an acquirer when it was merely too cheap. It was a nice return off a small position, adding 0.8% to returns.

We've written extensively about our displeasure at the €33 per share price IFM Partners was offering minority shareholders of Vienna Airport owner **Flughafen Wien** (WBAG:FLU). We railed against the bid, which effectively held a liquidity gun to minority shareholders' heads. We outlined our case to both the board and the Austrian Takeovers Commission. The offer was ultimately hamstrung. Our convictions have been rewarded. The stock now trades at more than €47, up 56% over the year and adding 1.2% to the Fund's results.

One final contributor that didn't quite make the cutoff but deserves a mention is, once again, **Celsius** (NASDAQ:CELH), which added 0.9% to 2023 returns. It was already our most successful historical investment by some margin and we re-invested in the energy drink company for the third time when the share price pulled back dramatically in early 2022. The stock price more than doubled over the subsequent 12 months thanks, in no small part, to its distribution deal with **PepsiCo** (NASDAQ:PEP) and we have once again taken our profits here. It remains on our watchlist should the market give us yet another opportunity to buy back in at a more reasonable valuation.

DISTRIBUTIONS

We've fielded a few complaints from unitholders recently about the lack of distribution this year. We understand that income is an important aim for many investors. But you should not be relying on this investment for your predictable income stream.

Any distribution relating to the International Shares Fund relates to income on which all investors need to pay tax, depending on their taxation status. It also comes straight off the capital value of the Fund. For example, if the Fund pays a 10-cent distribution, the value of everyone's investment immediately falls by 10 cents per unit. We run the Fund with a predominant focus on pre-tax returns, but do keep a close eye on any tax consequences of our sales and try to avoid generating taxable income (and therefore distributions) where possible. Given that there were realised losses carried forward from the financial year ended 30 June 2022, we were able to offset any realised capital gains against these losses in order to prevent a taxable event for investors.

The investment strategy of the Fund is based on generating capital gains from investing in unloved and underappreciated stocks. While some of the underlying investments pay regular dividends, the yield on the portfolio is typically low. Most of the returns have historically come from capital gains and we expect that to be the case in future.

So the distributions are likely to be uneven and unpredictable and you should not rely on them as a regular source of income. The Forager International Shares Fund should be a component of the growth part of your portfolio and any distributions should be seen as a component of that growth.

You can read more about the distribution profile of the fund in this recent blog article.

NEW IDEAS

We've had a good year despite the lack of strong tailwinds in our preferred market corners. Numerous investments have paid off in a fairly idiosyncratic way and we've taken profits on a lot of it. Even more than usual, this is a time when it will pay to have a deep bench of attractive new ideas in which to deploy capital.

There is still plenty of pessimism at the small cap end of the market. We have added several new investments to the portfolio recently and are constantly adding new ideas to the watchlist. In the September quarterly report, we'll outline a few new ideas where your money has been put to work over recent months.

Our team thanks you for your patience and trust in us, it's a responsibility we don't take lightly.

TOP 5 HOLDINGS (as % of NAV)

Ferguson Plc	**(NYSE:FERG)**	3.9%
Linamar Corp	**(TSX:LNR)**	3.8%
Flutter Entertainment Plc	**(LSE:FLTR)**	3.6%
Blancco Technology Group Plc	**(AIM:BLTG)**	3.6%
APi Group Corporation	**(NYSE:APG)**	3.5%
Cash		4.7%

FUND OBJECTIVE

The Fund is an international equities fund, targeting undervalued securities on the world's stock markets. The Fund's investment objective is to outperform the MSCI All Country World Investable Market Index (Net) in Australian Dollars (MSCI AC World Net Index in $A) over a rolling 5-year period. The Fund's goal is to produce superior long-term returns from a portfolio of 20–40 businesses, irrespective of short-term share price movements^.

FUND PERFORMANCE BY MONTH AND FINANCIAL YEAR

FY	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total Return
2013								-0.26%	-0.62%	2.88%	8.74%	3.47%	**14.73%**
2014	3.61%	1.11%	-1.26%	4.59%	6.58%	2.82%	1.40%	1.92%	-4.64%	1.85%	1.46%	-0.16%	**20.54%**
2015	-1.81%	-0.82%	1.47%	-2.93%	2.43%	3.63%	1.33%	3.59%	1.47%	2.84%	4.54%	-2.17%	**14.06%**
2016	5.61%	-0.29%	-2.07%	2.55%	-3.19%	-2.74%	-5.08%	3.36%	0.09%	3.64%	5.84%	-6.36%	**0.44%**
2017	4.55%	3.84%	1.91%	0.52%	4.65%	5.55%	-0.63%	-0.13%	2.25%	4.97%	1.69%	-4.25%	**27.42%**
2018	-0.76%	-0.43%	3.99%	2.31%	1.62%	-2.76%	0.97%	-1.78%	-1.22%	4.64%	0.97%	1.21%	**8.81%**
2019	-0.55%	1.50%	2.22%	-6.62%	-5.49%	-3.66%	5.11%	5.19%	-4.03%	4.79%	-2.68%	1.85%	**-3.31%**
2020	0.07%	-1.92%	3.09%	0.95%	4.83%	4.73%	3.62%	-6.03%	-15.53%	9.78%	12.60%	-0.22%	**13.74%**
2021	1.36%	10.05%	1.63%	2.36%	10.85%	5.98%	2.07%	6.56%	2.20%	8.05%	1.41%	7.75%	**78.88%**
2022	-4.25%	-0.03%	-3.57%	-1.79%	1.27%	-4.61%	-6.24%	-6.32%	-7.29%	-6.24%	-1.50%	-5.98%	**-38.09%**
2023	4.46%	0.80%	-5.91%	8.57%	-0.52%	-5.13%	7.00%	1.88%	1.57%	2.04%	1.21%	2.51%	**19.01%**

Past performance is not indicative of future performance and the value of your investments can rise or fall.

FACTS

Fund inception	8 February 2013
Minimum investment	$20,000
Monthly investment	Min. $200/mth
Distribution	Annual, 30 June
Applications/Redemption	Weekly

UNIT PRICE SUMMARY

As at	30 June 2023
Buy Price	$1.5574
Redemption Price	$1.5512
Mid Price	$1.5543
Portfolio Value	$196.8 million

The Fund is forward-priced; you will receive the price struck subsequent to the receipt of your application/redemption.

ABOUT FORAGER

With approximately $340 million of funds under management and a focus on long-term investing, Forager Funds is a unique Australian asset management company.

Following a strong ten-year track record, Forager is a sustainable business but is nimble enough to invest in smaller listed companies not accessible to many investment managers.

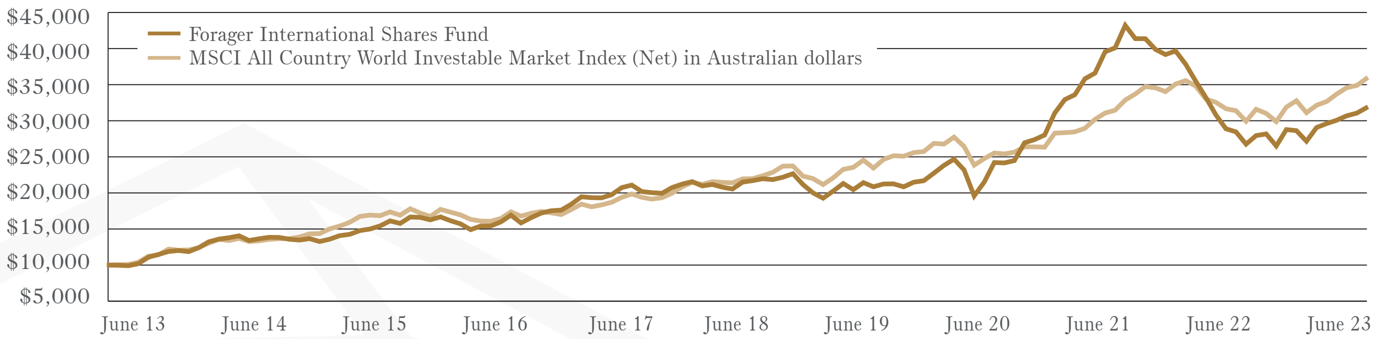
The company is majority owned by staff. Forager's shareholders support the desire to place performance before revenue. That means capping the size of funds before too much money becomes an impediment to performance.

Key investment staff are strongly aligned with investors through co-investment and / or equity in the Forager business.

FUND CHARACTERISTICS

- Concentrated portfolio of global equities
- A combination of large liquid resilient businesses with smaller value based opportunities
- Flexible mandate allows for a wide range of markets
- Investment team with deep pockets of expertise
- Strong focus on managing portfolio risks
- Weekly applications and redemptions

COMPARISON OF $10,000 INVESTMENT OVER TIME



Source (MSCI AC World Net Index in $A): S&P Capital IQ. The above figures assume that all distributions have been reinvested. Past performance is not indicative of future performance.