



FORAGER

INTERNATIONAL SHARES FUND

INFORMATION BOOKLET

ARSN 161 843 778, APIR FHT0032AU | 30 September 2017

FUNDHOST LIMITED
ABN 69 092 517 087
AUSTRALIAN FINANCIAL SERVICES LICENCE
(AFSL) NO. 233045

FORAGER FUNDS MANAGEMENT PTY LTD
ABN 78 138 351 345
AUSTRALIAN FINANCIAL SERVICES LICENCE
(AFSL) NO. 459312

PLEASE NOTE

The information in this document forms part of the product disclosure statement dated 30 September 2017 and issued by Fundhost Limited as responsible entity of the Forager International Shares Fund.

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ABOUT THIS INFORMATION BOOKLET

Welcome to the Forager International Shares Fund Information Booklet. The information in this Information Booklet forms part of the PDS issued by Fundhost Limited (**Fundhost, we or us**) as responsible entity of the Forager International Shares Fund ARSN 161 843 778 (**Fund**) and dated 30 September 2017. We hope that you find the Information Booklet easy to use. Please ensure that you read the PDS and this Information Booklet in their entirety before you make any investment decision.

Defined terms used in the PDS have the same meaning in this Information Booklet unless stated otherwise.

We recommend that you keep a copy of the PDS for the Fund and this Information Booklet handy for future reference.

The Information contained in the PDS and this Information Booklet is general information only and has been prepared without considering your personal objectives, financial situation or needs. You should read this Information Booklet together with the PDS (in their entirety) before deciding to invest in the Fund. You should consult a licensed financial adviser to obtain financial advice that is tailored to suit your personal circumstances before proceeding to acquire or dispose of units in the Fund.

You can access the PDS and this Information Booklet on our website at www.fundhost.com.au. Fundhost will provide you, free of charge, a paper copy of the PDS and this Information Booklet upon request when you contact us on +61 (0)2 8223 5400.

Forager Funds Management Pty Ltd ABN 78 138 351 345 (**Forager** or **Investment Manager**), and National Australia Bank Limited ABN 12 004 044 937 (**NAB**) have each given, and as at the date of the PDS have not withdrawn, their consent to inclusion in the PDS and this Information Booklet of the statements concerning them in the form and context in which they are included.

NAB's role as custodian is limited to holding the assets of the Fund as Fundhost's agent. NAB has no supervisory role in relation to the operation of the Fund and is not responsible for protecting your interests. NAB has no liability or responsibility to you for any act done or omission made in accordance with the terms of the custody agreement. NAB makes no statement in the PDS or this Information Booklet and has not authorised or caused the issue of it.

Investments of the Fund do not represent investments in, deposits with or other liabilities of, NAB or any other member of the NAB group of companies (**NAB Group**). Neither NAB, nor any other member of NAB Group, in any way stands behind the capital value, nor do they guarantee the performance of the investment or the underlying assets of the Fund, or provide a guarantee or assurance in respect of the obligations of Fundhost or its related entities.

CONTENTS

A HOW THE FUND WORKS _____ 4
A1. Investing and withdrawing

B BENEFITS OF INVESTING IN THE FUND _____ 5
B1. Benefits and features

C RISKS OF MANAGED INVESTMENT SCHEMES _____ 6
C1. Risks in general

D HOW WE INVEST YOUR MONEY _____ 6
D1. The investment process

E FEES AND COSTS _____ 7

F HOW MANAGED INVESTMENT SCHEMES ARE TAXED _____ 7
F1. Paying tax

G HOW TO APPLY _____ 8
G1. Enquiries and complaints

H MORE INFORMATION _____ 8
H1. Privacy
H2. Anti-money laundering

Ⓐ HOW THE FUND WORKS

A1. INVESTING AND WITHDRAWING

Investing

To invest in the Fund, please use the application form accompanying the PDS or online application process provided by Fundhost.

Additional investments can be made at any time and will generally be processed weekly.

If you elect to reinvest distributions, they will be reinvested at the ex-distribution net asset value price. The ex-distribution net asset value price is calculated by taking the value of the investments of the Fund and taking away the value of the liabilities (as defined in the Fund's constitution) including a provision for the distribution. We divide the result of this by the number of units we have on issue to obtain the ex-distribution net asset value price for distribution reinvestments. We make no adjustment for the costs of buying or realising investments (called a buy/sell spread).

Withdrawing

If you want to withdraw your money, simply contact us in writing and tell us how much you need to withdraw, specify your investor number and ensure your instructions are signed:

Fundhost Limited
PO Box N561
Grosvenor Place Sydney NSW 1220

Alternatively you can send a withdrawal request by email (admin@fundhost.com.au) or fax +61 (0)2 9232 8600.

If you would like to send a withdrawal request by email or fax please be aware of the following requirements:

- instructions must be legible and bear your investor number and signature, and
- redemption proceeds can only be transferred to the financial institution account previously nominated on the application form.

Please be aware that for fax and email instructions you will need to accept full responsibility (to the extent permitted by law) for loss arising from us acting upon faxed or scanned instructions which comply with these security processes and you also agree to release and indemnify us in respect of any liabilities arising from us acting on faxed or scanned instructions (including future instructions), even if those instructions are not genuine. Also, you agree that neither you nor any other person has any claim against us in relation to a payment made or action taken under the facsimile or scanned instruction service if the payment is made in accordance with these conditions. These terms and conditions are additional to any other requirements for giving redemption instructions.

The amount of money you receive is determined by the unit price we calculate at the time of your withdrawal request. Where lawful, we can withhold from amounts we pay you any amount you owe us or we owe someone else relating to you (for example, the ATO).

Fundhost will pay redemption proceeds to your bank account, however we are permitted under the constitution of the Fund to pay proceeds in kind (i.e. in specie share transfer).

Payments can be delayed

In certain circumstances Fundhost may need to delay withdrawal of your money. We can delay withdrawal of your money for 180 days or such period as considered reasonable in our view in all the circumstances if:

- there are not enough investments which we can easily turn into cash (the law dictates this). We don't anticipate the Fund would ever become illiquid but if it did, the law

says we can (if we wish) make some money available, and requires us to allocate it on a pro rata basis amongst those wanting to exit;

- we receive a quantity of withdrawal requests representing more than 20% of the value of the investments of the Fund. We can stagger withdrawal payments;
- something outside our control affects our ability to properly or fairly calculate the unit price (for example, if the investments are subject to restrictions or if there is material market uncertainty like a stock market crash);
- a portion of the Fund's assets comprise illiquid assets (that is, assets not readily converted to cash). In this case Fundhost can redeem such number of units that correspond to the portion of the Fund's liquid assets (that is, assets readily converted to cash). For example, if an investor requests redemption of all of their units and the Fund's assets comprise 10% of illiquid assets, Fundhost may determine to redeem only 90% of the investor's units. Fundhost may redeem the remaining units at such future time, or at times over such period, as it determines;
- an emergency or similar state of affairs occurs which, in our reasonable opinion, makes it impractical to redeem units or which might be prejudicial to the remaining investors;
- there is a closure or material restriction on trading on the exchange(s) on which the assets are quoted;
- realisation of the assets cannot be effected at prices which would be obtained if assets were realised in an orderly fashion over a reasonable period in a stable market; or
- we otherwise consider it is in the best interests of the investors to delay withdrawal of units.

The constitution sets out the full range of circumstances in which we can delay withdrawal of your money.

We can redeem your units without you asking

In certain circumstances Fundhost can, or may be required, to redeem some or all of your units without you asking. These circumstances include:

- if your account falls below the minimum investment amount;
- if you breach your obligations to us (for example, you provide misleading information in your application form);
- to satisfy any amount of money due to us (as responsible entity or in any other capacity relevant to the Fund) by you;
- to satisfy any amount of money we (as responsible entity or in any other capacity relevant to the Fund) owe someone else relating to you (for example, to the ATO);
- where we suspect that law prohibits you from legally being an investor; or
- such other circumstance as we determine in our absolute discretion (but we must always act in the best interests of investors as a whole when deciding to do this).

How we calculate unit prices

Fundhost calculate unit prices in three steps:

1. we calculate the value of the investments of the Fund and take away the value of the liabilities as defined in the Fund's constitution;
2. we divide this result by the number of units we have on issue to obtain the unit net asset value price;
3. we then make an adjustment (up for the entry price, to take account of the costs of buying investments, or down for the exit price, to take account of the costs of realising investments) called a buy/sell spread. The buy/sell spread does not represent a fee to Fundhost or the Investment Manager.

These steps give us a price per unit.

B BENEFITS OF INVESTING IN THE FUND

B1. BENEFITS AND FEATURES

Access to investment expertise

Managed funds pool investor money in one place, and the professionals who manage the Fund's assets use their resources, experience and expertise to make the investment decisions. Forager is the investment manager of the Fund, and when you invest in the Fund you may benefit from its investing experience and expertise. More information about Forager is available on their website (www.foragerfunds.com).

Targeted performance

The Fund's investment objective is to outperform the MSCI All Country World Investable Market Index (Net) in Australian dollars (MSCI ACWI IMI) over a rolling 5-year period. This investment objective is not a forecast and returns are not guaranteed.

Investment approach

Through the analysis of many businesses and with the value investing philosophy as its foundation, the Investment Manager aims to construct a portfolio of securities that are assessed to be substantially undervalued at the point of investment. The Investment Manager believes that both risks and returns of the portfolio can be improved by concentrating on the investments with the best prospects, which means that the portfolios it manages are relatively concentrated.

The Investment Manager's process of putting together a portfolio of undervalued businesses is accomplished by analysing securities on an individual basis to determine whether they are attractively priced (a "bottom-up" approach). This contrasts with other investment approaches such as using macro-economic predictions to determine a portfolio weighting to certain investment themes (a "top-down" approach) or processes that pay consideration to index weighting (a "benchmarking" approach). Of the many individual securities considered by the Investment Manager, only a small number make it through to become actual portfolio candidates.

Forager may use some currency hedging for risk management purposes—for example to reduce an outsized weighting (relative to the **MSCI ACWI IMI**) to any individual currency—but will not be hedging the portfolio back to Australian dollars.

A key feature of the Fund is the approach to managing your money. Forager places little emphasis on predicting short-term price movements or the direction of markets. The focus is on valuing securities and attempting to buy them for substantially less than their underlying value. Please see *Part D How we invest your money* for more details on the investment approach.

Long Term Horizon

Because returns may be volatile, and some positions illiquid, the Fund wishes to attract investors with a long investment horizon (we recommend a minimum investment horizon of five years). If you are an investor with a long term horizon this approach may benefit you.

Recommended to be part of a diverse portfolio

The Fund will be invested in a relatively concentrated number of select opportunities. Returns could be volatile and we therefore recommend an investment in the Fund forms part of a wider, diverse portfolio.

As part of a wider portfolio the Fund—in particular the exposure to international stocks and currencies it provides—

may offer diversification benefits to investors (this will depend on the nature of other assets in your portfolio).

Fee structure

The Fund has management costs of 1.46%, no performance fees and no entry or exit costs (although a buy-sell spread is applicable). Fees can have a significant impact on your investment returns over time, please see *Part E Fees and costs* for more details.

Overview of management and corporate governance

Under the Australian Corporations Act and the documents governing the Fund, investors are provided with several layers of independent oversight providing a robust and appropriate corporate governance structure. The structure provides additional investor safeguards through the separation of duties, specialisation of expertise, clear lines of responsibility and layered approval processes.

The Fund is operated and administered by a responsible entity (Fundhost) that holds an appropriate AFSL.

Fundhost has appointed NAB as the independent custodian to hold the assets of the Fund. Using a third party custodian is considered best practice in the industry because it reduces the risk that the Fund's assets are misappropriated or put at risk through, for example, the insolvency of the responsible entity or investment manager.

The following diagram summarises the management and governance structure of the Fund.



- 1 Forager reports to, and is appointed by, Fundhost
- 2 Forager is responsible for managing the assets of the Fund
- 3 Fundhost is responsible for operating and administering the Fund in accordance with the law, the constitution and the compliance plan
- 4 Fundhost establishes the Fund under the constitution
- 5 Units are issued to investors
- 6 NAB holds the assets on behalf of the Fund

Clear legal rights

The constitution establishes the Fund and sets out the rules that the Fund operates within. Together with the PDS and the law from time to time, it governs Fundhost's relationship with you and provides you with your (and our) legal rights.

The constitution gives Fundhost the right to be paid fees and expenses for its services and to be indemnified from the Fund. It governs (amongst other things) Fundhost's powers, requirements for investor meetings, unit price calculations, applications and withdrawals, as well as what happens if the Fund terminates.

The constitution also describes Fundhost's responsibilities if things go wrong. Generally, subject always to liability which the Corporations Act imposes, Fundhost is not liable in equity, contract, tort or otherwise to investors for any loss suffered in any way relating to the Fund.

Fundhost must have investor approval to make changes to the constitution that are adverse to the rights of investors.

If you would like to obtain a copy of the constitution, please contact Fundhost on +61 (0)2 8223 5400.

© RISKS OF MANAGED INVESTMENT SCHEMES

C1. RISKS IN GENERAL

About risk and return

All investments are subject to varying risks and the value of your investment can decrease as well as increase (i.e. you can experience investment gains or investment losses).

Investment returns are affected by many factors including market volatility, interest rates and economic cycles. Changes in value can be significant and they can happen quickly.

Different types of investments perform differently at different times and have different risk characteristics and volatility.

These are some of the reasons why you should consider investing in several different types of investments (often called diversification).

The significant risks associated with investing in this Fund are discussed in the PDS. Whilst Forager's approach is to be selective and require an assessed margin of safety on investments, we can't eliminate all risks and can't promise that the ways they are managed will always be successful.

The performance of the Fund will be influenced by many factors, some of which are outside the control of Fundhost and Forager.

If these risks materialise, your distributions may be lower than expected or there may be none. The value of your investment can and does fall and you may lose money, even over the long term.

Ways to manage your risk

You can help manage your own risks too. You can:

- understand the Investment Manager's approach and how it might impact the value of your investment;
- know your investment goals and your risk tolerance;
- understand risk and return and be comfortable that an investment may not give you the outcomes you hope for;
- diversify your investments (that is, have a spread of investments);
- invest for at least the recommended timeframe;
- keep track of your investment; and
- speak with a financial adviser and make sure the Fund is the right investment for you.

© HOW WE INVEST YOUR MONEY

D1. THE INVESTMENT PROCESS

Investment philosophy

Value investing is at the heart of the Investment Manager's investment philosophy. A value investor takes the view that security prices represent what it costs, at one point in time, to buy a proportion of a business listed on a securities exchange – a business that employs people, produces goods or services and, hopefully, generates revenue, profit and cash flow. Alongside this quoted security price, value investors like the Investment Manager take account of a business's underlying or intrinsic value. Unlike the security price, the Investment Manager

believes that you can never get an exact fix on this figure but you can sometimes make a reasonable estimate by looking at a business's financial statements over time and making an assessment of its management, markets and growth potential.

Security prices can vary enormously over the course of a year but a business's revenue, profit and cash flow rarely change as much as its security price. The Investment Manager believes the reason for this is that the price of a business's securities is only a reflection of what people are willing to pay for them at any given time and is influenced by investors' emotions that can swing from greed to fear. These emotions can push the security price a long way from the assessed intrinsic value of the underlying business, or what a rational person might be expected to pay for the business. The Investment Manager aims to benefit from this by buying securities where the estimated intrinsic value is substantially higher than the security price.

Through the analysis of many businesses and with the value investing philosophy as its foundation, the Investment Manager aims to construct a portfolio of securities that are assessed to be substantially undervalued at the point of investment. The Investment Manager believes that both risks and returns of the portfolio can be improved by concentrating on the most prospective investments, which means that the portfolios it manages are relatively concentrated.

Stock selection

Forager's process of putting together a portfolio of undervalued businesses is accomplished by analysing securities on an individual basis to determine whether they are attractively priced (a "bottom-up" approach). This contrasts with other investment approaches such as using macro-economic predictions to determine a portfolio weighting to certain investment themes (a "top-down" approach) or processes that pay consideration to index weighting (a "benchmarking" approach). Of the many individual securities considered by the Investment Manager, only a small number make it through to become actual portfolio candidates.

Preliminary findings are presented to the research team and an initial decision is made – based on the prospective attractiveness of the opportunity – as to whether to conduct a full analysis or not. Once a potential investment opportunity has been identified, it is put through a rigorous investment analysis framework that analyses the competitive landscape, business strategy, management team, historical financial record, balance sheet structure, threats and opportunities and ultimately, the security valuation. A security that offers an attractive return relative to the risk of capital impairment is added to the list of candidates.

Investment ideas are always founded on internal research, although external research is read and referenced if useful. The investment thesis must be internally understood and backed by the investment team's analysis.

Portfolio construction

Whether or not to add a candidate to the portfolio and how much of the portfolio to invest in any one idea depends on:

- the risk/reward trade-off relative to other candidates and existing securities in the portfolio;
- the perceived risk correlations between the individual securities and the existing portfolio; and
- the impact on the overall risk and expected return of the portfolio. A security is only added to the extent it is expected to increase the expected return and/or reduce the overall assessed portfolio risk.

Individual position analysis looks to correctly size a position based on the internal risk of the investment position, without considering the potential correlation of outcomes with other positions in the portfolio. The purpose of portfolio risk analysis is to manage the common risks.

The Investment Manager's portfolio risk assessment involves identifying potential macro-economic, micro-economic and sector specific risks across the portfolio and managing portfolio weightings so as to leave the portfolio with an acceptable exposure to each individual risk.

The Fund typically invests in 20-40 securities (although it may hold more or less). Despite the focus on managing risk, the Fund may at times hold a relatively small number of stocks and may at times take concentrated investment positions. For this reason returns may be volatile and we therefore recommend an investment in the Fund forms part of a wider, diversified portfolio.

Currency Management

Some of the key benefits of investing in the fund include exposure to foreign stocks and currencies, which can provide diversification benefits to Australian investors. Forager may use some currency hedging for risk management purposes—for example to reduce an outsized weighting (relative to the MSCI ACWI IMI) to any individual currency—but will not be hedging the portfolio back to Australian dollars. As such, an appreciation of the Australian dollar versus other relevant global currencies could have a negative impact on the value of your investment and depreciation would likely have a positive effect, as measured in Australian dollars.

E FEES AND COSTS

About management costs

The constitution of the Fund provides that expenses incurred by us in relation to the proper performance of our duties in respect of the Fund are payable or reimbursable out of the assets of the Fund and are unlimited. We reserve the right to recover abnormal expenses from the Fund. Abnormal expenses are expected to occur infrequently and may include (without limitation) costs of litigation to protect investors' rights, costs to defend claims in relation to the Fund, investor meetings and termination and wind up costs.

Can fees be different for different investors?

The law allows us to negotiate fees with "wholesale" investors or otherwise in accordance with ASIC requirements. The size of the investment and other relevant factors may be taken into account. The terms of these arrangements are at our discretion. If you qualify as a wholesale investor and you are investing \$5,000,000 or more in the Fund, contact Forager to see if you're eligible to negotiate the management fee.

What are the costs of investing and withdrawing from the Fund?

We have a documented policy in relation to the guidelines and relevant factors taken into account when calculating unit prices, including all transaction costs and the buy/sell spread. We call this our unit pricing policy. We keep records of any decisions which are outside the scope of the unit pricing policy, or inconsistent with it. A copy of the unit pricing policy and records is available free on request.

Can the fees change or be updated?

The constitution for the Fund sets the maximum amount we can charge for all fees. If we wished to raise fees above the amounts allowed for in the Fund's constitution, we would need the approval of investors.

Government charges and taxation

Government taxes such as GST will be applied to your account as appropriate. In addition to the fees and costs described in this section, standard government fees, duties and bank charges may also apply such as stamp duties. Some of these charges may include additional GST and will apply to your investments and withdrawals as appropriate.

The fees outlined in the PDS and above take into account GST and any reduced input tax credits which may be available.

F HOW MANAGED INVESTMENT SCHEMES ARE TAXED

F1. PAYING TAX

Depending on your circumstances you may need to pay tax in relation to your investment in the Fund. Generally you will pay income or capital gains tax, but you might be able to claim some tax credits or have the benefits of some concessions.

Your tax liability ultimately depends on your circumstances, for example, whether you are an Australian resident. So it is important that you seek professional advice before you invest or deal with your investment.

We will send you the information you need each year to help you to complete your tax return.

We will generally distribute all net taxable income and capital gains, if any, shortly after 30 June each year. Distributions could comprise:

- income (like dividends and interest);
- net taxable capital gains (from the sale of the Fund's investments); and
- tax credits (like franking credits attached to dividend income and credits for tax paid on foreign income).

We may also pay interim distributions.

Additionally, Australian residents are generally subject to capital gains tax on gains when they withdraw any money or transfer units.

Depending on the kind of taxpayer you are, and how long you have held your units, you may be entitled to a capital gains concession which can reduce the liability by up to one half.

If you choose not to provide us with your Tax File Number (TFN) or Australian Business Number (ABN) and don't have an exemption, we must deduct tax at the highest personal rate, plus the Medicare levy, before passing on any distribution to you. The law is very strict on how we can use these details.

A new taxation regime for managed investment trusts has been introduced called the Attribution Managed Investment Trust (AMIT) regime. Fundhost has elected to operate the Fund under this new regime. As an AMIT the Fund can attribute amounts of income and tax offsets to investors on a fair and reasonable basis. There is also an ability to adjust the cost base of an investor's interest in a Fund upwards or downwards.

G HOW TO APPLY

G1. ENQUIRIES AND COMPLAINTS

FOS can consider claims of up to \$500,000 (or higher if you and we otherwise agree in writing). FOS is only able to make a determination of up to \$309,000 per managed investment claim (excluding compensation for costs and interest payments). These monetary limits and the FOS terms of reference do change from time to time. Current details can be obtained from the FOS website (www.fos.org.au).

If you have invested through a master trust or wrap account, refer to Section 9 of the PDS “Investing through a master trust or wrap account?” for information about enquiries and complaints. After 1 January 2018 you can access Fundhost’s complaints procedures directly.

H MORE INFORMATION

H1. PRIVACY

As part of our role as responsible entity of the Fund, Fundhost collects personal information from you to allow us to administer your investment and also to conduct research.

By applying for units in the Fund you consent and agree to information about you being obtained and used by us. Fundhost will collect and use your information in accordance with our Privacy Policy, a copy of which is available free of charge.

If we don’t receive required information from you or if the information is incomplete or inaccurate Fundhost may not be able to provide you with the products or services you are seeking within the time periods contemplated in the PDS.

Your information will not be disclosed to other parties unless:

- the law requires;
- it is in keeping with our Privacy Policy and may be provided to external service providers including the Fund’s custodian, auditors, taxation and legal advisers and information technology consultants; or
- your financial adviser needs the information.

Fundhost or the Investment Manager may also use your personal information to send you promotional material. If you do not want this, please indicate on your application form or contact Fundhost anytime.

Fundhost will disclose information if required by law to do so.

If you believe any of the your personal details that Fundhost holds are wrong or out of date please contact Fundhost and we will correct the details. You can also always access the personal information held about you by contacting Fundhost on +61 (0)2 8223 5400.

H2. ANTI-MONEY LAUNDERING

To meet our obligations under the AML CTF Act and other applicable legislation, we may require further information from you as to your identity, the source of your funds and similar matters.

Fundhost is required to verify that information by sighting appropriate documentation.

Records of the information obtained will be kept and may be required by law to be disclosed. Otherwise the information will be kept confidential.

By applying for units in the Fund, you also agree that Fundhost may in its absolute discretion determine not to issue units to you, may cancel units which have been issued to you or may redeem any units issued to you if Fundhost believes such action to be necessary or desirable in light of its obligations under the AML CTF Act or related legislation and Fundhost will not be liable to you for any resulting loss.