INTERNATIONAL SHARES FUND

MONTHLY REPORT MARCH 2023

FORAGER INTERNATIONAL SHARES FUND PERFORMANCE SUMMARY (as at 31 March 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*
International Shares Fund	1.57%	10.73%	13.46%	-2.41%	15.37%	7.92%	11.74%	11.46%
MSCI AC World Net Index in $A	3.16%	8.29%	12.78%	3.51%	12.22%	9.51%	12.83%	12.72%

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

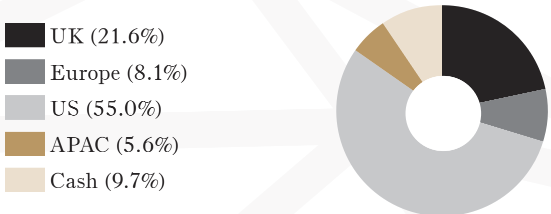
It has been another wild start to the year for financial markets. Silicon Valley Bank, the 16th largest bank in the US, failed due to two years of mismanagement. Credit Suisse, one of Europe's largest banks, was about to fail due to two decades of mismanagement, only to be rescued by competitor UBS in a near wipeout for shareholders.

Through all that, the unit price of the Forager International Shares Fund rose 10.7% for the quarter, versus an 8.3% return for the MSCI ACWI IMI index in Australian dollars.

Our team has attended various conferences over the past two months, across the United States and Europe. Meetings included a number of existing portfolio holdings and many other companies that are on our watchlist. Some end markets are showing signs of weakness—consumer-exposed businesses being chief among them.

But we were surprised at the optimism across many other sectors. Industrials continue to do very well, driven by reduced Covid restrictions in China and onshoring efforts in North America and other Western nations. Other sectors such as semiconductors and commercial construction continue to exceed expectations of a few short months ago. The faster growing retailers on our watchlist, **JD Sports** (LSE:JD) among others, expressed no desire to pull back on store rollout plans. IT services businesses like **Computacenter** (LSE:CCC), **Softcat** (LSE:SCT) and **Insight Enterprises** (Nasdaq:NSIT), whose customers come from all corners of the economy, aren't experiencing a slowdown in most parts of their business. Aggregates and cement companies such as **Martin Marietta** (NYSE:MLM) are talking about an acceleration in their business due to US infrastructure spending while solar power distributors **Enphase** (NASDAQ: ENPH) and **Sunpower** (NASDAQ: SPWR) continue to see strong demand for their products.

STOCK EXPOSURE BY GEOGRAPHY



Even those businesses that might rightfully be a bit gloomier, including UK bank **Lloyds** (LSE:LLOY), advertising-dependent television production and broadcasting company **ITV** (LSE:ITV) and housing developers like **Barratt Developments** (LSE:BDEV) were less pessimistic than we expected.

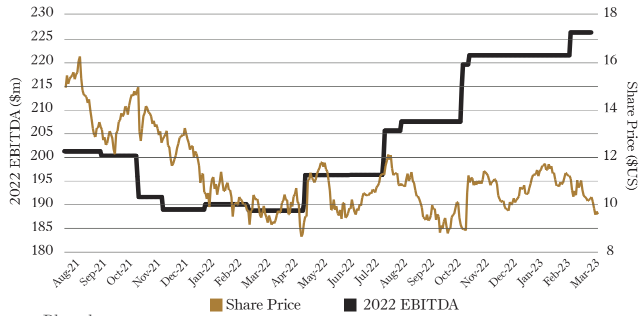
Such "temperature testing" always needs calibrating. Most CEOs are perennially optimistic. And this optimism might not portend well for inflation and interest rates. But there are plenty of businesses out there doing well and trading at very sensible prices.

DOMINANT SELF-STORAGE SUPPLIER

One of those is **Janus International** (NYSE:JBI). The Fund's initial investment in this self-storage construction and renovation company was predicated on its dominant market share delivering strong revenue and earnings growth.

Despite a challenging inflationary environment, where steel prices moved up significantly throughout 2021, it has delivered more than hoped for. Full year 2022 results came in approximately 20% higher than the company had forecasted at the start of 2022. It was 40% higher than our expectations from two years ago.

FALLING SHARE PRICE DESPITE RISING PROFITABILITY



Source: Bloomberg

As the largest player in the self-storage supplier industry, the company remains in a strong competitive position. They have almost two years visibility from a large order book and occupation levels for its clients (self-storage facility owners) remain healthy. Janus has reduced its leverage significantly since going public a few years ago and further reduced leverage targets just last year. It finished 2022 under those targets already. This puts the company in a strong position to further consolidate market share by acquiring smaller competitors over the coming years.

The business is cash generative and should continue growing organically through geographic and product range expansion.

Management also kicked-off 2023 by providing investors with a longer term guidance framework which includes 4-6% annual revenue growth and healthy operating profit margins in the high 20% range. Their conference call also indicated that it is their intention to continue providing guidance that is "realistic" (read conservative) and that they are confident they can beat.

For all this, the share price is down over 30% since Forager's first purchase.

Are we missing something?

The biggest risk is that customer demand collapses. Although the industry trends remain strong, a higher-for-longer interest rate environment could result in their customers pulling back on capital expenditure over coming years. In addition to this, undertaking large-scale acquisitions always comes with risk (although the company has a 20-year track record of growing this way).

Mostly, though, we think the company is misunderstood. It came to market via a SPAC and still has a private equity company as 35% shareholder. It could be perceived as a low-quality manufacturer of doors.

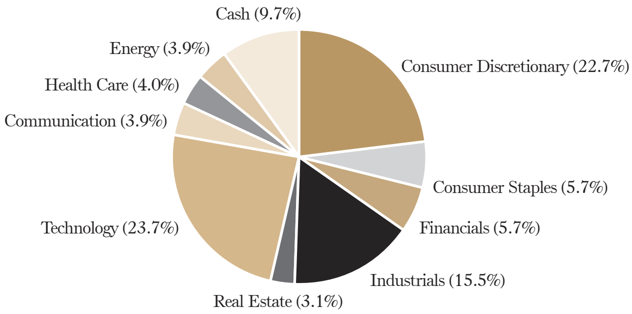
Our discussions with clients suggest the opposite. With most of the competition being tiny operators, Janus is almost the only choice for larger professional storage companies. It is involved in the design of storage centres years in advance and offers logistics, security and technology as part of its solution (replacing doors on existing, occupied storage facilities is a logistical nightmare). Janus's services are typically less than 10% of the cost of a storage facility—it is not in clients interests to skimp on the most important component of their business.

These qualities are already showing up in the numbers and, if it keeps growing and generating cash flow, that will show up in the share price eventually. Trading on just 11 times expected (likely conservative) 2023 earnings, something needs to give.

TAKING OFF

Shaking off the shackles of an underpriced bid, one we fought against, **Flughafen Wien** (WBAG:FLU) shareholders have refocused on what matters. That is, rising usage of Vienna Airport as the world recovers from the pandemic, increased profitability and dividends. In the second half of 2022, the group's revenue was down just 13% vs the same half in 2019 (the last results before the world shut down). Net profit is not down much more. The proposed dividend creates a 2% yield and we expect dividends to grow from here. The stock has risen 22% since the start of 2023 and now significantly exceeds what IFM was willing to pay. It's a good outcome for minorities.

STOCK EXPOSURE BY SECTOR

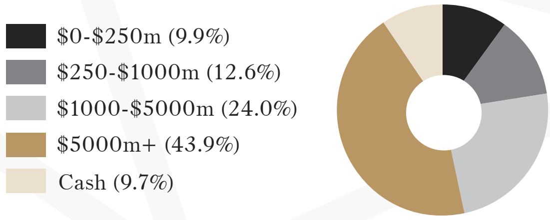


Source: S&P Capital IQ

The fourth quarter result from global gambling company **Flutter Entertainment** (LSE:FLTR) was another tick confirming our thesis. Revenue from the US business FanDuel more than doubled versus the same quarter in 2021. And that operation would have been profitable if not for a large marketing investment in two brand new sports-betting states. That investment will prove well-spent. Ohio and Maryland have a combined population of nearly 18 million people and, unsurprisingly, FanDuel is showing early signs of a dominant market share in both states. Massachusetts also opened for online sports betting this past month and there are more states to follow. FanDuel is expected to be profitable over 2023 and beyond.

The share price of auto parts, agricultural and industrial equipment manufacturer **Linamar** (TSX:LNR) fell nearly 15% the day it released fourth-quarter earnings. The results looked fine to us. The outlook has come under some pressure and capital expenditure over 2023 is expected to be towards the high end of historical norms. This is a natural outcome of retooling after three highly interrupted years. Free cash flow for 2023 is still expected to be "strongly positive". Linamar is undoubtedly cyclical, but it's also a structural grower and trades at roughly eight times expected earnings.

PORTFOLIO DISTRIBUTION ACCORDING TO MARKET CAPITALISATION



New Zealand listed fashion retailer **Hallenstein Glasson Holdings** (NZSE:HLG) released its first half results in March. Sales were up 31% against a heavily Omicron-impacted comparable period last year. That represents almost 40% growth from the last normal period ending in February 2020. Margins were pressured by the USD exchange rate, increased freight costs and general cost inflation. Sales for the first seven weeks of the current period are coming along nicely, up 13.9% on last year, but management are understandably cautious given the macroeconomic environment.

TOP 5 HOLDINGS (as % of NAV)

Flutter Entertainment Plc	**(LSE:FLTR)**	4.9%
Blancco Technology Group Plc	**(LON:BLTG)**	4.0%
Linamar Corp	**(TSE:LNR)**	3.7%
Ferguson Plc	**(NYSE:FERG)**	3.6%
Tesco Plc	**(LSE:TSCO)**	3.6%
Cash		9.7%

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 movementsˆ.

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%				**12.40%**

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	31 March 2023
Buy Price	$1.4709
Redemption Price	$1.4650
Mid Price	$1.4680
Portfolio Value	$194.1 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.

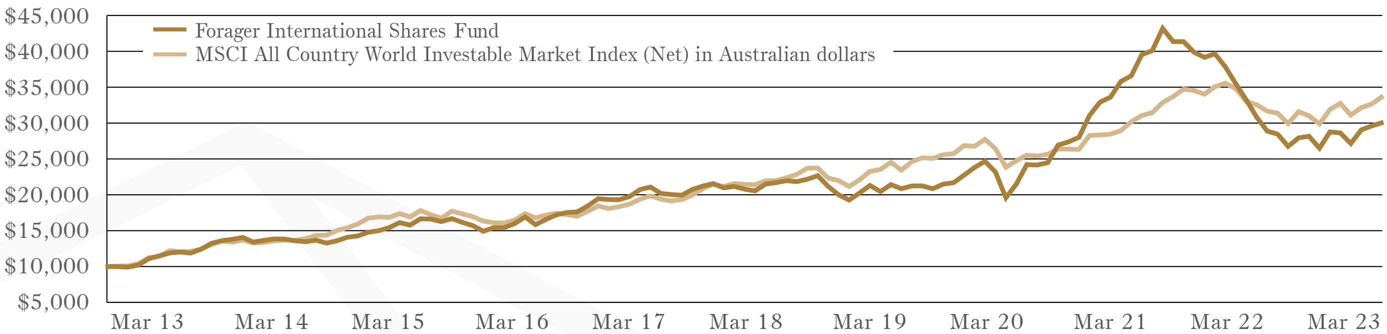
The company is majority owned by staff. Forager's shareholders support the desire to place performance before revenue. That means capping the size of funds before too much money becomes an impediment to performance.

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.