30 JUNE 2024

Annual Report

Forager

Financial Year Performance Report - year in review including stock contributions in each portfolio

Chief Investment Officer letter

Forager Funds Performance Summary (as at 30 June 2024. 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.)
Forager Australian Shares Fund	1.66%	2.39%	7.47%	18.69%	0.07%	8.89%	8.07%	9.51%
Forager International Shares Fund	-1.52%	-0.06%	11.76%	20.99%	-3.76%	12.65%	10.79%	12.56%

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

*8 February 2013 for FISF

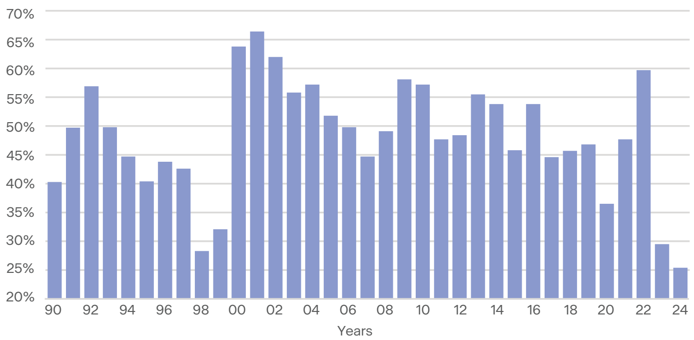
*30 October 2009 for FASF

Closing out the recovery chapter

The 2024 financial year was another hectic yet successful year for the Forager team. We, together with your support, migrated both funds onto one platform with Automic and Perpetual. The Forager Australian Shares Fund was delisted from the ASX and is now an open ended fund. More importantly, both funds returned close to 20%. The Australian Fund's 18.7% return was 6.2% better than the All Ordinaries Accumulation Index while the Forager International Shares Fund's 21.0% outperformed the MSCI World IMI Index by 3.0%.

It was another relatively tough year for small cap indices. We highlighted the underperformance of smaller companies as an opportunity last year. The valuation gap has only become wider, particularly in the US where the S&P 500 now trades at a 40% premium to the S&P 600 Small Cap Index. Over the bulk of the past two decades, they traded roughly in line with each other. The 10 largest companies in the S&P 500 now represent 36% of the index's total market capitalisation. That's the highest it has been since 1929. In the first half of this calendar year, only one quarter of S&P 500 constituent stocks have delivered better returns than the market cap-weighted index. This is the lowest figure over the past 50 years by a decent margin, as evidenced below.

Percentage of S&P Stocks Outperforming the S&P500



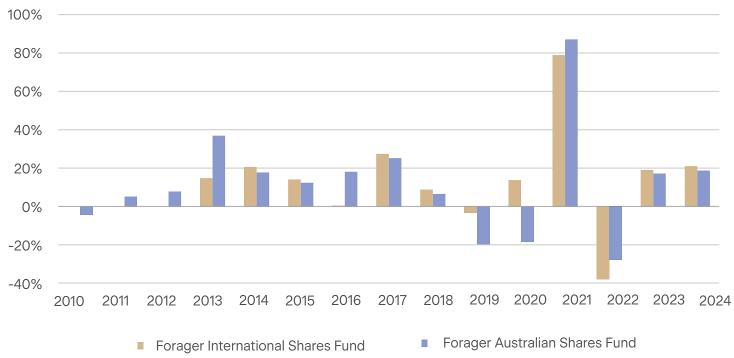
Source: Bloomberg

The only time that ratio has been close to that low was the 1998-1999 tech bubble.

None of this is to say the trend has to reverse. The US market has reached unprecedented levels of concentration. The largest members of those indices, though—companies like Alphabet, Meta, Apple and Nvidia—exhibit levels of global dominance and growth prospects that are also unprecedented and in many cases sustainable.

What is important to note is that the significant market rally since October 2023 has not been widespread or consistent. In fact, the share prices of more than 200 of the companies (42% to be exact) in the S&P 500 are down this calendar year.

Fund Performance by Financial Year



Source: Forager, S&P Capital IQ

As you can see in the fund returns, outperformance has been possible. There are stocks outside of the "Magnificent 7" that are delivering results and performing well. However, the poor but widely divergent performance of small cap indices is presenting good opportunities for us to add value to your portfolio. As we noted during last year's roadshow, we don't require the valuation gap between small and large cap stocks to close.

Chief Investment Officer letter

That might help returns over a 12 month period, but low(er) valuations can be very helpful for sustained outperformance. It is not like everything in small cap land is trading at depressed valuations - we have seen operational progress at companies like Gentrack and Zeta reflected in substantial share price rises after many years of de-rating. Identifying businesses that can prove themselves can deliver outstanding returns and earnings upgrades eventually tend to get rewarded by the broader market. As you can see in both fund reports, we have found quite a few over the past year and remain optimistic about the current crop of investments.

New brand, new chapter, bright future

Investing in managed funds is meant to make your life easier. With registry changes, responsible entity changes and delisting the Forager Australian Shares Fund, we may have caused some investors a bit of hassle (not saving you from it). It has created some additional work (for both you and the Forager team) but the restructuring is finally over and we can now all look forward to a simpler future with one hub for all of your Forager investments.

You may have also noticed a new website and brand. The new logo and design represents a new chapter for Forager, with a consistent product offering and an investment strategy that is delivering the returns our clients expect from us.

Forager will be 15 years old in October. The first seven years saw substantial outperformance from our Forager Australian Shares Fund and the launch of a new global product. The next seven were more volatile. The 2019 financial year was bad, particularly for the Australian Fund where we lost 19.7% in a year the market was up 11.0%. I have written a lot about the investment process improvements since, but it is worth reiterating.

First, the recognition that stock picking and portfolio management are two different skill sets. One of my colleagues mentioned the book The Art of Execution by Lee Freeman-Shor to me a couple of weeks ago and started a conversation about how many investment books exist on stock picking and how few about portfolio management. Maybe that's because it's not as exciting for most readers, but as we have grown I would argue that portfolio management skills have become at least as important as stock picking. Illiquidity is a risk that needs to be priced appropriately. Risk correlations need to be managed. Moreover, large portfolio weightings need to be reserved for investments that are both low risk and attractively valued. As a team we have put a lot of work into getting the portfolio management piece right (and intend to keep doing so).

Secondly, it is difficult for one person to do it all by themselves. Having watched plenty of listed company founders struggle as their business became too big to be managed by one person, you would think I could have learned this early. But attracting and retaining the right people needs to be one of Forager's main priorities. Philosophy, process, people. A big chunk of my life over the past five years was spent on getting that right and both the culture and team performance are better as a result. In fact, I feel better than ever about our current team, structure and ability to execute on our commitment to delivering above market returns for investors.

Ultimately, it is all about delivering our investors a positive outcome. With a good year behind us, both funds are now ahead of their respective benchmarks over the past five years. As mentioned at the start, this is an achievement that we are proud of given the relative underperformance of small caps where we believe we can often add more value.

Finally, we wish to thank you all for your support over the past few years and look forward to continuing creating value for you all for many years to come.

Steven Johnson
Chief Investment Officer

Kind regards,
Steve Johnson

International Shares Fund

Forager International Shares Fund Performance summary (as at 30 June 2024. Net of all fees and expenses)

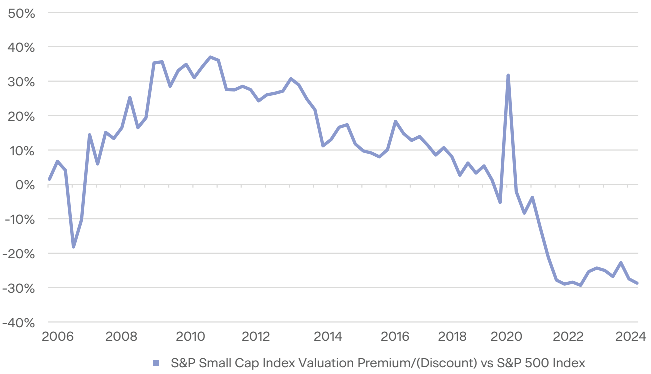
	1 month return	3 month return	6 month return	1 year return	3 year return (p.a.)	5 year return (p.a.)	10 year return (p.a.)	Since inception* (p.a.)
International Shares Fund	-1.52%	-0.06%	11.76%	20.99%	-3.76%	12.65%	10.79%	12.56%
MSCI AC World Net Index in $A	1.42%	0.01%	12.67%	18.01%	8.87%	11.45%	11.98%	13.50%

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 12 months to 30 June 2024, the Forager International Shares Fund returned 21% versus an index return of 18%. The Fund is now ahead of the index over five years, no mean feat given significant small cap underperformance over the past few years. We don't expect the relative underperformance of small caps to continue indefinitely, and the Fund remains weighted towards attractively priced smaller stocks where we tend to find the largest mispricings.

S&P Small Cap Index Valuation Premium/(Discount) vs. S&P 500 Index



Source: Bloomberg

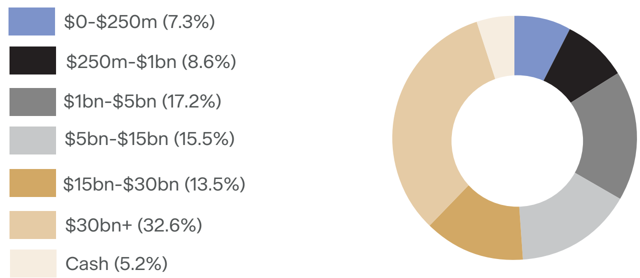
Portfolio Distribution According to Market Capitalisation

Over the past year, only one investment detracted more than one percentage point of overall return, versus 15 that contributed more than one percentage point.

Positive returns were pretty broad-based across the portfolio and the only significant negative was **Open Lending** (NASDAQ:LPRO), which detracted 1.3% from returns. The business saw some setbacks due to a challenging consumer backdrop, high interest rates and continued supply pressures on both the used and new automobile fronts. We sold the Fund's holding earlier in the year at prices higher than today's. Despite the setback, Open Lending remains on our watchlist - the company holds a healthy amount of net cash and continues to generate profits.

Small Caps, Big Returns

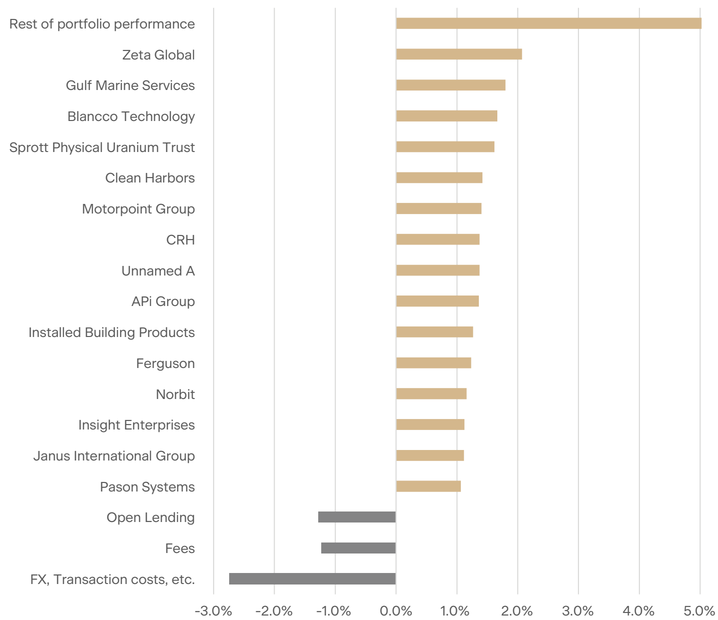
Data erasure market leader **Blancco Technology Group** (LON:BLTG) has been a wonderful performer for the Fund since our initial investment in 2017. Over the past financial year it contributed 1.7% to total portfolio returns. Unfortunately, this is the last year it will make such a contribution. The company was taken over in late 2023 at a price that significantly undervalued its potential.



Source: S&P Capital IQ

We rallied hard against the takeover but were ultimately outvoted by a slim majority. That shouldn't take away from what has been a very successful investment and an illustration of the type of growing but underpriced small cap situations that are the bread and butter for this Fund.

Performance Contribution For The Year Ending 30 June 2024



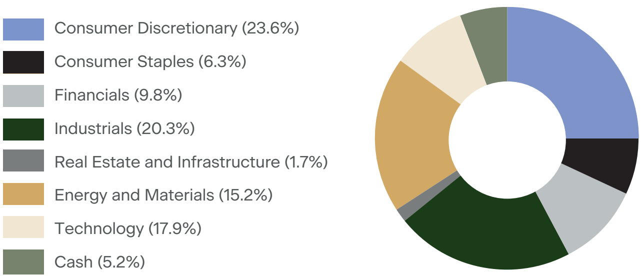
International Shares Fund

Norbit (OB:NORBT) is a small Norwegian company that provides tailored technologies - chiefly portable sonar for ocean-going vessels and onboard units and smart tachograph machines used in automobiles, trucks and buses. It's another company that has provided meaningful returns to Fund investors over a long holding period, in this case more than five years.

Norbit shares rose 55% over this past year and, despite being a relatively small position, contributed 1.2% to overall returns. Quality management has been a crucial influence here. They've continually set themselves ambitious targets and quietly gone about exceeding them. Whatever "promotional" management is, this is its antithesis.

Sporting a market capitalisation of less than £100 million at the start of the year, oil services company **Gulf Marine Services** (LSE:GMS) was one of the smallest companies in the portfolio. It has also been a small portfolio weighting. It made up for its small size, though, with a 186% share price appreciation over the year which contributed 1.8% to portfolio performance. It still trades at only five times next year's expected earnings.

Stock Exposure By Sector



Source: S&P Capital IQ

The share price appreciation and low trading multiple are a function of an improved operating environment and a lot of operational and financial leverage. Increasing profitability has reduced the company's net debt from more than US$400 million to US$250 million. It has almost three years' worth of future revenue already contracted, mostly with Middle Eastern national oil companies and expects to resume dividends towards in 2025. It will stay a small investment due to the risk, but it should have another good year ahead.

GMS was one of a few commodities-related investments that delivered a meaningful contribution over the year.

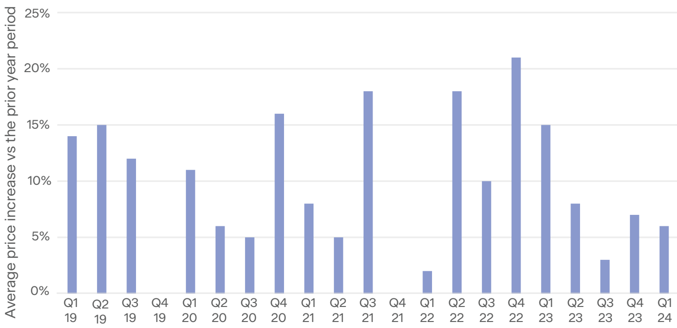
Sprott Physical Uranium Trust Fund (TSX:U.UN) is pure uranium exposure, an investment the Fund has held for a few years now because our team likes the supply/demand dynamics. The unit price rose 47% over the year, doubling in the first half of the year and falling 25% in the second half. The Fund owned more on the way up and less on the way down, with the position contributing 1.6% to total returns. We continue to like the underlying dynamics of uranium and are keeping our eyes open for other opportunities.

Newer names already contributing:

Pason Systems (TSX:PSI) provides instrumentation and software systems for the oil and gas industry. It's a stock we've followed for years but have only owned since early 2024 when the ducks finally aligned. We're going to cover the thesis behind the investment — currently the Fund's largest holding — in our upcoming Virtual Roadshow, so won't spoil the surprise here. The investment added 1.1% to Fund returns this year. We hope there's more to come.

Unnamed Stock A is an investment in an as-yet undisclosed North American small cap stock which recently "uplisted" from the pink sheets to a well-known exchange, raising money in the process. We were one of the largest participants in that raising. Our investment has been kept small due to the risk involved. But the stock still contributed 1.4% to overall returns by nearly doubling over a few months. The company is growing at a blistering pace and we believe the investment will get less risky by the day. We're hopeful of getting another bite of the cherry, hence the secrecy for now, hopefully to the benefit of all Fund investors.

Clean Harbors (NYSE:CLH) Average Incineration Price Increase YoY



Source: Company Filings

Towards the end of last year the Fund invested in **Clean Harbors** (NYSE:CLH). The company holds a dominant market position in the North American environmental services industry, focusing on waste collection, incineration and used oil re-refining. Cleaning up environmental waste is big business and it's only going to get bigger as problems like PFAS (also known as "forever chemicals") come to the fore.

For decades, Clean Harbors has been building out a hard-to-replicate asset base of incinerators and landfills, and today controls 70% of the US hazardous waste incineration market. Reshoring, increased infrastructure funding, heightened environmental regulations and new PFAS cleanup initiatives have been tailwinds and Clean Harbors reaps the benefits of scale as the largest player in the space. The investment was a top-five contributor for the year, adding 1.4% to returns.

Prior underperformers come good

UK used car retailer **Motorpoint** (LSE:MOTR) was our worst performer in 2022/23 and among our worst performers the year prior. The "near new" market Motorpoint specialises in dried up after new car availability plummeted in 2020-22, initially due to the pandemic but then, more meaningfully, because of the shortage in computer chips needed in the modern automobile. While the downturn was predictable, we underestimated the magnitude.

A bounce back was inevitable. New car supply in the UK has recovered strongly over the past 18 months. Some of that stock is now returning to the used car sales market.

International Shares Fund

Motorpoint has been profitable again for each of the past six months. The stock rose 48% over the year, adding 1.4% to overall returns. We think the recovery has some way to run and it remains one of our top 10 holdings.

Janus International (NYSE:JBI), the world's leading provider of self-storage and commercial industrial doors, relocatable storage units, facility automation solutions and self-storage restoration services, contributed 1.1% to returns over the past year. The company exceeded earnings expectations for the second consecutive year given strong utilisation rates across self-storage (particularly in the US) and continued capex spending amongst customers.

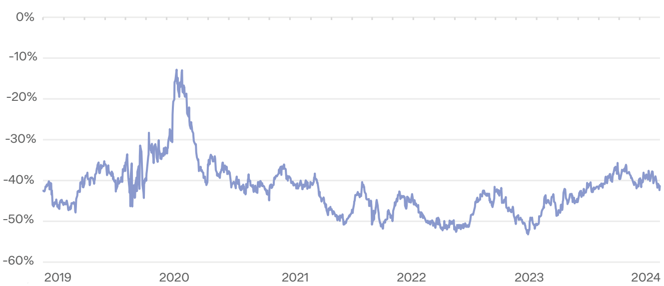
We have fully exited our investment for now. Earnings growth over the next few years is likely to be lower than average, with higher interest rates putting pressure on Janus's customers and end users. However, it remains a business we know and like and would happily revisit should its valuation get more compelling at any point.

Quality Compounders Keep on Giving

Quality compounders are companies that consistently achieve earnings growth and generate high returns on invested capital across different economic cycles. Approximately one-third of the Fund consists of these businesses, which continue to execute, but still trade at attractive valuations.

One of the quality compounders to do well this year was building materials company **CRH** (NYSE:CRH). Its portfolio of "heavyside" materials, including aggregates and cement, is benefiting from increased funding in the US to restore the country's deteriorating infrastructure. CRH also has significant pricing power from the very localised nature of heavy quarried materials, where expensive transport costs limit the shipping radius. Another part of our thesis was that following the company's move to a US primary listing (from Ireland) last September, investors would start to close the discount that CRH has historically traded at versus North American peers. Whilst the discount has slightly narrowed, CRH still trades at around a 40% discount. There is still value to be realised. CRH added 1.4% to Fund returns this year.

CRH Relative Valuation Discount to US Peer Companies

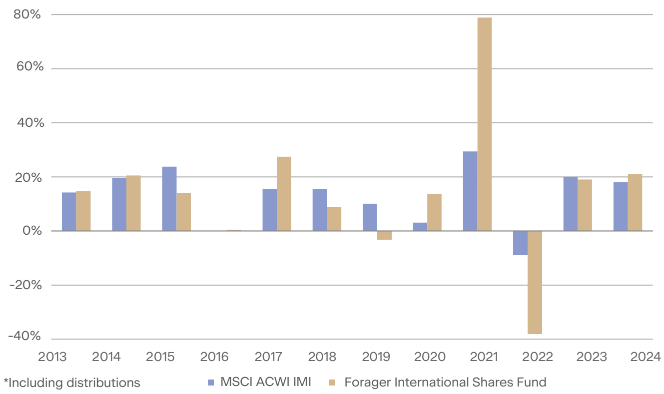


Source: Bloomberg

Installed Building Products (NYSE:IBP), a market-leading insulation installation and distribution company, contributed handily, adding 1.3% to returns again this year despite a tough housing environment in the US. The company increased revenue by 5% in 2024, a year where broker estimates suggested the company would struggle to grow at all. Management's strategy of buying small competitors and rolling them into the group, improving buying power and removing overhead costs along the way, continues to add value for shareholders.

While our investment thesis is playing out exactly as we'd hoped, very substantial share price appreciation means the value on offer is not what it once was. Wild fluctuations in Installed Building Products' share price have given us plenty of opportunity to add to Fund returns over the past few years. We have reduced our weighting to this high-quality but cyclical business significantly over the past year as the share price more than doubled, and would look to add again on any weakness.

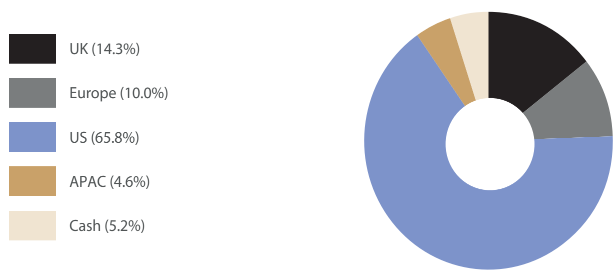
Relative Performance by Financial Year*



Source: Forager, S&P Capital IQ

APi Group (NYSE:APG) continued its strong contribution for the second year running, adding 1.4% to Fund returns. The business was founded in 1926 as a small insulation distribution company and has grown organically and through acquisitions to become a market leader in safety and specialty services. APi Group continues to acquire smaller competitors and benefit from various secular tailwinds. Management has also proven its ability to integrate and turn around larger acquisitions such as Chubb, which has increased its scale and boosted returns since the company acquired it in 2022.

Stock Exposure by Geography



Source: S&P Capital IQ

We still see APi Group as an attractively valued, high-quality compounder with healthy cash flow generation. It should continue to do well across various macroeconomic environments given its largely recurring revenue focused on inspection, maintenance and monitoring. Note that most of this work is typically regulatory or statutorily driven and largely uncorrelated to the economic cycle. Furthermore, it has a very diversified customer base with average contract sizes of less than $10k amongst its core segments. Due to this, it remains one of our larger holdings.

International Shares Fund

Technology solutions integrator **Insight Enterprises** (NASDAQ:NSIT) contributed 1.1% to portfolio returns for the year. Whilst the company's roots are in IT reselling, Insight's move to a solutions integrator has helped shelter the company from a slowdown in the IT hardware market over the past year. Software, which makes up a third of sales, remains strong. The company has seen an improvement in margins from this greater focus on software and services. This has resulted in good earnings per share growth and free cash flow generation, which management is using to buy back shares and acquire smaller businesses in high-growth areas such as cloud computing.

Despite somewhat cooling off over the past few months due to deflationary pressures, **Ferguson** (NYSE:FERG) still added 1.2% to portfolio returns for the year. Ferguson is a market-leading value-added distributor of plumbing and heating products in North America. The US distribution market is highly fragmented, made up of 10,000 "mom-and-pop" players which are ripe take-over candidates. Over the past five years, the company has deployed US$1.5 billion in acquisitions, buying more than 50 companies. Similar to Installed Building Products, Ferguson's proven acquisition roll-up strategy has added meaningfully to revenue growth and has consolidated its market position even further. This has resulted in earnings per share compounding at above-market levels for a long period of time - a trend we expect to continue going forward.

The Biggest Contributor - An Emerging Quality Compounder

You might recognise the next company from last year's winner's circle. **Zeta Global** (NASDAQ:ZETA) was the top contributor to the Fund over the past 12 months, adding 2.1% to portfolio returns.

With a limited public company track record, it took some time for the market to appreciate the growth potential and execution of this data-driven marketing technology company. The company's 'one-stop-shop' marketing platform combines client data with proprietary data to generate customer insights used in multi-media marketing campaigns across SMS, email, display ads and social media.

Share Price Performance of Zeta Global (NYSE:ZETA) since IPO

Source: Bloooomberg

Despite the challenging macroeconomic environment, Zeta has grown about 25% annually due to the usefulness of its proprietary data. Perhaps counterintuitively, its larger customers often view depressed business conditions as an opportunity to increase spending on the platform while their competitors are in a weakened state. Whilst the share price has appreciated more than 100% over the past year and we have reduced the Fund's holding, it is still valued at a discount to peers and offers plenty of upside should management continue to execute.

The Long Tail

The Fund benefited from a bunch of investments that generated smaller positive returns of less than 1.0% each, including **Crocs** (Nasdaq:CROX), **MTU Aero Engines** (DB:MTX), **Tesco** (LSE:TSCO), and banks **ING Groep** (ENXTAM:INGA) and **Lloyds** (LSE:LLOY).

Looking Forward to 2024/2025

The aim for the current financial year is to continue identifying and investing in underpriced securities and bring them together in a portfolio that manages risk yet sets us up to outperform the broader indices over the coming years.

There is a core of resilient businesses that we think will generate good returns over the long term and add sturdiness in a volatile world - these include the likes of Tesco, **Fiserv** (NYSE:FI), APi Group, MTU Aero Engines and Clean Harbors.

Then there are the smaller cap stocks. These are generally more volatile and risky, but hold the potential to produce outsized returns rapidly once the market wakes up to the opportunity, as we have seen over recent years in investments such as Zeta and Norbit. Our thesis for each of these stocks is different, but in every case we think the market is valuing them incorrectly. If we are right, these small cap stocks can contribute meaningfully to overall returns. A few such investments include Pason Systems, Motorpoint and, unsurprisingly, Unnamed Stock A.

And then there are a number of thematic ideas. One such area is expected secular winners in commodities. The Fund has some direct and indirect exposure to uranium, copper and natural gas, for example. We're not the first to note it, but underinvestment across these commodities and in the oil industry hasn't been resolved and several of our stocks stand to benefit. We also own various undervalued European financials where the broader market's view has recently improved from diabolical to merely uninterested. It could improve further, but even if it doesn't we still stand to make healthy returns from dividends and buybacks.

We don't pretend to know exactly where the next bargains will emerge, although we can make some experienced and educated guesses. We have a big bench of stocks on the wishlist where we are waiting for share prices to fall or some other piece of our thesis to fall into place. The team is working hard to continue expanding this list and to find the sort of investment opportunities worth adding to a portfolio of already compelling ideas.

Finally, we wish to thank all of our investors for their support over the past few years and look forward to continuing creating value for you all for many years to come.

Changes to our Distribution Policy

In response to investor feedback, Forager and the Responsible Entity (RE) have decided to adopt a new distribution policy aimed at smoothing distribution payments. The Fund will now target an annual distribution yield of approximately 4% based on the Net Asset Value per unit at the start of the financial year, with ordinary distributions paid every six months. For this financial year, a semi-annual distribution of 3.5 cents will be paid in July 2024. Additionally, special distributions will be paid in years where the taxable income significantly exceeds ordinary distributions, ensuring that investors receive at least 50% of the taxable income as cash each financial year.

International Shares Fund

There will not be a special distribution for the 2024 financial year. For the 2025 financial year, we anticipate 7 cents per unit of distributions, delivered as two semi-annual 3.5 cent distributions.

This new policy aims to provide a more consistent distribution profile, making the Fund more attractive to a large number of existing and new investors. While this means investors will receive smaller distributions in years with significant realised gains and larger distributions in years with lower or negative taxable income, the underlying portfolio returns will still primarily come from capital gains. The new policy does not alter the potentially volatile and irregular nature of expected returns or the Fund's objectives.

Those investors who don't require regular cash returns and would like to compound their investment can elect to participate in the Distribution Reinvestment Plan (DRP). DRP preferences can be viewed and changed by logging into your Automic account and clicking on "Reinvestment Plans" next to your Forager International Shares Fund investment.

Top 5 holdings (as % of NAV)		
Pason Systems Inc	(TSE:PSI)	4.3%
Fiserv Inc	(NYSE:FI)	4.0%
Clean Harbors Inc	(NYSE:CLH)	4.0%
Linamar Corp	(TSE:LNR)	3.8%
Motorpoint Group PLC	(LON:MOTR)	3.8%
Cash		5.2%

International Shares Fund

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 rolling 5-year periods. The Fund aims 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 Returns
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%
2024	3.03%	0.94%	-3.73%	-3.41%	3.59%	8.07%	2.13%	5.38%	3.90%	-2.57%	4.16%	-1.52%	20.99%

Past performance is not indicative of future performance and the value of your investments can rise or fall. This fund is appropriate for investors with "High" risk and return profiles. A suitable investor for this fund is prepared to accept high risk in the pursuit of capital growth with a medium to long investment timeframe.

Facts	
Fund inception	8 February 2013
Minimum investment	$20,000
Monthly investment	Min. $1000/mth
Distribution	Semi-Annual, 30 June, 31 December
Applications/Redemption	Daily

Unit price summary*	
As at	30 June 2024
Buy Price	$1.8844
Redemption Price	$1.8768
Mid Price	$1.8806
Distribution	$0.035
Portfolio Value	$219.0 million

**(cum) prices*

About Forager

With approximately $385 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.

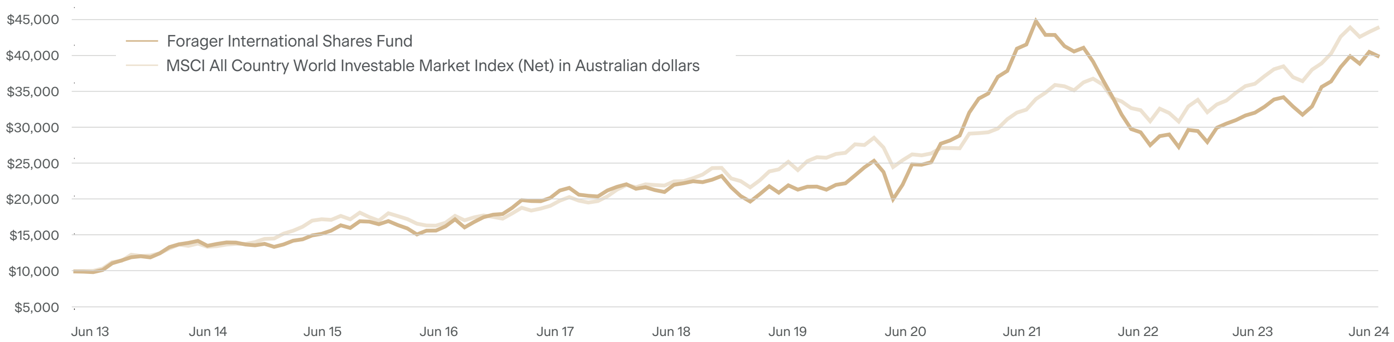
Key investment staff are strongly aligned with investors through co-investment and / or equity in the Forager business.

Fund Characteristics

- Concentrated portfolio of global equities
- A combination of large liquid resilient businesses with smaller value based opportunities
- Investment team with deep pockets of expertise
- Strong focus on managing portfolio risks
- Daily applications and redemptions

International Shares Fund

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.

Australian Shares Fund

Forager Australian Shares Fund Performance Summary (as at 30 June 2024. 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.)
Australian Shares Fund	1.66%	2.39%	7.47%	18.69%	0.07%	8.89%	8.07%	9.51%
All Ordinaries Accumulation Index	0.70%	-1.16%	4.22%	12.51%	6.12%	7.63%	8.32%	8.11%

The value of your investments can rise or fall. Past performance is not indicative of future performance. *30 October 2009

The Forager Australian Shares Fund returned 18.7% for the 2024 financial year. That's 6.4% better than the All Ordinaries Accumulation Index and 9.5% better than the Small Ordinaries Accumulation Index. Although it was another year of underperformance for small stocks, small commodities stocks were particularly bad. Smaller non-mining companies, where we tend to focus our time and attention, performed roughly in line with the large-cap heavy All Ordinaries Index.

ASX All Ordinaries Index and Small Ordinaries Index

Source: Bloomberg

The good

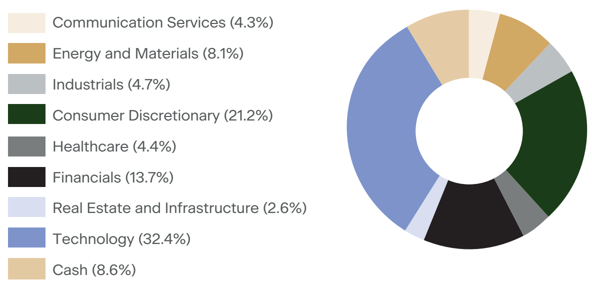
Tech stocks were some of the best performers over the year, including several of the Fund's most significant investments.

RPMGlobal (RUL) shouldn't need any introduction to Forager investors. It has been one of the Fund's largest positions for years. But last year RPM was introduced to a much broader investor audience. And that audience began to recognise the value creation that has been going on in the business for a long time.

Industry-leading products have allowed RPM to sell more mission-critical software to miners and mining services companies. The run-rate revenue from subscription software rose more than 20% during the year. As the benefits from that secured revenue is seen this financial year, operating leverage, profitability and free cash flow should follow. During the year RPMGlobal's share price rose 95% and it contributed 6.6% to the Fund's returns.

Last year's biggest winner, **Gentrack** (GTK) was close to top of the pops again. The utilities and airports software business continued its run of profit upgrades under a strong management team.

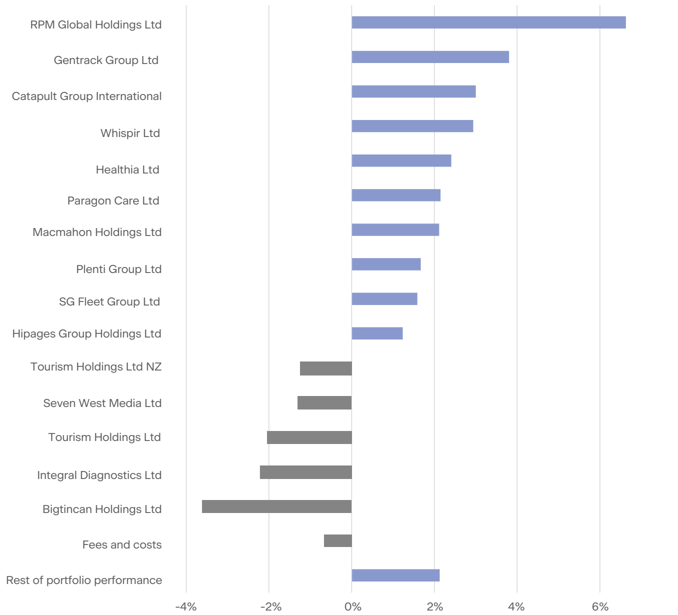
Stock Exposure by Sector



Source: S&P Capital IQ

This time last year Gentrack was forecasting a financial year to September 2024 revenue of about $160 million. That expectation is now about $200 million. The company has made big strides in selling new products, like the banner g2.0 in partnership with Salesforce, and in selling into new geographies, with new contracts in Saudi Arabia and Singapore.

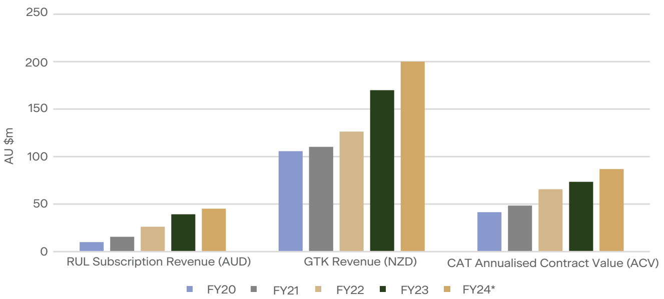
Performance Contribution for the year ending 30 June 2024



Australian Shares Fund

With new products, a strong track record of high-stakes implementation and competing software coming to the end of its useful life, Gentrack has plenty of potential. But, with a flurry of share price appreciation and investor attention, we have been reducing our investment in the business, more than halving the portfolio exposure to the company during the year. Gentrack rose 140% over the 2024 financial year and contributed 3.8% to portfolio performance.

Revenue Metrics for RPMGlobal (ASX:RUL), Gentrack (ASX:GTK) and Catapult (ASX:CAT)



*FY24 numbers for RUL and CAT have been taken from management guidance

Source: S&P Capital IQ

We are hopeful **Catapult** (CAT) can contribute for a few years too. The sports technology company started the year with investors doubting the ability of the business to generate any free cash flow. It finished having grown run-rate revenue by 20%, delivering free cash flow and forecasting plenty more. Importantly, the company's market leading (by some margin) wearables division shows no signs of slowing down. And new video technology products are growing faster than the overall business.

Operational leverage has truly kicked in with revenue growth dropping through to free cash flow at high rates. Management's future free cash flow targets are now well explained to investors. Achieving these should see more attention for this high-quality, growing business. Catapult's share price was up 90% last financial year and contributed 3.0% to portfolio performance.

12-months Share Price Performance of RPMGlobal (ASX:RUL), Gentrack (ASX:GTK) and Catapult (ASX:CAT)

Source: S&P Capital IQ

All three of these businesses have industry-leading products. They are growing very valuable recurring revenue streams. And they are run by management teams we believe can deliver on significant free cash flow generation in the next few years.

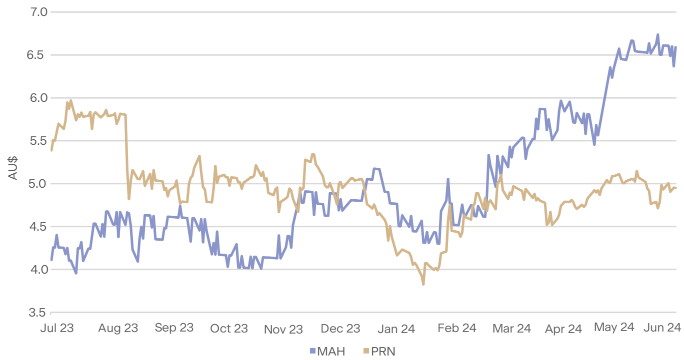
More Takeovers

Takeovers were a big feature in 2023 and they helped again in 2024. Healthia, the owner of allied health and optical clinics, got the year off to a strong start with a takeover at a 78% premium to the 30 June 2023 share price (contributing 2.4% to Fund returns).

Communications platform business Whispir dragged down 2023 performance, but was eventually taken over at a 129% premium to the 30 June 2023 share price by private equity. The price was fair and the 2.9% positive contribution last year recouped the prior year's similar losses.

A merger with unlisted pharmaceutical distribution company CH2 helped **Paragon Care** (PGC) almost double its share price during the year. An operational turnaround was already underway at Paragon, with new Managing Director John Walstab taking a knife to the company's cost base. The merger with CH2 accelerates the process, gives the company immediate scale, a stronger balance sheet and a new board and management team that will own almost 70% of the company's outstanding shares (including Walstab). We liked the deal immediately and were able to add to the Fund's investment aggressively after the deal was announced while the share price was less than $0.30. It was north of $0.40 by 30 June and the value is less compelling at these prices. Paragon contributed 2.1% to returns for the year.

12-months Forward Price to Earnings Ratio of McMahon Holdings (ASX:MAH) and Perenti (ASX:PRN)



Source: S&P Capital IQ

Mining services company **Macmahon** (MAH) raised a few eyebrows with a takeover offer for **Decmil** (DCG) that is likely to proceed. While Macmahon's share price was already up 58% for the year prior to the deal announcement, it was well received by investors. Decmil is cheap and comes with franking and tax losses that should be useful for Macmahon, but we are less enthusiastic. Decmil hasn't made a profit for years and the engineering and construction sector it operates in is even tougher than mining services. Macmahon has only just fixed its own operational issues and doesn't need to be taking on more problems. Returning cash to shareholders would have been our preferred path. The Macmahon investment added 2.1% to Fund returns for the year and we have used the strength to reduce the Fund's exposure and add a little to fellow mining services company **Perenti** (PRN), which hasn't seen the same share price appreciation.

A few smaller investments rounded out the list of top contributors.

Australian Shares Fund

New age personal, auto and renewables lender **Plenti** (PLT) showed that its technology has value to some of the most sophisticated lenders around. In November, the company announced that the **National Australia Bank** (NAB) would be taking on Plenti's technology for auto loan application and client management, while contributing its marketing might and being responsible for funding and bad debts. The financial benefits to Plenti, without having to use its own balance sheet, are significant. The stock finished the year 110% higher than it started and contributed 1.7% to portfolio performance.

SG Fleet (SGF), a provider of fleet management and novated leases, saw its share price rise more than 50% and contributed 1.6% to portfolio performance. The loosening up of new car supply finally put keys into the hands of waiting corporates and individuals. A regulatory bonanza for the novated leasing industry drove electric vehicle deliveries some 50% higher. And higher used car prices meant end-of-lease profits stayed high.

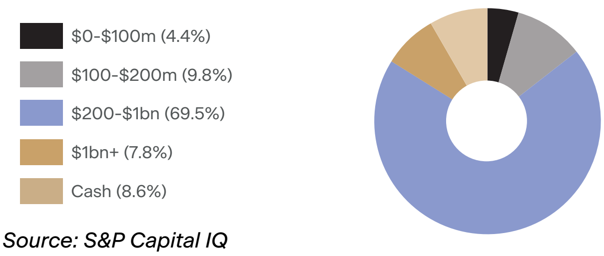
Finally, **Hipages** (HPG), the platform for tradies, continued to grow revenue and saw meaningful operating leverage. The business inched closer to free cash flow generation and has forecast more meaningful free cash flow in future years. All this while improving the platform, increasing pricing, and launching products to reduce tradie churn. While the share price rose only 36% during the year, buying more at depressed prices early in the financial year led Hipages to contribute 1.2% to portfolio returns.

The bad

On the other side of the ledger, the Fund owned four stocks that hurt the year's return by more than 1%.

Sales enablement software business **Bigtincan** (BTH) not only missed the tech rally but saw its share price hammered, finishing the year nearly 80% lower than it started. While tech stocks have been in vogue, Bigtincan hasn't been ticking any of the boxes investors want to see. High customer churn rates led to lower revenue in 2024, continuing cash burn, an expensive debt facility and an emergency rights issue. It is fixable and would be absurdly cheap today were management to take a knife to the cost base. It is going to take work from us and change to the board to realise that value. We would have been far better off cutting it a year ago. We've been doing a much better job of cutting investments that aren't performing in line with our thesis but Bigtincan is an unfortunate exception. The price falls hurt fund returns by 3.6%.

Portfolio Distribution According to Market Capitalisation



Source: S&P Capital IQ

Our investment in campervan operator **Tourism Holdings** (THL) also performed poorly last year. After years of waiting for the return of international tourism (which is inching closer to normality), THL was brought unstuck by a weak market for the sales of its used campervans. A large downgrade of earnings expectations followed. The strength of the higher quality rental earnings stream, which is growing as THL adds to fleet numbers, should start to more meaningfully impact group profitability from the 2026 financial year. Tourism Holdings knocked 3.2% off the Fund's returns.

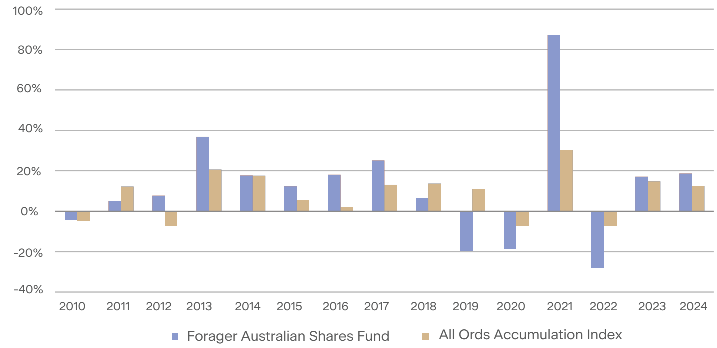
A position in **Integral Diagnostics** (IDX), a medical imaging company, lopped 2.2% off the Fund's return. Revenue growth continued in Australia, while New Zealand's growth was weaker. Clinical staff shortages increased costs and hampered margins early in the financial year. Overarching high levels of debt and less confidence in long-term margins led us to cut the investment.

For **Seven West Media** (SWM), 2024 was a year from hell. Advertising markets turned down, traditional media's share of marketing spend tumbled, Seven landed itself in a quagmire of negative headlines thanks to its involvement in the Ben Roberts Smith and Bruce Lehrmann sagas, and the share price tumbled 51%. While the stock looks cheap on simple earnings multiples, cash generation is minimal thanks to inflated legacy content deals and the business is shrinking faster than we had anticipated. With cashed up streaming companies encroaching on their turf, we find it hard to see the cost of content going down over time or traditional media companies reversing their market share declines. Due to its small weighting, the hit to Fund returns was only 1.3% and we have sold the whole investment.

Looking Forward

With the number of stocks in the small and micro cap part of the market it is no surprise that the difference in performance between stocks can be significant. It was no different last year. This opens up opportunities to recycle capital from some of the Fund's existing investments into new opportunities.

Relative Performance by Financial Year*



*Including distributions

Source: Forager, S&P Capital IQ

So far this calendar year the portfolio has seen eight new additions. Higher quality businesses with recurring revenue and strong cashflows are well represented. As are some businesses where macro concerns have been overblown or where stock specific trip-ups have been punished overly severely. There are plenty more opportunities sitting on our watchlist, awaiting more favourable prices or evidence about future cash flows. Overall, there is a fertile environment to sensibly recycle capital.

There is also plenty of room for our long-held investments that didn't meaningfully contribute to returns last year to add this year.

Australian Shares Fund

Enterprise software business **Readytech** (RDY) should continue to show its growth and free cash flow generation credentials. And mining services business **Perenti** (PRN) is integrating its recent acquisition and should be spitting out free cash flow this year. **Experience Co** (EXP), operator of tourism experiences, is benefitting from recovering tourism numbers and has spent the last two months undergoing a strategic review, the outcome of which may be a sale of the whole business.

Delisting and Distributions

The Fund was delisted from the ASX during June and is now an open-ended unlisted fund where investors can apply for and redeem units daily. Please note that redemptions will incur a redemption fee for the first six months after delisting. The fee starts at 6%, falls to 5% on 14 July and will fall by 1% each month until it is zero on 14 December 2024 (there will still be a buy/sell spread of 0.20%).

The distribution policy of paying out about 4% of the Fund's net assets to investors each year will remain in place. The Fund paid a total of 6.0 cents for the 2024 financial year and we anticipate 6.2 cents per unit of distributions for 2025, delivered as two semi-annual 3.1 cent distributions. The Distribution Reinvestment Plan is active again and investors wanting to reinvest their distributions into new units of the Fund can make their elections in the Automic portal.

Top 5 holdings (as % of NAV)		
RPM Global Holdings	(ASX:RUL)	8.7%
Readytech Holdings Ltd	(ASX:RYD)	6.3%
Catapult Group International Ltd	(ASX:CAT)	6.2%
Experience Co Ltd	(ASX:EXP)	4.6%
Tyro Payments Ltd	(ASX:TYR)	4.2%
Cash		8.6%

FINANCIAL YEAR PERFORMANCE REPORT JUNE

Australian Shares Fund

Fund Objective

The Fund targets securities that Forager believes are undervalued and invests predominately in securities listed on the ASX. The Fund's investment objective is to outperform the All Ordinaries Accumulation Index over rolling 5-year periods. The Fund aims to produce superior long-term returns from a portfolio of 15–50 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 Returns
2010					-0.69%	2.52%	-1.66%	0.08%	-0.34%	4.60%	-4.27%	-4.40%	-4.41%
2011	4.97%	-2.40%	-2.80%	-1.54%	3.12%	6.59%	1.58%	0.47%	-1.49%	3.40%	-5.39%	-0.82%	5.12%
2012	-1.00%	-2.61%	-7.20%	9.89%	-0.02%	-4.62%	1.53%	8.90%	5.02%	2.17%	-0.51%	-2.64%	7.76%
2013	8.70%	0.44%	2.83%	-3.07%	4.57%	0.33%	5.83%	4.86%	4.51%	1.41%	2.65%	-0.69%	36.87%
2014	10.45%	1.13%	4.77%	2.50%	-0.11%	0.38%	1.05%	0.48%	-1.28%	-3.44%	1.28%	-0.15%	17.73%
2015	6.70%	2.56%	-1.23%	-2.06%	-0.21%	-1.15%	0.94%	3.38%	4.87%	-2.42%	3.13%	-2.34%	12.31%
2016	7.94%	-4.46%	-1.38%	12.87%	-2.97%	0.22%	-1.33%	2.70%	4.40%	2.48%	1.51%	-3.91%	18.06%
2017	6.99%	3.25%	4.50%	-1.99%	-4.65%	1.76%	7.20%	1.29%	1.60%	1.16%	1.16%	1.00%	25.16%
2018	2.32%	-0.95%	2.69%	0.95%	0.21%	4.06%	-0.57%	-3.18%	-2.64%	2.77%	-0.97%	1.91%	6.50%
2019	-0.62%	-1.90%	-2.19%	-6.16%	-3.78%	-3.68%	0.98%	4.46%	-0.95%	-2.02%	-3.97%	-1.46%	-19.66%
2020	6.67%	-1.09%	4.38%	1.54%	-3.22%	-1.50%	2.46%	-10.97%	-39.71%	20.57%	18.04%	-2.16%	-18.36%
2021	3.70%	18.80%	2.00%	7.79%	13.22%	3.56%	-3.05%	4.07%	1.21%	13.23%	0.26%	1.62%	87.09%
2022	5.01%	2.58%	0.45%	1.57%	-1.35%	2.81%	-7.55%	-7.48%	2.86%	-7.29%	-9.60%	-12.30%	-27.91%
2023	12.28%	1.67%	-6.53%	7.58%	5.75%	-3.87%	5.95%	-4.62%	-3.85%	2.61%	0.34%	0.34%	17.13%
2024	4.18%	1.51%	-0.54%	-6.45%	4.76%	7.14%	-1.07%	4.43%	1.59%	1.24%	-0.51%	1.66%	18.69%

Facts

Fund inception	30 October 2009
Minimum investment	$20,000
Monthly investment	Min. $1000/mth
Distribution	Semi-Annual, 30 June, 31 December
Applications/Redemption	Daily

Unit price summary^

As at	30 June 2024
Buy Price	$1.6617
Redemption Price*	$1.5558
Mid Price	$1.6584
Distribution	$0.03
Portfolio Value	$165.7 million

**inclusive of the existing transition fee on redemptions*

^ (cum) prices

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- Concentrated portfolio of ASX-listed stocks
- Long track record in identifying unloved gems
- Restricted fund size allows investment in smaller businesses
- Strong focus on managing portfolio risks
- Daily applications and redemptions

Australian Shares Fund

Comparison of $10,000 investment over time

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