30 JUNE 2026

Annual Report

Forager

Chief Investment Officer Letter

Forager Funds performance summary (As at 30 June 2026. Net of all fees and expenses)

	1 month return	3 month return	1 year return	3 years return (p.a.)	5 year return (p.a.)	7 year return (p.a.)	10 year return (p.a.)	Since inception* (p.a.)
Forager Australian Shares Fund	-3.24%	-1.84%	-10.84%	11.52%	3.21%	8.66%	6.72%	9.34%
Forager International Shares Fund	4.07%	7.14%	-5.70%	12.20%	0.80%	11.31%	11.00%	11.88%

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

The above figures assume all distributions have been reinvested.

*30 October 2009 for FASF and 8 February 2013 for FISF

It's a bubble, just not an everything bubble

After three very strong years of both absolute and relative returns, you might argue a difficult one was due. If that is your way of thinking, the 2026 financial year certainly delivered for Forager. Both funds returns were negative for the year, while the market delivered decent returns in Australia and very strong returns internationally. Part of that was self inflicted. One mistake cost significantly more than the largest winners in both funds. In recent years that ratio was in our favour. There were mistakes, but they were less costly and the winners were much larger.

Far more important was a lack of exposure to the hot sectors of 2026. If you weren't invested in artificial intelligence (AI) stocks and/or commodities, it was almost impossible to make money.

Forager does, as you know, have wide investment mandates and some of the second-order winners from the AI revolution were contracting businesses squarely in our circle of competence. The transformational importance of generative AI, the technology behind Chat GPT and Claude, has been clear to us for a long time. It is being widely used in, and has had a transformative impact on our business. We owned a couple of stocks in the Forager International Shares Fund that were big winners, but largely missed the first, more rational part of this boom.

What was a boom has become a bubble, though, with investor euphoria and FOMO (fear of missing out) reaching extreme levels in recent months. The SpaceX IPO is the poster child. A few days after its much-hyped float, the company—which currently generates US$20bn of revenue and slid back into deep losses last year—was "valued" at more than US$2 trillion (while 90% of the total addressable market outlined in its IPO document was AI, SpaceX's xAI is currently a long way behind the current industry leaders).

We make no apology for not participating in the FOMO. In fact, we want to be as far away from it as possible.

How the bubble bursts

There is no questioning the transformative nature of this technology. Like electricity, the automobile and the mobile phone, it will become ubiquitous and change our lives in ways that we don't currently anticipate.

As famous investor Jeremey Grantham pointed out on a recent Odd Lots podcast, while some see the transformative nature of the technology as a justification for investor optimism, all great stock market bubbles have a genuinely transformative technology to spark them. You don't get a genuine bubble without a technology that will change the world, preferably one that billions of people can understand.

This one is going to run head first into some economic realities over the next few years. Trillions are being poured into data centres, chips, and AI infrastructure.

First, that spend is already crashing into the constraints of the physical world, where supply chains and public opinion get in the way of the tech industry's traditional "move fast and break things" mantra. Those constraints may disappoint investors extrapolating the current breakneck growth over the coming years.

Second, much of the excitement comes from the fact that AI can do such a wide range of activities, from writing your job application to building a website to answering all of your customer queries. Yet it is energy hungry and, for many tasks, inefficient. Most of us are not paying the full economic cost of the technology while the providers endure losses in their race to grab market share. Even with a subsidised cost, we often run out of "tokens", or usage capacity, at Forager within the first few hours of the day. We have started to ration the use to the tasks from which we get the most benefit, and many businesses are slowly working out that a cheap resource in India will make more economic sense for quite a while yet.

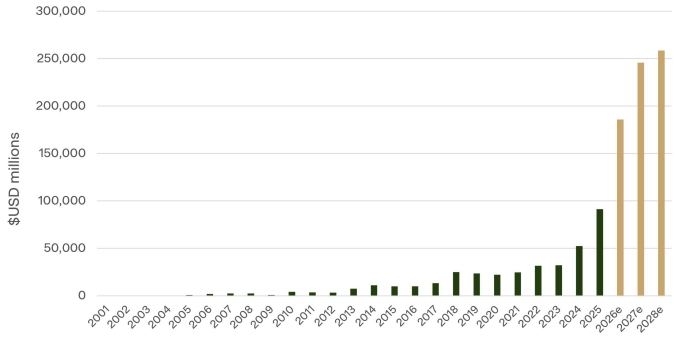
The technology is still in the rapid adoption phase and will be for several years, but any suggestion that demand growth might slow would be a huge blow to the share prices of those benefiting most from the industry's capex boom. Most of them were mediocre businesses before the AI boom came along.

Will a great technology be a great business?

Finally, for the AI giants, this may be a much more difficult business than they are used to. **Alphabet**, the owner of Google, is one of the best businesses the world has ever seen. It is effectively a monopoly on the global online advertising industry. Building that monopoly cost very little in the way of tangible capital, the barriers to entry are almost insurmountable and it has generated hundreds of billions of free cashflow in its 25-year history.

It, alongside OpenAI (ChatGPT) and Anthropic (Claude) is one of the three global leaders in the AI revolution. So far, it is turning out to be a very different business.

Alphabet forecast CAPEX



Source: Bloomberg

Chief Investment Officer Letter

Alphabet has told the market it expects to spend US$185bn on capital expenditure in 2026 and significantly more than that in 2027. In the next two years it will spend more on capex than it spent in the previous 24 years combined. It is becoming a highly capital intensive business and the competitors' business models look exactly the same.

Will that spend generate outstanding returns? That depends on whether the AI industry ends up being a monopoly like the online advertising industry or a competitive capital sink like the automobile industry. For the sake of us consumers, the latter would be a far better outcome and, so far, it is looking nicely competitive. That could change, of course: Google had plenty of competitors in the early days. But any suggestion that the return on the trillions of dollars being thrown at the AI industry will be anything less than stellar could rapidly pop the bubble.

Calling a top is a fool's errand, and we have no intention of trying. But there is a more useful question for valuations-based investors than when the exuberance ends. It is: what kind of bubble are we in?

To understand the playbook from here, it helps to look at the two great market meltdowns of the last quarter-century. They were completely different beasts.

2000: the stockpickers paradise

The dot-com crash was a spectacular time to be a value investor—not in the rear-view mirror, but looking forward. If you were sitting in boring, old-economy value stocks, you preserved capital right through a brutal tech meltdown that saw the Nasdaq fall roughly 78% from its peak and the broader S&P 500 drop close to 49%.

Value stocks went in with ridiculously low starting valuations while everyone else was chasing eyeballs and dot-com promises. That set up the 2003–2006 period, where value trounced every other style.

The pre-GFC bubble was the opposite—it set the whole market up for a horrible decade and value stocks were set to perform the worst. Back then, Grantham called it the "Everything Bubble," and he was right. The mania wasn't isolated to one hot sector, so nothing was cheap and there was nowhere to hide. Everything suffered through the 2007–2009 Global Financial Crisis.

Where we stand today

So which one is this?

Thankfully, today feels a lot more like 2000 than 2007. We aren't quite at the bargain-basement levels of 2000, but the crucial point holds: the current hysteria hasn't caught up with everything. It has, in fact, sucked the oxygen from most other parts of the market and there are plenty of places to hide from the exuberance.

While the crowd fights over the same handful of AI darlings, we are finding an abundance of sensible, cash-generative businesses that should do well relatively—and perhaps even absolutely—in any meltdown. Look around the world and you'll see islands of value the momentum crowd has simply ignored.

Take the global "SaaSpocalypse." An indiscriminate sell-off has hammered the sector, from Japanese small-cap software providers like **eWeLL**, **Visional**, and **Obic Business Consultants**—highly profitable businesses delivering strong double-digit earnings growth, whose multiples have been compressed simply because the businesses have the word "software" in the description—to hardware-heavy tech businesses like Australia's **Catapult**. It's a similar story in old-school value sectors outside tech, where European bank stocks, US building materials and the UK market as a whole trade at pessimistic multiples despite solid fundamentals.

As the bubble has grown, we have sold what little exposure we had. As long as it goes on, you should expect both funds to continue their underperformance. We've never minded looking out of step with the crowd if it means staying disciplined and avoiding overvalued giants. We are entirely comfortable being unfashionable in the short term to make sure we're buying the right businesses at the right prices. When the bubble bursts, you should expect us to deliver a reversal.

Team changes

Harvey Migotti is leaving Forager after seven years to pursue other opportunities. He has made a significant contribution to our business and we wish him all the best in his future endeavours. I will be taking over as co-Portfolio Manager of the Forager International Shares Fund alongside Gareth Brown. We anticipate this will be the management structure for the Fund for the foreseeable future and will consider the need for any additional junior resources over the coming months.

The new structure works nicely with our new wholesale Forager Concentrated Fund which is launching this month. I will be the sole Portfolio Manager and will, with the wider team's input, combine a small selection of international and Australian investments into a new portfolio of just 10-20 investments. If you qualify as wholesale under the Corporations Act and are interesting in hearing more, please get in touch.

Kind regards,

Steve Johnson
Chief Investment Officer

International Shares Fund

Forager International Shares Fund Performance Summary (As at 30 June 2026. Net of all fees and expenses)

	1 month return	3 month return	1 year return	3 years return (p.a.)	5 year return (p.a.)	7 year return (p.a.)	10 year return (p.a.)	Since inception* (p.a.)
International Shares Fund	4.07%	7.14%	-5.70%	12.20%	0.80%	11.31%	11.00%	11.88%
MSCI World SMID Net Index in $A	4.70%	11.44%	15.99%	14.74%	8.87%	10.69%	11.27%	13.04%
MSCI AC World Net Index in $A	3.22%	13.62%	17.51%	17.87%	12.36%	13.23%	13.35%	14.14%

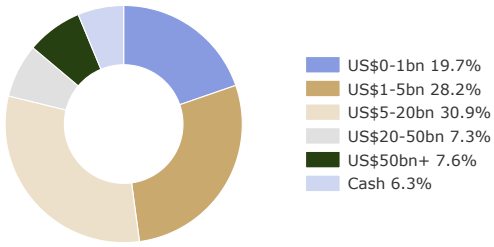
MSCI World SMID Net Index in $A is an abbreviation of MSCI World Small and Mid Cap Index (Net) in Australian dollars. Past performance is not indicative of future performance and the value of your investments can rise or fall. The above figure assumes all distributions have been reinvested.

MSCI AC World Net Index in $A is an abbreviation of MSCI All Country World Investable Market Index (Net) in Australian dollars. It is the previous benchmark, still shown for comparison purposes. *8 February 2013

Over the 12 months to 30 June 2026, the Forager International Shares Fund returned -5.7%, significantly lagging the MSCI World SMID Index (up 16.0%). The Fund's underlying stock portfolio was up modestly, but a strong year for the Aussie dollar turned total returns negative (it had the same negative impact on the index).

Investors should expect negative returns once every five years or so. Given our recent track record of performance, it's not surprising that we've had a weaker year. But it still deserves some explanation. This year the Fund had a healthy ratio of winners to losers. But, unlike last year, one outsized loser was much bigger than the winners. The Fund also started the year with a hefty exposure to Japanese tech stocks, a sector that was punished throughout the year.

Portfolio Distribution According to Market Capitalisation



Source: Bloomberg

The MSCI World SMID Index performance was driven by enormous returns from Artificial Intelligence (AI) stocks. Memory storage manufacturer **Sandisk** (NASDAQ:SNDK), sporting a US$336bn market capitalisation as of 30 June, is now the largest stock in that index, up ten-fold over the year. The Fund did have some investments benefiting from the capital expenditure frenzy from AI giants, especially **Comfort Systems** (NYSE:FIX) and **Nextpower** (NASDAQ:NXT), formerly Nextracker. Comfort Systems reached a market cap of nearly US$70bn and is also one of the largest weightings in the index. But as the euphoria took hold and share prices rose, we reduced the Fund's exposure to these businesses and don't own a share today.

The Fund was never going to keep up if the AI bubble kept inflating and we make no apology for that. We've been busy reallocating that capital to attractively priced stocks that have been starved of attention, leaving us well placed to profit when the bubble pops.

Loser board

Let's start with the losers.

Fiserv (NASDAQ:FISV) was the single largest detractor this year, costing the Fund 3.9%. A loss of that size isn't just bad luck. It reflects a mistake in our process and we owe a clear account of what went wrong. Back in late 2025, we took a fresh look at the company after the price fell 44%. We thought the incoming CEO, Mike Lyons, was clearing out all of the bad news at once. The theory was that a capable new leadership team could rebuild a business that still generated plenty of cash. So we made the decision to hold on, with a strict condition for staying invested: no more bad news and a clear path back to steady growth by 2027.

Those conditions have not been met. Over five quarters, sales growth plummeted from 7% down to zero, and finally into negative territory. By early 2026, its core bank-software business was in decline, it was losing customers, and profit margins had collapsed. We noticed these warning signs as they happened. Noticing a problem is not the same as doing something about it, and that is the core of our mistake.

The final straw came in June 2026. After just over a year on the job, the new CEO abruptly announced he was leaving for another company. This was the second leadership shakeup in eight months, a clear signal that the company's problems run much deeper than we thought. The one thing we needed—a stable management team executing a plan—vanished. We have now sold the entire position.

Japan returns reversed

The Fund's holdings in Japan have been a drag on performance this financial year, reversing all of last year's gains. **Visional** (TSE:4194), **OBIC Business Consultants** (TSE:4733), **eWell** (TSE:5038) and **DreamArts** (TSE:4811) were the main detractors amongst the group, which combined cost the Fund 4.0%.

Despite significant improvements in corporate governance, the Japanese software sector has not been immune to global trends. Software stocks globally have fallen this year due to investor fears that AI will rapidly automate away the need for traditional software-as-a-service products. So while the operating performance of each of these businesses has been broadly on track, share prices have tumbled.

MSCI Japan Software Index plunge

Source: Bloomberg

eWell is a good example. The company develops software for the healthcare sector, particularly in home-visit nursing. eWell's share price has fallen 26% over the past year, valuing the business at 20 times next year's

International Shares Fund

earnings. Those earnings are growing quickly though. If growth continues at the rate we expect, it will be 11 times earnings in three years' time and still growing rapidly. Management is also returning cash to shareholders through a combination of dividends and a recently announced share buyback. It's not as much as we'd like, but it's a good start.

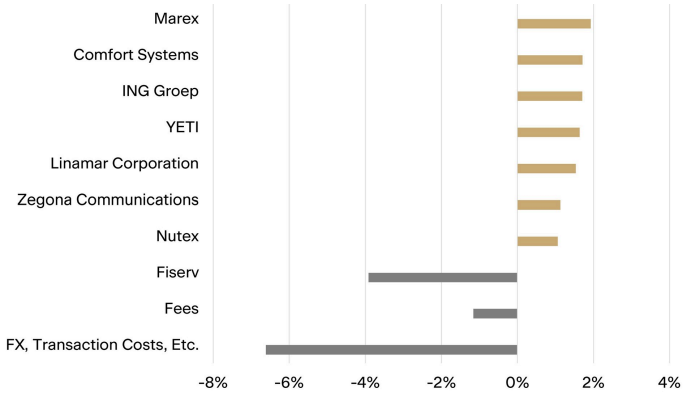
We continue to believe in the Japanese reform story. Governance is improving, capital returns are increasing and the software market is under penetrated compared to global peers. The share price falls were used to increase the Fund's investment in some of these businesses.

Leader board

Comfort Systems appeared in last year's report as a fresh buy out of the April 2025 selloff, and it continued to deliver handsomely this year before we moved on, contributing 1.7% to returns.

This mechanical, electrical and HVAC contractor is a prime beneficiary of the surge in data-centre construction and the reshoring of US manufacturing, where demand for large-scale, technically complex systems is growing rapidly. Few competitors can match its national footprint and execution capacity on mission-critical builds, and through the Fund's holding period the order book grew rapidly, margins kept expanding and the balance sheet carried net cash. The business never stopped executing, but the share price ran up hard. Having bought in the panic, we trimmed into strength and then exited in full in February 2026 at around $1,400 a share, up more than threefold in a year, purely because the valuation got too steep. It is a stock we would happily own again at the right price.

Performance contribution for the year ending 30 June 2026



Source: Forager

AI is clearly sucking investment capital and attention away from other sectors, so it's pleasing that some of the Fund's traditional value stocks performed well this year.

Marex Group PLC (NASDAQ:MRX) was the Fund's top contributor, adding 1.9% to returns. The global financial services firm provides liquidity and clearing services in volatile commodities and financial markets. If an oil company wants to hedge the oil price or an investment fund wants to punt on gold futures, Marex is the sort of company you talk to.

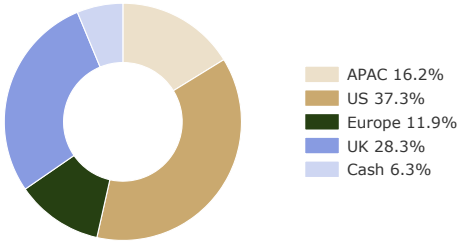
When we first invested, the business was valued at less than ten times earnings, despite a long track record of growth and a business model far more diversified and resilient than the market gave it credit for.

This year market sentiment has changed. Marex delivered a string of record quarterly results and the share price is up 95% from the Fund's October purchase. It's been a year of elevated volatility, particularly in commodity markets, which is great for Marex's market-making and hedging segments. This is a business that we want to own at the Fund's maximum weighting when volatility is low, the valuation is cheap and earnings are, if anything, depressed. This is no longer the case. It is almost certain that earnings will be down year-on-year at some point in a quieter market, and the occasional sharp pullback is expected. We have been trimming the investment.

Linamar Corporation (TSX:LNR) started the financial year with few friends. Linamar's most important business is making parts to go into new cars, right around the world but with a clear bent towards North American-made vehicles. And Donald Trump was ruining the whole industry with his tariff plans, was he not?

Fast forward 12 months, the North American auto industry is doing pretty well, insulated from the fierce Chinese competition that's killing automakers in Europe, Japan and Korea. The key question mark from the tariff tantrum —would Canadian parts producers be hit with tariffs or sheltered within the North American ecosystem—has been answered, happily. Linamar is pumping out record profits from its automotive business, more than offsetting a more difficult environment for its Industrial business. The stock is up 55% over the year, adding 1.5% to Fund returns. Even at the current share price, it's still cheap.

Stock Exposure by Geography



Source: Forager

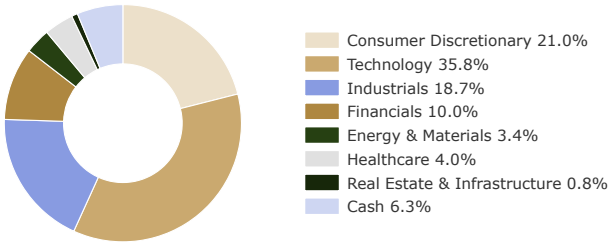
Same goes for Dutch international bank **ING Groep** (ENXTAM:INGA). The Fund acquired the stock absurdly cheaply almost three years ago. All that was needed for a good outcome was for the European economy not to fall into depression. Three years later, and not only are European banks paying out fat dividends and buying back shares, they're actually growing again. Over 2025, ING grew its loan book more than 8% and that carried through to Q1 2026. Investors, rightfully, are starting to consider how much profits can grow over the coming few years. We think that process still has more to run. ING Groep's share price is up more than 100% since the Fund's first purchase and 49% over the past year. Combined with a healthy dividend yield, it added 1.7% to this year's performance.

Last year's winners still winning

Nutex Health (NASDAQ:NUTX) was the Fund's largest contributor last year, and is continuing to add to returns, driving 1.1% of performance this year. The company's share price is up another 37%, as the business keeps rolling out new hospital facilities and generating strong cash flows. The share price has been extremely volatile, providing multiple opportunities to buy and sell and it ended the year closer to its highs than lows.

While it's not as cheap as it was, there is more evidence that our thesis is playing out, the balance sheet is stronger and near-term cash flows are higher. The weighting is lower than it was last year, but Nutex remains a meaningful investment for the Fund.

Stock Exposure by Sector



Source: Forager

Consumer discretionary showing signs of life

The Fund's consumer discretionary investments were a significant drag on last year's performance. Lifestyle brand **Yeti Holdings** (NYSE:YETI), at least, turned things around this year. While tariffs are still a drag on the company's margins and consumer sentiment remains woeful, sales keep growing. Growth in markets outside the US is proving the brand's global appeal, and we think there is more runway here.

International Shares Fund

The Fund's other consumer discretionary investments, **JD Sports** (LSE:JD) and **Crocs** (NASDAQ:CROX), didn't add much to performance over the year but both companies' share prices increased dramatically in recent months as consumer sentiment improved

Michigan Consumer Sentiment Survey

Source: Bloomberg

Special situation

Another significant contributor over the year and one that we have written about in previous reports is **Zegona Communications** (LON:ZEG).

The Fund invested in April 2025 as a special situation. The management team, former Virgin Media executives running a private-equity playbook in public markets, had acquired Vodafone Spain at a depressed valuation, mostly using other people's money.

Over six months Zegona completed two fibre infrastructure sales to Telefónica and MasOrange, generating €1.8bn of upfront proceeds. Those proceeds fully funded the redemption and cancellation of the funding provided by Vodafone, alongside a substantial return of capital via special dividend and further debt reduction. The balance-sheet reset coincided with genuine operating progress: customer metrics stabilised and returned to growth, margins expanded meaningfully, and cash flow improved faster than expected as management executed decisively on cost, capex discipline and commercial simplification.

With the shares up around 130% from the Fund's first purchase in April to December 2025, the financing structure simplified and the turnaround now well recognised by the market, the asymmetry that defined the original investment had largely been realised. The Fund's investment has been sold. If this management team buys something else one day, we would happily invest alongside them again.

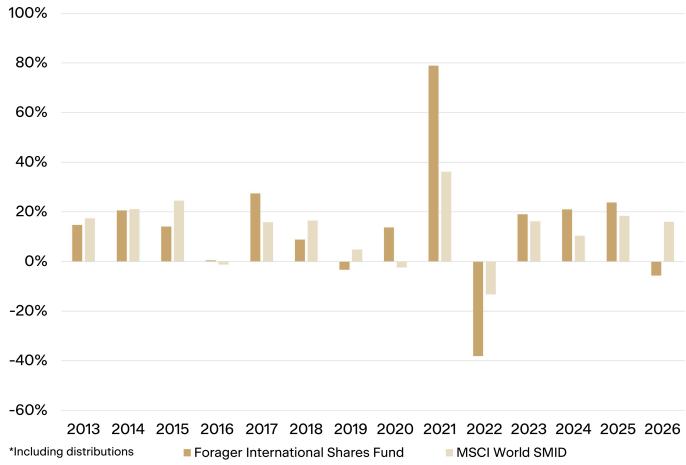
Where we are hunting next

The extreme dispersion and momentum-driven market shifts of the past 12 months have set up a fertile hunting ground for the coming financial year. While the artificial intelligence frenzy sucked capital and attention into a handful of massive index heavyweights, it has left behind a landscape ripe for active, patient investors who refuse to chase the crowd.

To capitalise on this, we have been very active over the past few quarters, clearing out a significant portion of the portfolio. That meant banking profits and exiting fully valued winners like Comfort Systems and Zegona, but also decisively walking away from mistakes like Fiserv to make way for far more asymmetric opportunities.

We enter the new financial year with a concentrated portfolio focused on the areas where we see significant mispricing: indiscriminately dumped AI losers and sensible, cash-generative old-school value stocks that have quietly delivered for us and the momentum crowd has simply ignored.

Relative performance by financial year*



Source: Forager, Bloomberg

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Distributions

The Fund paid ordinary distributions of 8.6 cents for the 2026 financial year and did not pay a special distribution. The final ordinary distribution will be paid on or around 17 July to those who elected to receive cash.

The distribution policy of paying ordinary distributions of about 4% of the Fund's net assets to investors each year means we anticipate 8 cents per unit of ordinary distributions for the 2027 financial year, delivered as two semi-annual 4-cent distributions in January 2027 and July 2027.

The Distribution Reinvestment Plan is active and investors wanting to reinvest their distributions into new units of the Fund can make their elections in the Automic portal.

Team changes

Portfolio Manager Harvey Migotti is leaving Forager after seven years to pursue other opportunities. He has made a significant contribution to our business and we wish him all the best in his future endeavours. Forager's CIO Steve Johnson will be taking over as co-Portfolio Manager of the Forager International Shares Fund alongside Gareth Brown. We anticipate this will be the management structure for the Fund for the foreseeable future and will consider the need for any additional junior resources over the coming months.

Top 5 holdings (as % of NAV)

MTU Aero Engines AG	(MTX GY)	5.2%
Sage Group PLC	(SGE LN)	4.7%
Visional Inc	(4194 JP)	4.3%
Tetra Tech Inc	(TTEK US)	4.3%
ING Groep NV	(INGA NA)	4.2%
Cash		6.3%

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 World Small and Mid Cap Index (Net) in Australian Dollars (MSCI World SMID 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 (Net of all fees and expenses)

FY	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
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%	-0.83%	1.48%	-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%
2025	7.80%	-3.58%	-0.81%	0.55%	4.78%	-0.09%	4.33%	-2.26%	-4.84%	5.27%	9.06%	2.39%	23.78%
2026	1.26%	2.54%	-0.86%	-3.01%	-0.27%	1.28%	-3.47%	-5.38%	-4.43%	2.12%	0.81%	4.07%	-5.70%

Past performance is not indicative of future performance and the value of your investments can rise or fall. The above figure assume all distributions have been reinvested. 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

Date	30 June 2026
Buy Price	$2.0022
Redemption Price	$1.9942
Mid Price	$1.9982
Distribution	$0.043 per unit
Portfolio Value	$230.0 million

About Forager

With over 2,000 long-term investors and a focus on investing for the long-run, Forager Funds is a unique Australian asset management company. Following a strong 15-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
- Core holdings in small and mid-cap 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 (returns are net of all fees and expenses)

Source (MSCI World SMID Net Index in $A): MSCI. *The above figures assume that all distributions have been reinvested. Past performance is not indicative of future performance.*

WARNING Total returns shown for the Forager International Shares Fund have been calculated using exit prices after taking into account all of Forager's ongoing fees and assuming reinvestment of distributions. No allowance has been made for taxation. Past performance is not indicative of future performance. The information given by Forager Funds Management is general information only and is not intended to be advice. You should therefore consider whether the information is appropriate to your needs before acting on it, seeking advice from a financial adviser or stockbroker as necessary. This report may contain some forward-looking statements which reflect the expectations of Forager Funds Management about the future prospects of companies held within the portfolios of the funds. While Forager Funds Management considers its expectations to be based on reasonable grounds, there is no guarantee that those expectations will be met. DISCLAIMER Forager Funds Management Pty Ltd operates under AFSL No: 459312. This report has been prepared by Forager Funds Management Pty Ltd and authorised for release by the The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL No: 235150) as the responsible entity and the issuer of the Forager International Shares Fund (ARSN No: 161 843 778). You should consider the product disclosure statement (PDS), prior to making any investment decisions. The PDS and target market determination (TMD) can be obtained by visiting www.foragerfunds.com. To the extent permitted by law, The Trust Company (RE Services) Limited and Forager Funds Management Pty Limited, its employees, consultants, advisers, officers and authorised representatives are not liable for any loss or damage arising as a result of reliance placed on the contents of this document. ˜This investment objective is not a forecast and returns are not guaranteed. ^Although the MSCI World SMID Net Index in $A benchmark represents the available investment universe for the Fund, the Portfolio will represent a very small proportion of those available investments and the Fund's results may vary from the benchmark. www.foragerfunds.com

Australian Shares Fund

Forager Australian Shares Fund Performance Summary (As at 30 June 2026. Net of all fees and expenses)

	1 month return	3 month return	1 year return	3 years return (p.a.)	5 year return (p.a.)	7 year return (p.a.)	10 year return (p.a.)	Since inception* (p.a.)
Australian Shares Fund	-3.24%	-1.84%	-10.84%	11.52%	3.21%	8.66%	6.72%	9.34%
Small Ordinaries Accumulation Index	-2.00%	3.32%	8.11%	9.89%	2.98%	5.51%	7.03%	4.92%
All Ordinaries Accumulation Index	0.37%	4.00%	5.69%	10.43%	7.42%	8.13%	9.46%	8.26%

The value of your investments can rise or fall. Past performance is not indicative of future performance.
The above figures assume all distributions have been reinvested. The All Ordinaries Accumulation Index is the previous benchmark, still shown for comparison purposes.

*30 October 2009

The Forager Australian Shares Fund fell 10.8% during the 2026 financial year. The S&P/ASX Small Ordinaries Accumulation Index was up 8.1% outperforming the larger cap All Ordinaries Accumulation Index, which returned 5.7%.

For smaller stocks it was a two-speed market. Resources, especially stocks exposed to gold and lithium, soared. Despite a slower end to the financial year, small resources finished the year up 30.7%. Smaller industrial stocks finished the year down 0.9%. There the dispersion was also significant. Some of the better performers were unprofitable concept stocks, defence exposed companies and those contributing to the AI-driven buildout of data centre capacity. The list of worst performers was littered with stock-specific blowups and technology stocks stung by the AI-driven "Saaspocalypse".

Dispersion in performance of ASX sectors

Source: Bloomberg

In our portfolio, the lack of big winners hampered performance. No stock contributed more than 3.5% to portfolio performance. In total four investments contributed more than 1% to portfolio performance, while five cost the Fund more than 1% of capital.

Results separate the winners and losers

The Fund's largest disappointments were investments where poor share price performance was driven by weaker operating results. Some of these businesses still have credible recovery paths, but the past year provided too many examples of delayed revenue, weaker demand and cost bases that were too slow to adjust.

EML Payments (ASX:EML), a global specialist payments business, disappointed during the year. Its operational turnaround looked nicely underway this time last year but has been buffeted by macro exposures in North America and Europe. Contract wins have continued, but implementations have been slower than expected and consequently revenue has not arrived quickly enough. In April, management reduced its 2026 financial year underlying earnings guidance by 18%. And questions around the quantum of one-off costs remain.

The turnaround task has been both tougher and more protracted than expected.

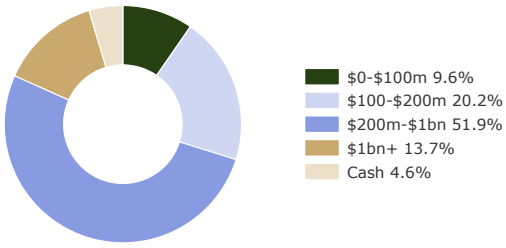
Our most significant mistake was to add to the investment as the share price fell, not recognising early enough that, in a cluster of falling small cap prices, this one was justified. The stock is in the sin-bin with us and the wider market and unlikely to attract much attention from investors until there is solid evidence of improvement.

IDP Education (ASX:IEL) was another of the Fund's largest detractors. An extremely difficult, anti-immigration environment has not improved for this student placement and English language testing business. IDP's volumes were decimated in Canada and pummelled in the UK. Earlier signs that Australian student placement volumes might be at least stabilising were not sustained, while the political climate in the major destination markets remains difficult.

But the business is not without levers to pull. Student placement and language testing pricing has been outperforming expectations, an IELTS launch in China provides a potential new growth channel and management has increased the targeted cost savings. Earnings in the current financial year are coming in largely to expectation but the timing of any recovery has now been delayed.

These two stocks were large weightings and together cost the portfolio 8.5% of performance.

Portfolio Distribution According to Market Capitalisation



Source: Bloomberg

It was not all one way for the larger investments, though.

Cuscal (ASX: CCL), currently the largest investment in the Fund, contributed 3.4% to performance last year. The business sits behind Australia's payments system, providing the infrastructure that enables transactions for mostly smaller banks, credit unions and fintechs.

That gives the business an attractive combination of recurring transaction-driven revenue, structural growth and high switching costs. Solid organic transaction growth, up 8% in the half-year to December, underpins margin expansion, especially as the business cuts losses from a small unprofitable segment.

Australian Shares Fund

The recent acquisition of competitor Indue further strengthens its competitive position, with synergies from this acquisition coming through over the next few years. And another acquisition in New Zealand, at a very attractive valuation and paired with a capital raise, has finally attracted more eyes to the business. Cuscal finished 68% higher for the year, with the size of the business and likely index inclusion now attracting more attention from brokers and investors.

EML Payments, Cuscal and IDP Education share prices

Source: Bloomberg

A few more bruises

Travel management business **Corporate Travel Management** (ASX:CTD) has gone from bad to worse. What was first presented as a timing issue around revenue recognition has uncovered something much more serious. The company now expects to reverse up to £118m of revenue relating to FY25 and prior years, with potentially another £10m in 1HFY26, after a forensic review identified customers had been charged in excess of contractual entitlements.

The business is now negotiating remediation payments with customers while also managing lenders and auditors. Trading remains suspended and the outcome remains uncertain. The Fund has marked down the investment by 80% from its last listed price, costing the Fund 2% during the financial year.

Another frustrating investment this year has been skydive and adventure experience operator **Experience Co** (ASX:EXP). The company's skydive business in Australia has been hurt by weak international volumes, cost-of-living pressures for domestic jumpers, and industrial action during peak trading periods.

Management is now reviewing the Australian skydive operation with a view to optimise the footprint and drive better returns on capital. The rest of the group is performing better though. The skydive business in New Zealand, the reef adventures business out of Cairns and the Treetops adventure climbing businesses around Australia remain in reasonable shape. The sale of Wild Bush Luxury walks has simplified the portfolio. The business has valuable assets, but investors need evidence that the Australian skydiving operation can generate acceptable returns again. The investment cost the Fund 1% during the year.

Progress not yet rewarded

Other businesses saw share prices falls despite solid operational performance.

AMA Group (ASX:AMA), an owner of panel beaters, is one of these. Its Capital SMART segment remains in high gear, with strong margins continuing. A better relationship with the primary insurance client in this segment will lead to more locations and improved volumes over time. There is still work to be done to lift the AMA Collision segment to better margins through network optimisation and process improvements. Taken together, AMA's other segments have continued to contribute as expected.

Despite the pressures brought on by higher fuel prices and cost of living pressures, profit guidance was maintained at the third-quarter results. Yet the stock has more than halved in the 2026 financial year.

Another to see its share price fall despite continued progress was tradie portal **hipages** (ASX:HPG). At the first-half result revenue increased 11%, with Australian subscription revenue per client increasing 9%. The business is getting continually better at pricing leads for tradies closer to the value those leads provide. The business is also building a broader ecosystem through job management features in its tradiecore platform.

A small recent acquisition and steps into the broader monetisation of both its homeowner and tradie base should improve investor confidence in medium term revenue growth. Cost control remains strong, with between forty and fifty percent of incremental revenue expected to drop through to pre-tax free cash flow. At the current price, down 24% over the year, the company's progress is not being given much credit.

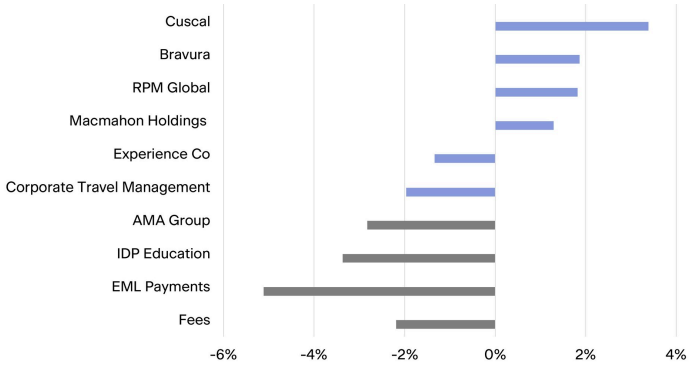
When public markets won't pay

In some of the year's other poor performers, bidders stepped in as valuations became particularly attractive.

Enterprise software business **Readytech** (ASX:RDY) fell after first half revenue grew just 5.6%, with the local government division particularly slow and costs still rising. Yet a recent Victorian TAFE contract is an important endorsement, while a potential takeover bid from a well-credentialed bidder highlights the value of its sticky, mission-critical recurring revenue. Whether or not a deal proceeds, Readytech needs to reduce costs and turn that revenue into better cash generation.

OFX Group (ASX:OFX), foreign exchange provider, also had a difficult year. Net operating income was down 8.5% and profit was close to breakeven. The business has lost market share while working through a major technology transition, but still owns a valuable global licence footprint, client base and new platform. A strategic review (code for putting itself up for sale), with multiple credible parties now into the second phase of the process, remains ongoing. If public markets won't recognise the value on offer, another owner may.

Performance contribution for the year ending 30 June 2026



Source: Forager

The portfolio also saw takeovers for better performing businesses.

RPMGlobal (ASX:RUL) was a textbook example of value being recognised by an industry buyer. The mining software business had been one of the Fund's largest investments for years, helped by industry-leading products and a growing base of mission-critical subscription revenue. Caterpillar's $5.00 per share cash bid, completed in February, crystallised that value and represented a 33% premium to RPMGlobal's last close before the initial proposal. It was a pleasing result, but not a surprise. The business had been steadily increasing recurring revenue, with operating leverage and free cash flow starting to follow. The takeover brought forward that future value.

Johns Lyng (ASX:JLG) had fallen sharply after mild weather and US missteps hurt earnings (this company fixes things for insurance companies after major and minor disasters). Index selling made the share price decline worse, creating an opportunity for us to buy a business that was neither as good as investors thought in 2022 nor as bad as the market suggested in 2025. Pacific Equity Partners agreed, ultimately acquiring the company for $4.00 per share, a price nearly double the Fund's initial entry price. The takeover was implemented in October 2025 and provided a strong outcome over our six-month holding period.

Australian Shares Fund

Operational Progress Rewarded

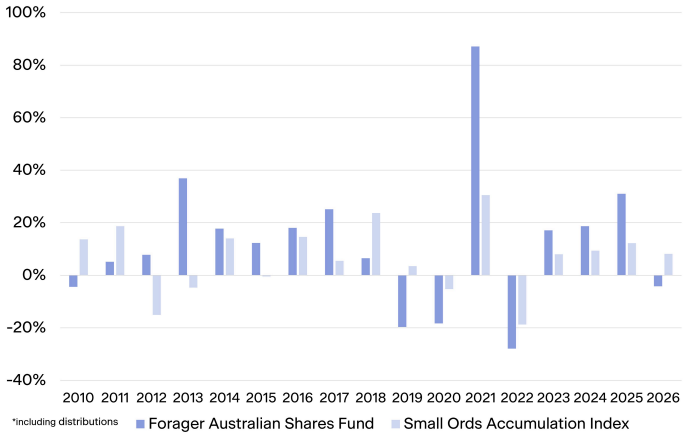
There was some good news from other parts of the portfolio.

The Fund fully exited **Bravura Solutions** (ASX:BVS) and **Catapult** (ASX:CAT) early in the financial year, only to see both stocks back in the portfolio by February as software valuations fell.

Bravura added 1.9% to fund returns before its exit as strong results from the mission-critical financial software business continued at the first half result, with revenue 10% higher and management's preferred measure of profitability up 71%. The company has upgraded earnings expectations twice in the 2026 financial year. And a lot of the cash is making its way back into investor pockets: over the last 18 months the business has returned nearly 42 cents per share to investors via dividends and capital returns, approximately half of the Fund's original purchase price.

Further improved results from the business appear likely, as the new management team continues the impressive work of the last team. The new CEO also has a background in running a portfolio of software businesses, skills that will come in handy if Bravura can secure attractively priced acquisitions.

Relative performance by financial year*



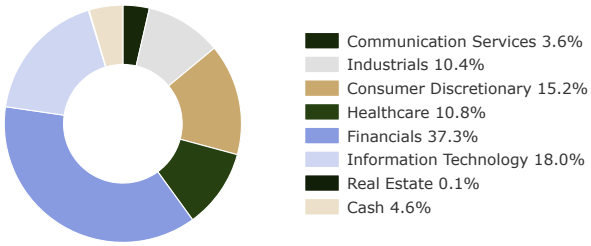
Source: Forager, Bloomberg

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

Mining and civil contractor **Macmahon Holdings** (ASX:MAH) has been a strong performer as operational delivery and contract wins continued to compound. The business is larger and more diversified than it was just a few years ago. Earnings before interest and tax rose 17% in the first half results, while improved capital intensity led to return on capital employed climbing above 21%.

Consistent performance and a favourable backdrop for mining contractors led investors to finally reappraise the whole sector and Macmahon's place in it. It has been a long wait, with the Fund's initial investment being made over 14 years ago. As the price continued to rise, and valuation expanded alongside improved attention, the Fund first reduced its investment and then exited completely.

Stock Exposure by Sector



Source: Forager

Distributions

The Fund paid total distributions of 19 cents per unit for the 2026 financial year, including 8 cents per unit of regular distributions and an 11 cent special distribution. The final ordinary and special distributions, totalling 13 cents per unit, will be paid on or around 17 July to those who elected to receive cash.

The special distribution comes as a result of gains from prior years of strong performance, largely realised in early financial year 2026.

The distribution policy of paying ordinary distributions targeting 4% of the Fund's net assets to investors each year means we anticipate 6.4 cents per unit of ordinary distributions for the 2026 financial year, delivered as two semi-annual 3.2-cent distributions in January 2027 and July 2027.

The Distribution Reinvestment Plan is active 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)

Cuscal Limited	(CCL AU)	7.2%
Catapult Sports Limited	(CAT AU)	6.4%
Praemium Limited	(PPS AU)	5.9%
Nanosonics Limited	(NAN AU)	5.5%
Tyro Payments Limited	(TYR AU)	5.4%
Cash		4.6%

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 S&P/ASX Small 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 (Net of all fees and expenses)

FY	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
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	10.46%	1.13%	4.77%	2.50%	-0.11%	0.37%	1.05%	0.48%	-1.28%	-3.44%	1.28%	-0.15%	17.73%
2015	6.71%	2.56%	-1.22%	-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%	1.24%	0.34%	0.34%	15.56%
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%
2025	1.57%	1.22%	3.29%	1.58%	8.17%	1.63%	2.93%	-0.86%	-2.87%	-0.29%	10.05%	1.64%	31.06%
2026	5.01%	7.70%	1.76%	2.42%	-3.65%	-0.60%	-3.73%	-7.92%	-9.23%	1.05%	0.39%	-3.24%	-10.84%

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Facts

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

Unit price summary

As at	30 June 2026
Buy Price	$1.7436
Redemption Price	$1.7366
Mid Price	$1.7401
Distribution	$0.13 per unit
Portfolio Value	$165.7 million

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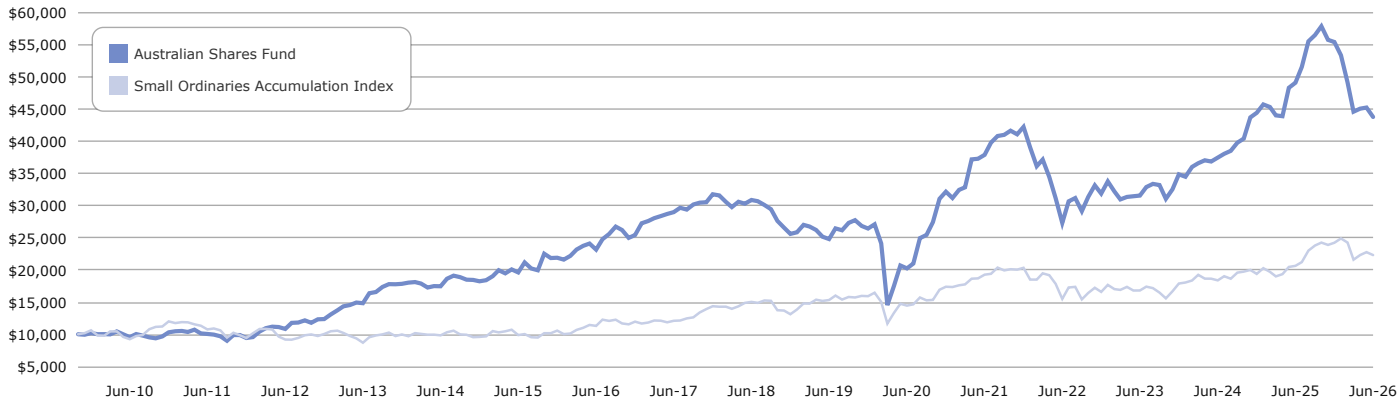
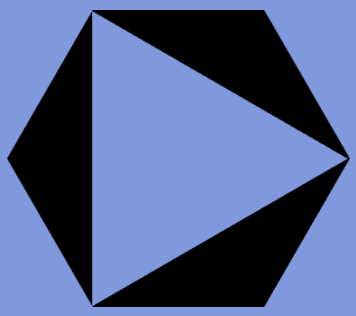
Fund Characteristics

- 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 (returns are net of all fees and expenses)



Source (Small Ords): Bloomberg. The above figures assume that all distributions have been reinvested. Past performance is not indicative of future performance.

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