FORAGER

INTERNATIONAL SHARES FUND

MONTHLY REPORT SEPTEMBER 2021 www.foragerfunds.com

FORAGER INTERNATIONAL SHARES FUND PERFORMANCE SUMMARY (as at 30 September 2021. 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.)	Since inception* (p.a.)
International Shares Fund	-3.57%	-7.70%	8.98%	45.66%	20.73%	17.87%	17.35%
MSCI AC World Net Index in $A	-2.86%	2.77%	11.75%	27.92%	12.44%	14.37%	15.10%

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

Global markets sold off during September. The supposed triggers were inflationary pressures and fears of rising interest rates. The Fund's unit price fell 3.6% during September, against an index decline of 2.9%.

We've purchased some defensive businesses over the past quarter that should continue to do well in most environments. Two of which are **Tesco** (LSE:TSCO) and **Janus International** (NYSE:JBI).

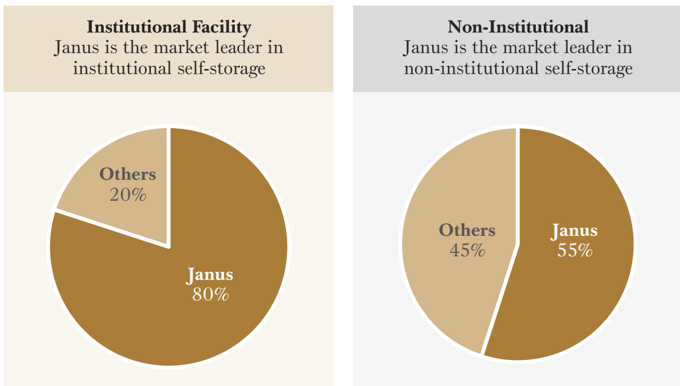
Tesco is the largest grocery company in the UK and the Republic of Ireland, selling £57bn worth of groceries a year. Management has spent the past decade unwinding the excesses of the noughties, disposing of non-core overseas operations and returning its focus to the UK. That exercise is largely complete, and the core business is once again increasing market share and earning consistent (albeit lower) margins.

Tesco is now able to better compete with discount grocers Aldi and Lidl, with price matching on more than 500 homebrand products. And its market share is even higher online than offline, so any permanent shift to online grocery shopping is likely to be a positive for the business.

With the share price trading at a multiple of just 13 times this year's expected earnings, there is no expectation that Tesco's business will grow like a weed. It just needs to deliver on being a reliable, cash-generative business that returns excess capital to shareholders. On 6 October, at the company's half-yearly earnings release, Tesco announced a £500m share buyback. It's a good start.

Janus is a manufacturer of doors and access control systems. Its customers are mostly owners of self-storage infrastructure (largely in the US, and also businesses like National Storage REIT and Kennards Self Storage here in Australia). The storage market was growing prior to COVID and the trend has accelerated—utilisation rates of self-storage facilities have surged across all geographies over the past few years and there is plenty of money being spent on opening new facilities and refurbishing old ones. The sector is incorporating more technology, like internet-enabled access controls and doors, increasing the opportunity for suppliers like Janus.

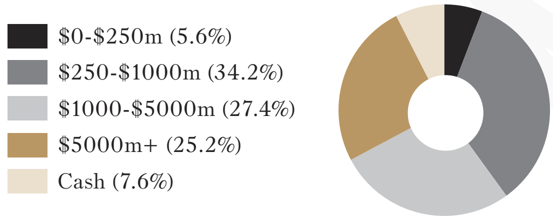
MARKET SHARE IN THE SELF-STORAGE SECTOR



Source: Janus International investor presentation

Janus claims more than 50% market share across most of the businesses it operates in. This gives it a cost advantage and pricing power which is evidenced in its wide margins. Over the past five years, the company has doubled in size through a combination of 10% organic growth and various small acquisitions adding other products and markets. The management team and board of directors includes a number of people from leading industrial firms such as **Honeywell** (Nasdaq:HON) that have very successful track records.

PORTFOLIO DISTRIBUTION ACCORDING TO MARKET CAPITALISATION



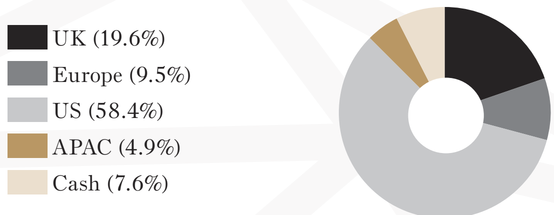
It's a nice, profitable business that we expect to grow at a healthy rate over the coming years. Best of all, the stock is underpriced relative to other industrial peers that exhibit lower growth and more cyclicality.

With reporting season in the US done and dusted in August, the Fund only had a few earnings announcements throughout September.

Online fashion retailer **Boohoo** (AIM:BOO) reported a disappointing half-year result. Sales growth of 20% against the prior year implies only 9% in the quarter ending 31 August. This is well below expectations, ours included. While management was comforted that growth had accelerated again towards the end of the quarter, sales growth guidance for the full year was decreased to 20-25%. Margins are also expected to be impacted by ongoing supply chain disruptions. The share price plummeted 15% on the day and has fallen further since month end.

Despite the underwhelming quarter, longer term growth is still impressive. Revenue is up 73% compared to the same six month period in 2019. And Boohoo has doubled market share in its two key markets, the UK and the US. The second half of the financial year should bring easier comparable periods, as physical stores were open in 2020 as well. More certainty around travel and social events, as well as the upcoming holiday period should be good tailwinds for apparel purchases. We will be watching closely.

STOCK EXPOSURE BY GEOGRAPHY



Hallenstein Glasson Holdings (NZSE:HLG) reported earnings for the full year ended 1 August 2021. Sales were up 22% on the previous year. This represented a similar increase on 2019 sales, as 2020 sales were roughly the same as 2019. Most of that growth came from the Glassons Australia segment, where sales were up almost 50% compared to 2019. Online sales continued to grow, now representing 24% of total sales. Ongoing issues with increasing freight costs and a rising US dollar negatively impacted the company's inventory costs, however overall profitability remained strong due to cost controls, government subsidies and rent negotiations.

The first eight weeks of the new financial year have been heavily impacted by store closures in both New Zealand and Australia, with sales down 19% on the prior year. This business has navigated the pandemic exceptionally well so far, and we expect they will continue to do so once stores reopen.

Erasure software market leader **Blancco** (AIM:BLTG) reported its full year result. The second half was strong, as expected, with revenue up 19% despite a currency headwind. The Enterprise division, selling direct to large corporations, continues to shine, with second half revenues increasing 35% and important new business wins that should be recurring in nature. The ITAD division, which sells erasure licences to equipment recyclers, did better than we should expect longer term, with a surge of end-of-life hardware processing occurring post COVID. The mobile phone recycling division didn't inspire, generating revenues the same as the prior year, but it should benefit significantly from the return to normal life.

Overall profit margins were good, but were boosted by one-off cost savings during the pandemic. Management guided to lower margins in the year ahead, followed by incremental improvement in the medium term as the business continues to scale. Blancco needs to continue growing to justify its valuation, but we're confident of that. General awareness of data security threats, increased privacy regulation with massive financial penalties for breaches and environmental consciousness are all tailwinds here.

TOP 5 HOLDINGS (as % of NAV)

Whole Earth Brands Inc	**(NASDAQ:FREE)**	4.5%
Motorpoint Group Plc	**(LSE:MOTR)**	4.5%
Blancco Technology Group Plc	**(AIM:BLTG)**	4.4%
AMMO, Inc	**(NASDAQ:POWW)**	4.0%
Twitter Inc	**(NYSE:TWTR)**	4.0%
Cash		7.6%

FUND OBJECTIVE

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

FUND PERFORMANCE BY MONTH AND FINANCIAL YEAR

FY	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total Return
2013								-0.26%	-0.62%	2.88%	8.74%	3.47%	**14.73%**
2014	3.61%	1.11%	-1.26%	4.59%	6.58%	2.82%	1.40%	1.92%	-4.64%	1.85%	1.46%	-0.16%	**20.54%**
2015	-1.81%	-0.82%	1.47%	-2.93%	2.43%	3.63%	1.33%	3.59%	1.47%	2.84%	4.54%	-2.17%	**14.06%**
2016	5.61%	-0.29%	-2.07%	2.55%	-3.19%	-2.74%	-5.08%	3.36%	0.09%	3.64%	5.84%	-6.36%	**0.44%**
2017	4.55%	3.84%	1.91%	0.52%	4.65%	5.55%	-0.63%	-0.13%	2.25%	4.97%	1.69%	-4.25%	**27.42%**
2018	-0.76%	-0.43%	3.99%	2.31%	1.62%	-2.76%	0.97%	-1.78%	-1.22%	4.64%	0.97%	1.21%	**8.81%**
2019	-0.55%	1.50%	2.22%	-6.62%	-5.49%	-3.66%	5.11%	5.19%	-4.03%	4.79%	-2.68%	1.85%	**-3.31%**
2020	0.07%	-1.92%	3.09%	0.95%	4.83%	4.73%	3.62%	-6.03%	-15.53%	9.78%	12.60%	-0.22%	**13.74%**
2021	1.36%	10.05%	1.63%	2.36%	10.85%	5.98%	2.07%	6.56%	2.20%	8.05%	1.41%	7.75%	**78.88%**
2022	-4.25%	-0.03%	-3.57%										**-7.70%**

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FACTS

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

UNIT PRICE SUMMARY

As at	30 September 2021
Buy Price (cum distribution)	$1.9509
Redemption Price (cum distribution)	$1.9432
Mid Price (cum distribution)	$1.9471
Portfolio Value	$261.2m

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

ABOUT FORAGER

With approximately $480 million of funds under management and a focus on long-term investing, Forager Funds is a unique Australian asset management company.

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

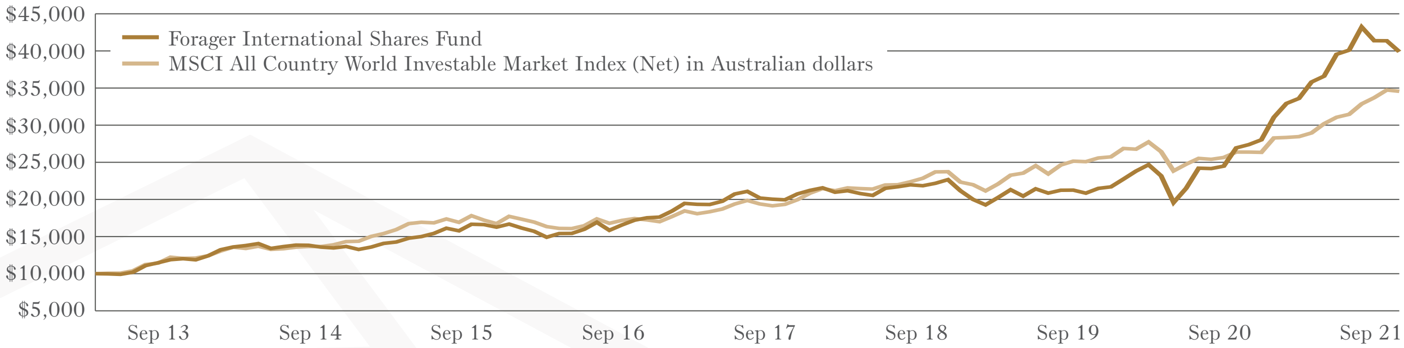
The company is majority owned by staff. Forager's shareholders support the desire to place performance before revenue. That means capping the size of funds before too much money becomes an impediment to performance.

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

FUND CHARACTERISTICS

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

COMPARISON OF $10,000 INVESTMENT OVER TIME



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