FORAGER

SEPTEMBER 2021 QUARTERLY REPORT

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How to play the middle game

FORAGER

CHIEF INVESTMENT OFFICER LETTER

QUARTERLY LETTER SEPTEMBER 2021

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FORAGER FUNDS 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.)	10 year return (p.a.)	Since inception* (p.a.)
Forager Australian Shares Fund	0.45%	8.20%	24.83%	61.10%	11.67%	8.92%	16.37%	12.55%
Forager International Shares Fund	-3.57%	-7.70%	8.98%	45.66%	20.73%	17.87%	-	17.35%

Past performance is not indicative of future performance and the value of your investments can rise or fall.
Performance in FASF is calculated using Net Asset Value (NAV), not the market price.

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

WHY IT'S TIME FOR A PATIENT MIDDLE GAME

Like millions of other people around the world, the combination of Netflix's *The Queen's Gambit* and a long time locked inside my home rekindled my interest in chess. I haven't played much in the past 20 years and, even prior, my skill level was low.

It's not dramatically better today. But it's been great fun re-engaging with the chessboard. The tools available to a learner today are incredible. A relatively cheap subscription to Chess.com gives me hundreds of hours of lessons and training. I can play against dozens of computer personas that have remarkably human-like characteristics, with the key benefit that I don't have to wait more than a few milliseconds for them to choose their moves.

Post-game analysis tells me which moves were good, best, mistakes or blunders. I can even have these tools available while playing against the program. Not sure which move to make? Use one of your three friendly hints.

I still can't beat my 14-year old nephew at speed chess. But I've learned a lot.

The opening principles of chess are straightforward. Control the centre of the board. Get your knights and bishops into space. Protect your king. Follow those three principles and you won't go too far wrong. That was all in *Bobby Fisher Teaches Chess*, written in 1984.

It has been the computer-suggested moves in the middle of the game where I have learned the most. Having done everything right for the first ten moves of the game, my inclination has always been to do something aggressive. I'm visualising Beth Harmon, the chess prodigy in *The Queen's Gambit*, and dreaming of devastating my opponent with a stroke of genius.

Whereas my strokes of genius generally only work in my dreams, the computer's suggested move is often a seemingly innocuous pawn move. One square down the board, not attacking anything. Or it suggests I move a key piece backwards. Backwards! I don't think I have ever done that in my life.

Yet I have been winning more games of chess. It turns out that in chess, as in investing, the ability to bide your time is important. Sometimes, it's best to reinforce your defences, occupy sensible squares on the board and wait for better opportunities to come along.

A similar strategy is warranted with our share portfolios right now. Our opponent, the market, is getting most things mostly right.

A WORLD OF DIFFICULT PROBLEMS

That's not to say there aren't large risks or opportunities in the market today.

Central bankers remain adamant that recent strong inflationary pressures are temporary. With 10-year government bonds in both the US and Australia offering returns of less than 1.5%, bond investors agree. Yet the pressures continue to mount.

The world's "just-in-time" business model is struggling to cope with an unexpectedly rapid recovery from COVID-related disruptions. From retail to automobiles, supply chains are clogged and product deliveries are delayed. An estimated half a million containers are floating off the coast of California waiting to be unloaded. The United Kingdom is running out of petrol. Some chicken production in the UK has been halted due to a gas-related shortage of carbon dioxide.

The cost of shipping goods around the world has risen seven-fold over the past year. Amazon's average entry salary in the US has risen to $18 an hour, some 20% above the minimum wage.

Australian coal for export is trading at prices higher than ever. Gas prices are at all-time highs and the oil price recently topped $80 a barrel, a level not seen for more than seven years. It might all be temporary. But what if it's not?

There is plenty of money to be made on both sides of this question. But it's a fiendishly difficult one to answer. The odds are not, in my view, attractive enough for an aggressive bet in either direction.

AN OVERVALUED STOCK MARKET?

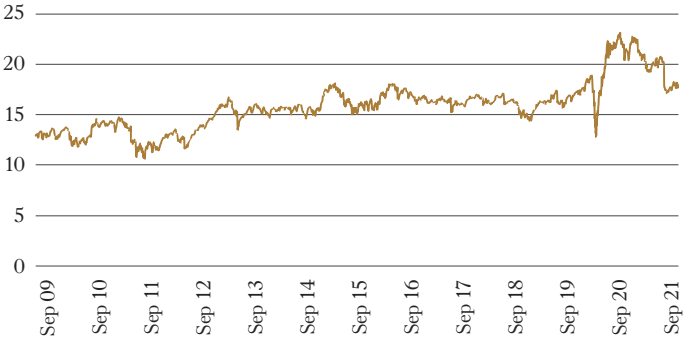
Are markets overvalued and headed for a correction?

The ASX trades at an all-time high. But stock markets should go up. Australian companies pay out roughly 50% of their profits as dividends and retain the rest to grow their business. These investments should, over time, turn up as higher future profits and higher overall valuations. Since the inception of Forager's Australian Fund almost 12 years ago, this relationship has roughly held true. The

8.4% p.a. return of the All Ordinaries Accumulation Index since 2009 has been roughly 4.5% dividends and 3.9% capital growth. The index being at all-time highs is not necessarily something to worry about.

What about earnings multiples?

ASX ALL ORDINARIES P/E RATIO OVER TIME



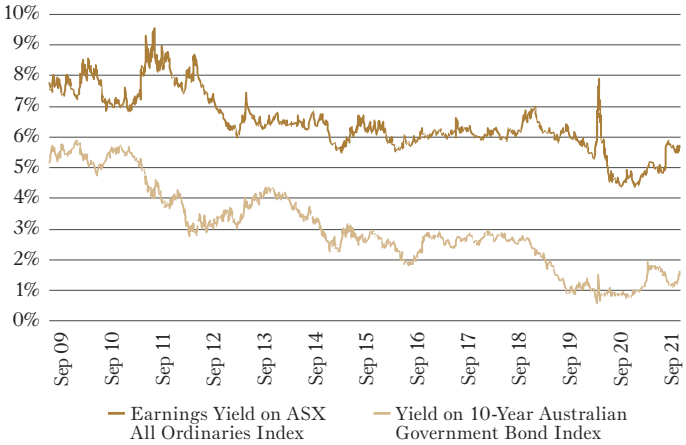
Forward Price-to-Earnings Ratio on ASX All Ordinaries Index

Source: Bloomberg

The Australian index trades at a weighted average of 18 times the current year profits of its constituents, versus a historical average of 15 times. So you could argue it's more expensive than it has been. But those historical multiples were in times where returns on other asset classes were much higher.

The inverse of the profit multiple is an earnings yield. The profits the market is going to generate over the next year should represent a return of roughly 6% on the current value of the whole market, versus a historical average of 7%. But the return on the Australian 10-year government bonds, for example, has fallen from 5% to 1.5% over the past 12 years. The gap between the two—the premium you receive for investing in equities—is actually higher than it has been historically.

EQUITY RISK PREMIUM



Source: Bloomberg

None of that means equity markets have to keep rising. It does mean the opportunity cost of holding significant amounts of cash is high.

Like the inflation question, there are pros and cons to both sides of the argument. And that's true for most of the key questions facing investors today.

HOW TO PLAY THE MIDDLE GAME

So how do we play this middle game? What's the investing equivalent of that innocuous pawn move one square forward, or moving a key piece backwards?

Each middle game move in chess should achieve one of three objectives. Protect your pieces, occupy key squares and open up future lines of attack. The middle game for investors is similar. Protect your portfolio by reducing exposure to any overvalued stocks or sectors. Participate in the market's natural rate of return by owning sensibly priced businesses. And prepare to attack when future opportunities arise.

We've been gradually increasing cash levels without betting the portfolios on a correction. For the Australian Fund, that's currently 11% (including pending proceeds from the Mainstream takeover bid) and 8% and rising in the International Fund. This is mildly defensive, but it also gives us the capacity to participate in short-term opportunities like the recent **Experience Co** rights issue, and add new and existing investments if markets do fall.

And we've been generally adding more boring, defensive businesses that trade at sensible prices. UK grocer **Tesco** is a good example. The stock trades at just 13x times this year's earnings, generates oodles of cash flow, has a strong balance sheet and is committed to returning cash to shareholders through dividends and buybacks. While it's highly unlikely that the share price triples, we are anticipating a fairly low risk 8-10% annual return over the next decade. It's a stock that can be sold if the market starts presenting us with screaming bargains, but one that can provide perfectly adequate returns while we wait.

Downer EDI is playing a similar role in the Australian Fund, although recent share price appreciation reduces the future returns. And recent share price weakness has similarly provided an opportunity to add **Seven Group** to the portfolio.

Our future lines of attack are a collection of modest weightings in small companies that have bright prospects. Relatively small investments in the likes of **Whispir**, **Adore Beauty** and **Wisr** in the Australian Fund and **Fathom**, **Open Lending** and **Cryoport** in the International Fund should provide perfectly adequate long-term returns from today's prices. But share prices of these sorts of companies can suffer from extreme pessimism as well as extreme optimism. We are keeping the capacity to significantly increase weightings when one or more of them becomes absurdly attractive, rather than simply attractive.

That could be sooner rather than later if recent downward pressure on small companies' share prices is anything to go by. The Russell 2000 index of smaller US companies is down 6.6% from its peak in March. But we are not yet forecasting too many moves ahead. It remains a time for patience.

Kind regards,

Steven Johnson
Chief Investment Officer

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).

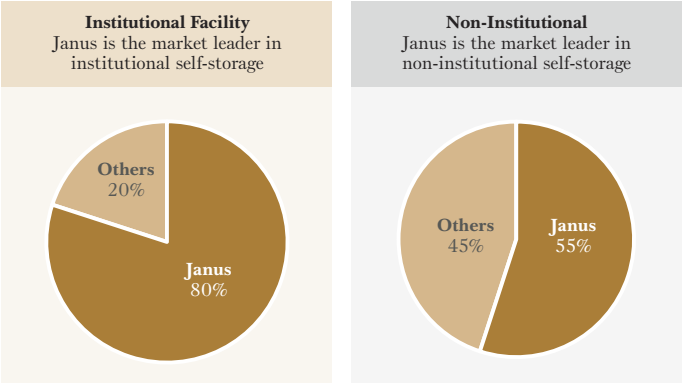
Tesco is the largest grocery company in the UK and the Republic of Ireland, selling £57bn worth of groceries a year. Management has spent the past decade unwinding the excesses of the noughties, disposing of non-core overseas operations and returning its focus to the UK. That exercise is largely complete, 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

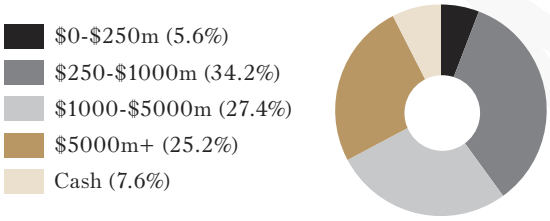


Source: Janus International investor presentation

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



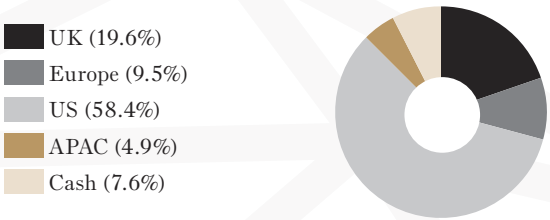
It's a nice, profitable business that we expect to grow at a healthy rate over the coming years. Best of all, the stock is underpriced relative to other industrial peers that exhibit lower growth and more cyclicality.

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 movements^.

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%**

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

FACTS

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

UNIT PRICE SUMMARY

As at	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.

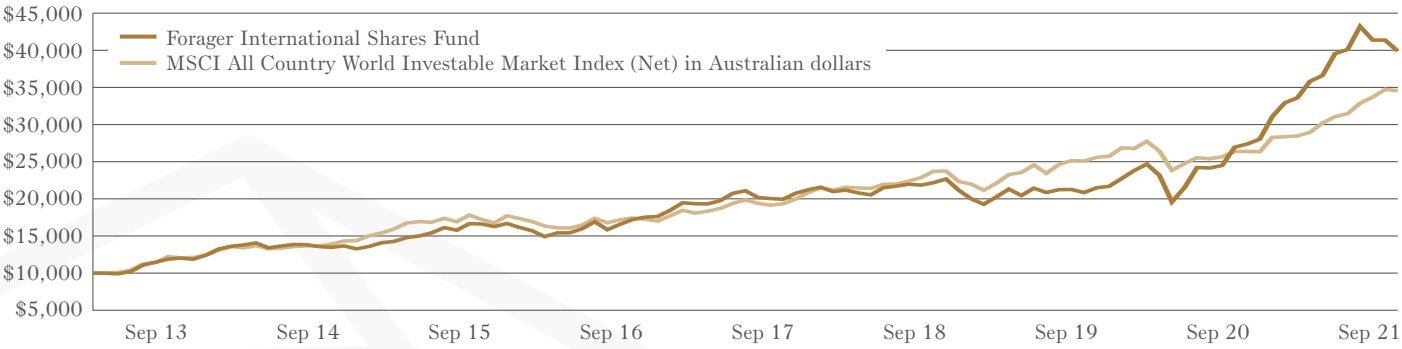
The company is majority owned by staff. Forager's shareholders support the desire to place performance before revenue. That means capping the size of funds before too much money becomes an impediment to performance.

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.

FORAGER

AUSTRALIAN SHARES FUND

MONTHLY REPORT SEPTEMBER 2021

www.foragerfunds.com

FORAGER AUSTRALIAN 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.)	10 year return (p.a.)	Since inception* (p.a.)
Australian Shares Fund (ASX:FOR)	0.45%	8.20%	24.83%	61.10%	11.67%	8.92%	16.37%	12.55%
All Ordinaries Accumulation Index	-1.58%	2.05%	10.88%	31.46%	10.37%	10.84%	10.94%	8.63%

The value of your investments can rise or fall. Performance is calculated using Net Asset Value (NAV), not the market price.
Past performance is not indicative of future performance.

*30 October 2009

The numbers suggest September was a quiet month, with the Fund up 0.5% while the index sank 1.6%. It was a busy month for your investment team, however.

Reporting season gave way to what looks to be the final few hurdles of Australia's initial COVID vaccination program. The light at the end of the tunnel grows brighter as restrictions on movement are set to ease by mid-November in the most populous states, Victoria and New South Wales. Investors' minds turned to what consumers will do with their new-found freedoms—get out of the house and travel.

The share prices of the larger travel exposed stocks, such as **Webjet** (WEB) and **Flight Centre** (FLT) took off in mid-August, up 27% and 49% respectively by the end of September. The Fund's holdings, in smaller stocks exposed to similar trends, rose also.

For years recreational vehicle operator **Apollo Tourism** (ATL) had investors wondering "will they or won't they?". Will the company need to raise equity to reduce its debt burden? Or will its unique funding arrangements allow the business to weather the storm? We believed the company was more likely than not to get through COVID without raising equity. So far that has been both right and profitable.

The company's full year results presentation in August allayed some balance sheet concerns and showed that management is focused on securing new recreational vehicle supply for its overseas operations. Canada, which looks to be reopening in time for the northern hemisphere summer, has been a big profit contributor to Apollo in the past. The Fund's investment in Apollo was small, mitigating the balance sheet risk of the investment but, with the stock up by more than two-thirds since mid-August, it has been a tidy contributor.

Another travel-exposed investment to make headlines last month was skydiving and Great Barrier Reef adventure business **Experience Co** (EXP). The company's main operations have been conserving cash while awaiting the resumption of interstate and international travel. Head office, helmed by former Tourism Australia CEO John O'Sullivan, was also preparing a large acquisition.

The purchase of treetop and ziplining adventure company Trees Adventure for $46.9m moves Experience Co towards activities for locals rather than interstate or international visitors. It reduces the reliance the business had on Queensland. And it doubles the client database, introducing the ability to cross sell experiences. All for a reasonable price, partially paid in Experience Co shares. The equity component should keep the former Trees Adventure owners focused on growing this high return-on-capital business over the next few years.

Travel won't be the only sector positively impacted by the opening up of the physical economy. Gym junkies will be working out before long and car accidents are sure to follow. Gyms owner **Viva Leisure** (VVA), a recent addition to the portfolio, will benefit. As will panel beater **AMA Group** (AMA).

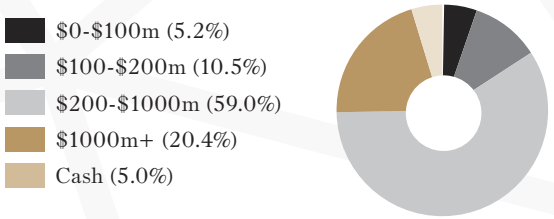
Thinking the world was getting back to normal before the most recent lockdowns, Viva was back buying and building new gyms. The business presented a brave face to investors in August, despite their gyms being mostly closed and cash going out the door for staff and lease payments. With reopening on the horizon, the company raised $11.7m at $1.55 and put

balance sheet concerns behind them. By the end of the month Viva was trading 50% higher than the placement price.

A potential capital raise at AMA Group had been discussed in the press for months. The panel beater is dealing with reduced repair volumes, rental payments and a pile of debt held by nervous banks. AMA finally pulled the trigger in September and raised $100m in equity and a further $50m by issuing convertible notes. The quantum of the raise surprised many, us included. As a result, AMA's banks adjusted debt terms and the company will have plenty of cash to deploy buying panel beating businesses when lockdowns lift. The raise was well received and AMA's share price was up almost 20% from the raise price by month's end.

TOP 5 HOLDINGS (as % of NAV)		
Mainstream Group Holdings Ltd	**(ASX:MAI)**	6.2%
RPMGlobal Holdings Limited	**(ASX:RUL)**	6.0%
Experience Co Limited	**(ASX:EXP)**	4.5%
Fineos Corporation Holdings Plc	**(ASX:FCL)**	3.9%
Ama Group Limited	**(ASX:AMA)**	3.6%
Cash		5.0%

PORTFOLIO DISTRIBUTION ACCORDING TO MARKET CAPITALISATION



FUND OBJECTIVE

The Fund targets securities that Forager believes are undervalued and invests predominately in securities listed on the ASX. Its investment objective is to outperform the All Ordinaries Accumulation Index over a rolling 5-year period and its goal is to produce superior long-term returns from a select number of underlying investments, irrespective of short-term price movements^. The portfolio has historically generally held 15 to 25 securities but in recent times the number of investments has increased to around 35 securities. This has reflected the fact that the Fund has grown, the investment team has grown and the Manager has enhanced the portfolio liquidity requirements as a result. We expect that the portfolio will remain relatively concentrated and the number of portfolio investments will generally be in the 15 to 50 range.

FUND PERFORMANCE BY MONTH AND FINANCIAL YEAR

FY	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total Return
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%										**8.20%**

Past performance is not indicative of future performance and the value of your investments can rise or fall. Performance is calculated using Net Asset Value (NAV), not the market price.

FACTS

Fund inception	30 October 2009
ASX Code	FOR
Distribution	Annual, 30 June

UNIT PRICE SUMMARY

As at	30 September 2021
NAV (cum distribution)	$2.05
Market Price	$1.74
Portfolio Value	$223.1m

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.

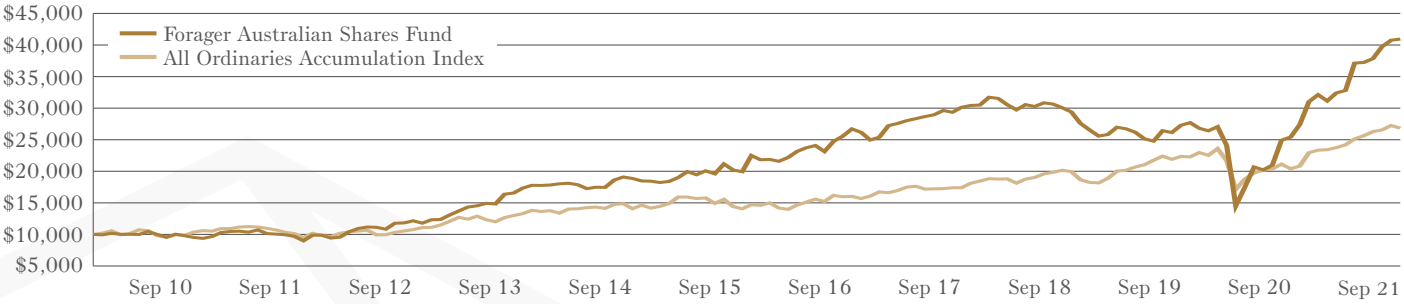
The company is majority owned by staff. Forager's shareholders support the desire to place performance before revenue. That means capping the size of funds before too much money becomes an impediment to performance.

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

FUND CHARACTERISTICS

- Concentrated portfolio of ASX-listed stocks
- Long track record in identifying unloved gems
- Restricted fund size allows investment in smaller businesses
- Strong focus on managing portfolio risks
- Listed on ASX as a Listed Investment Trust (LIT)
- Structure offers Forager flexibility in distressed markets

COMPARISON OF $10,000 INVESTMENT OVER TIME



Source (All Ords): S&P Capital IQ. The above figures assume that all distributions have been reinvested. Performance is calculated using Net Asset Value (NAV), not the market price. Past performance is not indicative of future performance.

Forager Funds Management
Level 29, 85 Castlereagh Street, Sydney NSW 2000
+61 (0) 2 8277 4812
foragerfunds.com