

FORAGER

AUSTRALIAN SHARES FUND

MONTHLY REPORT NOVEMBER 2021 www.foragerfunds.com

FORAGER AUSTRALIAN SHARES FUND PERFORMANCE SUMMARY (as at 30 November 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)	-1.35%	0.65%	10.18%	32.27%	15.61%	10.45%	15.30%	12.39%
All Ordinaries Accumulation Index	-0.33%	-1.76%	4.47%	16.69%	13.64%	10.75%	10.54%	8.49%

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

November is Annual General Meeting (or AGM) season in Australia. It has become an increasingly important time over the years, with most companies taking the opportunity to deliver a trading update. Despite plenty of those and a handful of companies reporting earnings, it was a benign month in terms of performance for both the market (-0.33%) and the Forager Australian Shares Fund (-1.35%).

One part of the market with heightened action, though, was the cohort of small-cap growth stocks on the ASX. The prospect of rising interest rates and growing investor scepticism sent the share prices of some of these darlings tumbling in November. The share price of **Nearmap** (NEA), for example, was down 28% despite providing a relatively reassuring AGM update.

With relatively limited exposure and a preference for stocks with lower expectations in price, the impact on the Fund has been minimal. The general headwinds have, however, resulted in muted responses to some very positive updates.

For instance, **Whispir's** (WSP) communication technology business continued to fire on all cylinders. On account of very strong customer activity on its platform, management decided to upgrade this year's growth guidance from 23% to 38% at the midpoint—a substantial improvement in the pace of growth that is a testament to the utility that customers see in its solutions. However, despite an initially strong reaction on the day, Whispir's share price ended the month lower than it began after being caught up in the general high-growth malaise.

Fintech lender **Plenti** (PLT) reported earnings during the month. The 183% growth in the value of new loans written and the 110% growth in its loan book had already been disclosed. But after achieving a \$1 billion loan book and becoming cash net profit positive, the company has shown no signs of curtailing its ambitions. Over the medium term, Plenti expects to reach a \$5 billion loan book, or 5% of the non-mortgage and non-credit card personal lending market. At anywhere near that level, far above our expectations, it would be a large and very profitable lender. Even achieving half of that loan book would make the current market cap look excessively cheap.

Gentrack (GTK), a provider of software for utilities and airports, found itself on the defensive after one of its largest clients, UK energy provider Bulb Energy, entered a special form of administration. An advisor appointed by the UK's regulator is working out where Bulb's 1.7 million clients will go. For Gentrack, the likely loss of Bulb's work dampened expectations for revenue growth. But, in its full-year results

released last month, the company maintained strong targets for the financial year ending September 2024. After absorbing more than \$10 million in revenue losses from some UK energy customers and accounting for Bulb, the company maintains that revenue will grow this year. And with a balance sheet rich with \$26 million in cash and a management team scoring new clients, Gentrack will weather the storm. Thesis-confirming news and muted share responses provide us with opportunities to increase portfolio weightings. That should set things up well for 2022 and beyond.

UPDATED DISTRIBUTION POLICY

In conjunction with Perpetual, the Fund's Responsible Entity, we have updated the distribution policy for the Fund. Fund distributions will now be at least semi-annual, and it is our intention to pay regular and consistent ordinary distributions—starting with \$0.04 for the half-year to 31 December 2021. These ordinary distributions will be complemented with special distributions in years where the taxable income of the Fund is significantly higher than the regular distributions.

You can get more information in the dedicated [ASX announcement](#) and at our upcoming webinar, to be held on 15 December 2021. We'll provide a summary of the changes, update investors on Fund performance, discuss long-term Fund strategy, and leave plenty of time for questions. You can register for the webinar on our website, www.foragerfunds.com.

TOP 5 HOLDINGS (as % of NAV)

RPM Global Holdings Limited	(ASX:RUL)	6.3%
Experience Co Limited	(ASX:EXP)	4.0%
Fineos Corporation Holdings Plc	(ASX:FCL)	4.0%
Tourism Holdings Ltd	(NZX:THL)	3.7%
Seven West Media Ltd	(ASX:SWM)	3.6%
Cash		8.2%

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%	1.57%	-1.35%								8.42%

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 November 2021

NAV \$2.06

Market Price \$1.77

Portfolio Value \$222.1 million

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.

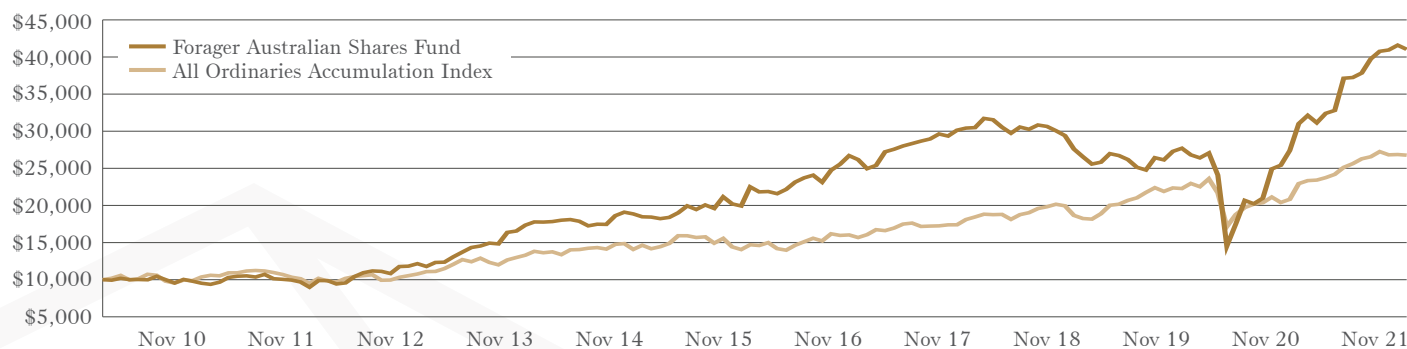
Following a strong ten-year track record, Forager is a sustainable business but is nimble enough to invest in smaller listed companies not accessible to many investment managers.

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.

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