

FORAGER

INTERNATIONAL SHARES FUND

MONTHLY REPORT NOVEMBER 2021 www.foragerfunds.com

FORAGER INTERNATIONAL 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.)	Since inception* (p.a.)
International Shares Fund	1.27%	-4.10%	-1.08%	27.68%	25.64%	16.55%	16.92%
MSCI AC World Net Index in \$A	3.09%	0.99%	11.49%	24.04%	16.86%	14.66%	15.30%

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

In November, the unit price of the Forager International Shares Fund increased 1.3% against a benchmark increase of 3.1%.

Over the month, most of the smaller companies in the Fund reported quarterly or half-yearly results. Given some of last financial year's best-performing stocks have been experiencing significant share price falls since June, the shareholder updates were more important than usual. The overarching theme was pleasing results in a challenging environment.

The automobile industry was one of the first to suffer from a clogged-up supply chain. In 2019, the world produced 97 million light vehicles. In 2020, with COVID shutdowns and reduced demand, production fell to 78 million. Since then, demand has well and truly bounced back. However, thanks to a shortage of computer chips essential to all modern automobiles, supply has not. Global vehicle production for 2021 is now expected to be well below normal, roughly flat with 2020, with most of the surprise volume losses coming in the second half of the year.

That impacted Canadian auto supplier **Linamar** (TSX:LNR). But, once again, the company is managing the disruption admirably. Linamar's agricultural and industrial divisions picked up some of the slack in its third financial quarter and highly flexible manufacturing facilities allowed it to maintain healthy profitability. The stock is cheap as it is, but we're looking forward to seeing what the company can make if it ever gets a favourable environment for all three divisions.

As good as they are, Linamar's management can only dream of the margins generated by **Open Lending** (NASDAQ:LPRO). This company's software links credit unions and other lenders with auto dealerships, allowing them to cherry-pick the best of America's subprime borrowers. Open Lending takes a share of the revenue (and credit losses) and shareholders keep 50% of every dollar as profit. While its third-quarter results showed more rapid growth, guidance for next quarter suggests that not even it can escape the auto market turmoil. It's going to be a cracking year either way, but there was more expectation built into Open Lending's share price. It fell some 28% for the month, bringing it back to far more reasonable levels. We had been trimming its weight in the portfolio and used the pullback to top up our holdings once again.

While the auto industry suffered first, supply chain issues have been proliferating. Despite trouncing market expectations for revenue

growth, storage facility supplier **Janus International** (NYSE:JBI) reported disappointing profit margins for its third quarter thanks to rising prices for steel and other key inputs. **Installed Building Products** (NYSE:IBP) and **APi Group** (NYSE:APG) reported great results despite difficulties in the housing construction market (selling them is easy—finishing the building less so). Even construction software giant **Autodesk** (NASDAQ:ADSK) upset investors with a disruption-related downgrade.

A global economy built on "just-in-time" supply chains is not coping with a global surge in demand and induced inflation that has arisen as a result. While our auto industry meetings suggest supply should gradually recover, no-one thinks the mess can be untangled before the end of 2022. Will inflation be entrenched by then? Or will overstuffed supply chains lead to a deflationary whipsaw? Your guess is as good as ours. However, our management teams are performing admirably. Turmoil is an opportunity to grow market share and entrench competitive advantage.

Zebra Technologies (NASDAQ:ZBRA) shows that better than most. There aren't many better businesses to be in at the moment than supply chain optimisation and Zebra is surpassing our most optimistic expectations. Revenue grew 27% for the third quarter, profit margins are significantly higher than in 2019, and that profit is turning into cash for shareholders. For a business priced like a sleepy, low-growth industrial company a few years back, it is delivering above and beyond.

TOP 5 HOLDINGS (as % of NAV)

Motorpoint Group Plc	(LSE:MOTR)	4.0%
Blanco Technology Group Plc	(AIM:BLTG)	4.0%
Whole Earth Brands Inc	(NASDAQ:FREE)	3.8%
Linamar Corp	(TSE:LNR)	3.6%
Ammo Inc	(NASDAQ:POWW)	3.3%
Cash		9.3%

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%	-1.79%	1.27%								-8.20%

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

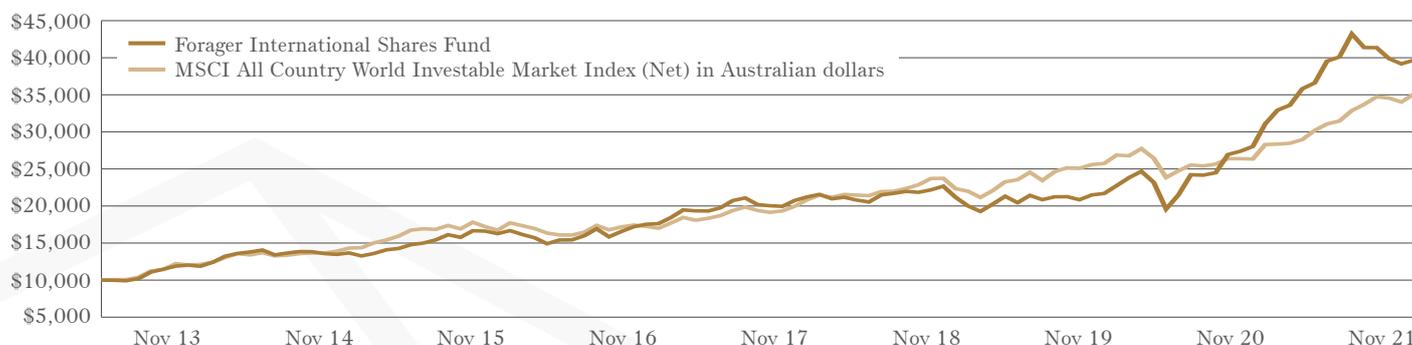
FACTS

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 November 2021
Buy Price	\$1.9404
Redemption Price	\$1.9326
Mid Price	\$1.9365
Portfolio Value	\$261.2 million

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

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.

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

WARNING 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. Fundhost Limited (ABN 69 092 517 087, AFSL No: 233045) is the responsible entity and the issuer of the Forager International Shares Fund (ARSN No: 161 843 778). You should obtain and consider a copy of the product disclosure statement relating to the Forager International Shares Fund before acquiring the financial product. You may obtain a product disclosure statement from Fundhost Limited or download a copy at www.foragerfunds.com. The International Shares Fund Target Market Determination can be found at <https://fundhost.com.au/fund/forager-international-shares-fund/>. To the extent permitted by law, Fundhost 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 AC World 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.