

# FORAGER

# AUSTRALIAN SHARES FUND

MONTHLY REPORT APRIL 2023



## FORAGER AUSTRALIAN SHARES FUND PERFORMANCE SUMMARY (as at 30 April 2023. 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.)
<b>Australian Shares Fund (ASX:FOR)</b>	2.61%	-5.90%	1.35%	-7.76%	21.92%	0.76%	8.27%	8.93%
<b>All Ordinaries Accumulation Index</b>	1.76%	-0.94%	8.52%	1.51%	14.42%	8.43%	8.52%	7.96%

The value of your investments can rise or fall. Performance is calculated using Net Asset Value (NAV), not the market price. \*30 October 2009  
Past performance is not indicative of future performance.

The Forager Australian Shares Fund unit price increased 2.6% in April, a touch more than the 1.8% increase for the All Ordinaries Accumulation Index.

Online tradie platform **Hipages** (HPG) announced an improved quarterly update during the month. The past few years have been sluggish for Hipages. Tradies inundated with work don't need to pay subscription fees to a lead generation platform. But the situation has changed markedly since December. Softening consumer demand now means tradies are having to chase jobs.

The quarter to March saw monthly recurring revenue grow 7% on the quarter to December and the business is on track to continue growing, with new tradie registrations continuing at historical highs. The business has hit cash flow break-even and is set to generate positive free cash flow next financial year.

The repercussions of Covid continued to be felt throughout the health system last year. But the latest Medicare data shows that patients are starting to return to pre-Covid patterns. General practitioners are seeing more patients in person with visits up 11% in March compared to the same month last year. This has led to increased referrals to imaging providers for X-rays, ultrasounds and CT scans.

The likes of **Integral Diagnostics** (IDX) have now seen national benefits grow nearly 13% in the March quarter from the prior year and improve slightly from the previous quarter. It's a welcome change from lower volumes and higher labour costs that plagued the business in the back half of 2022 when earnings fell 36% from the prior year. Higher patient volumes and improved imaging indexation to 3.6%, starting in July, should help Integral recover its lost profit margin.

Allied health also saw improvements, with physio, optometry and podiatry benefits growing 9% on the prior year and 12% on pre-Covid levels. This is all good news for the allied health provider **Healthia** (HLA). The business saw organic revenue growth of 7.6% in the three months to January 2023, and this new data suggests continued growth. Healthia reaffirmed its guidance in February and continues to sensibly deploy capital on buying new practices.

On the tech side of the portfolio, the March quarterly updates were mixed. **Whispir** (WSP) delivered a disappointing update with cash receipts down 8%. The real negative surprise, though, came on the cash flow side, with a \$4m net cash outflow, leaving the company with only \$6m of net cash and sending management scrambling to secure debt facilities to bridge the gap to break even, which is now expected to happen in the September quarter of 2023. Given their track record, we will believe that when we see it.

Whispir owns a valuable platform used by more than 1,000 clients, but a Covid surge in demand has turned into a virus of its own. An inflated cost base and falling demand have left the business in a precarious position.

On the other hand, **Fineos's** (FCL) announcement, while scant on details, was very well received, sending the stock up about 50% during the month. Its third quarter showed a net cash inflow of €8m, bringing the net cash position to €31m as of March and dispelling concerns about its balance sheet. At the same time, costs seem to have been reigned in, with cash spend down more than 10% versus the previous quarter.

## TOP 5 HOLDINGS (as % of NAV)

<b>Tourism Holdings Limited</b>	(NZE:THL)	6.8%
<b>RPMGlobal Holdings Limited</b>	(ASX:RUL)	6.4%
<b>Readytech Holdings</b>	(ASX:RDY)	5.6%
<b>Gentrack Group Limited</b>	(ASX:GTK)	5.4%
<b>Integral Diagnostics Limited</b>	(ASX:IDX)	5.0%
<b>Cash</b>		15.2%

## 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<sup>^</sup>.

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%	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%	2.61%			16.34%

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 April 2023

**NAV** \$1.44

**Market Price** \$1.26

**Portfolio Value** \$146.4 million

## ABOUT FORAGER

With approximately \$340 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.

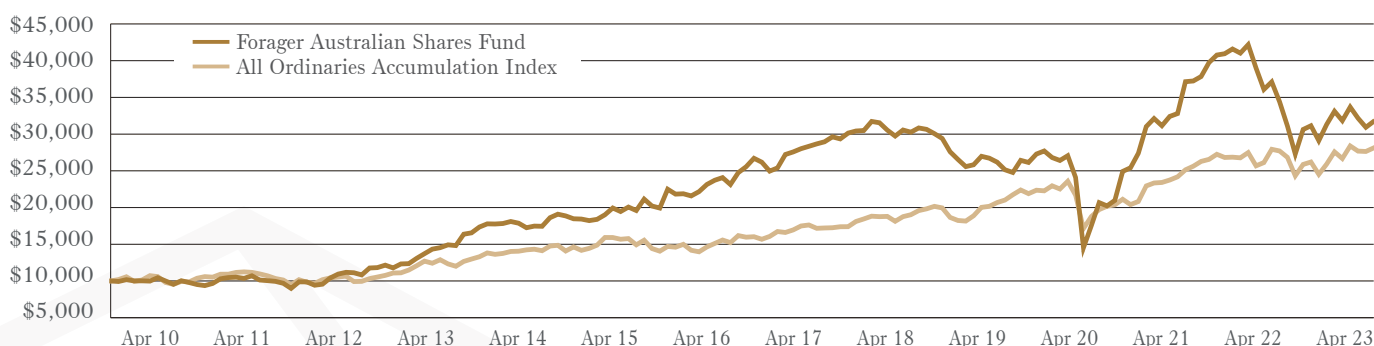
The company is majority owned by staff. Forager's shareholders support the desire to place performance before revenue. That means capping the size of funds before too much money becomes an impediment to performance.

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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