

FORAGER

AUSTRALIAN SHARES FUND

MONTHLY REPORT NOVEMBER 2023



FORAGER AUSTRALIAN SHARES FUND PERFORMANCE SUMMARY (as at 30 November 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.)
Australian Shares Fund (ASX:FOR)	4.76%	-2.53%	3.42%	-0.54%	2.02%	4.40%	6.37%	8.83%
All Ordinaries Accumulation Index	5.19%	-1.71%	2.42%	1.68%	6.93%	8.99%	7.48%	7.59%

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.

With few companies willing to provide guidance alongside their August results, November's annual meetings contain more and more trading updates. That, combined with a few results from companies with unusual year ends, made for a lot of volatility in November.

On the plus side, lender **Plenti's** (PLT) share price jumped 75%. The company's financial result was decent, delivering \$1.5 million of cash net profit after tax. Its \$2 billion loan book was 29% higher than the prior year. And bad debts, while rising, are still within expectations at just under 1% of portfolio value.

Overshadowing the result was a deal Plenti agreed with the **National Australia Bank** (NAB). The behemoth will use Plenti to underpin the technology for its auto loan offering, including loan applications, credit assessments and loan management. Importantly, Plenti does not put its balance sheet to work in the deal, instead making a fee for each loan written and serviced.

If the value of the NAB/Plenti loan book grows to \$1 billion, Plenti will make \$20 million of high-margin revenue. With NAB's brand name and marketing, this looks likely. NAB also has the opportunity to take two share placements in Plenti, at a minimum of \$0.75 and \$1.20 per share (the share price was \$0.34 prior to the announcement). The deal is a big validation for Plenti's lending technology and the company's value.

Enterprise software business **Gentrack** (GTK) also had a good month, with its share price rising 18%. This company has a lot of operational momentum and its share price has quadrupled over the last 18 months. While we were slightly concerned about the expectation built into the share price, both the result and outlook were excellent.

Revenue was up 35% overall while revenue excluding insolvent UK clients was up 47% on the utilities side of the business. The business swung from a \$3 million loss to a \$10 million profit. And net cash finished the year at \$49m. The next year's revenue guidance was upped by 7%. Recently announced contract wins in New Zealand and Saudi Arabia are giving investors more confidence that this will be achieved. Gentrack's current management team has led a remarkable turnaround in fortunes over the last few years.

Sports technology company **Catapult** (CAT), too, is starting to deliver on the promise the company has long held. The first half of the company's financial year delivered something investors had long been seeking: positive free cash flow. Revenue grew 20% from the prior year, driven by the sports wearables division. New video products, the technology for which was acquired two years ago, grew 41%. Revenue churn, those clients giving up their subscription products, was down to just 3.6%.

Management showed confidence that this half was the start of operating leverage that would see the business dramatically improve profit margins over the next few years. Investors are finally starting to take note.

It wasn't all good news, though. Diagnostic imaging company **Integral Diagnostics** (IDX) released a particularly disappointing quarterly trading update. While the top line is growing, Integral seems to have lost some market share in the first three months of the new financial year. More concerningly, management warned investors that it had "not seen the expected margin improvement" relative to the same period of the prior year. The whole investment case was contingent on profit margins recovering back towards their pre-Covid levels. We have lost confidence about whether and when that is going to happen and have exited the investment despite a 35% fall after the announcement.

Finally, **Whispir** (WSP) received a takeover offer from competitor **Soprano** at the start of the month. The offer price, \$0.48, was a 92% premium to the company's recent share placement at \$0.25 a share, in which the Fund participated. Soprano bought 16% of Whispir on market prior to announcing the deal, including a chunk of the Fund's shares.

We were keen to get the takeover process started — you can probably sense some of our frustrations with this investment in past Fund updates — but still own just under 5% of the company. We are hopeful that other bidders emerge.

The net of all of that was a 4.8% increase in net asset value for the month, roughly the same 5.2% as the ASX All Ordinaries Index. Hopefully December is a little quieter.

TOP 5 HOLDINGS (as % of NAV)

RPM Global Holdings	(ASX:RUL)	7.7%
Tourism Holdings Ltd	(NZX:THL)	6.0%
Readytech Holdings Ltd	(ASX:RDY)	5.9%
Gentrack Group Ltd	(ASX:GTK)	5.3%
Catapult Group Ltd	(ASX:CAT)	4.3%
Cash		15.7%

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%	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%	0.34%	0.34%	17.13%
2024	4.18%	1.51%	-0.54%	-6.45%	4.76%								3.07%

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FACTS

Fund inception	30 October 2009
ASX Code	FOR
Distribution	Semi-Annual, 31 December and 30 June

UNIT PRICE SUMMARY

As at	30 November 2023
NAV	\$1.47
Market Price	\$1.29
Portfolio Value	\$146.6 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.

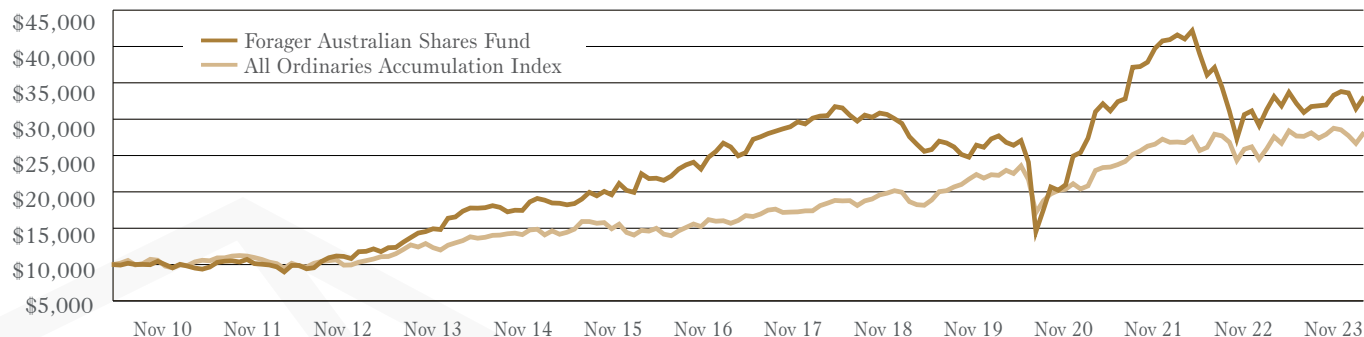
The company is majority owned by staff. Forager's shareholders support the desire to place performance before revenue. That means capping the size of funds before too much money becomes an impediment to performance.

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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