

FORAGER

INTERNATIONAL SHARES FUND

MONTHLY REPORT NOVEMBER 2023



FORAGER INTERNATIONAL 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.)
International Shares Fund	3.59%	-3.67%	2.69%	11.41%	0.88%	9.78%	9.20%	11.32%
MSCI AC World Net Index in \$A	4.32%	-1.19%	5.37%	12.20%	9.14%	10.83%	10.91%	12.79%

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

If a sense of creeping pessimism categorised the month of October, November was its antithesis. There are early signs of returning consumer confidence, a product of increasing hopes that the Federal Reserve has finished its aggressive interest rate hike cycle. The S&P 500 closed out November with its strongest monthly gain of the year. The unit price of the Forager International Shares Fund rose 3.6%, slightly underperforming a 4.3% return from the Fund's index.

The team spent time in the United States and Japan during the month, attending a conference in Chicago and broker meetings in Tokyo.

Japanese equity markets are currently riding a wave of optimism, drawing the attention of international investors. This shift stems from a decade-long structural transformation initiated under the leadership of the late former Prime Minister Shinzo Abe, focusing on strengthening corporate governance and revitalising the economy.

The **Japan Exchange Group** (TYO:869), operator of the Tokyo Stock Exchange, has played a pivotal role in advancing these initiatives. It is proactively urging listed companies to adopt management practices more attuned to the cost of capital, addressing a historical lack of awareness, or care, in this area. In response, the exchange has implemented a "comply or explain" strategy. Companies, especially those trading below book value, need to align with these new standards or provide a rationale for non-compliance. It has been a long time coming, but Japanese companies are responding with increased dividends, share buybacks and even mergers and privatisations.

Unfortunately for potential investors, these improvements have been matched by investor enthusiasm. The Japanese market is one of the world's best performing this year. We're positive about the governance changes but are waiting for an attractive entry point.

In the US, shareholder value is the first topic of conversation with every management team. Despite still grappling with high living costs and economic pressures, the overall sentiment from more than 40 industrial company meetings in Chicago was upbeat. US infrastructure stimulus, initiatives including the CHIPS and Science Act and a focus on reshoring are providing substantial tailwinds for the sector, with significant growth expected from 2025. Portfolio companies **CRH plc** (NYSE:CRH), **Fortune Brands Innovations** (NYSE:FBIN), **Installed Building Products** (NYSE:IBP) and **Ferguson** (NYSE:FERG) are all beneficiaries.

The rise in share prices for these Fund holdings in November mirrors growing optimism about the future growth of this sector.

Insulation installer **Installed Building Products'** share price bounced 35% over the month, with its latest results demonstrating resilience in the face of housing market challenges. The company maintained good profit margins through disciplined cost management and is optimistic about growth prospects for single-family, multi-family, and commercial construction in 2024. A strong order backlog and healthy balance sheet underpins this optimism.

Building materials company **CRH plc** was another significant contributor for the month. The company continues to deliver consistent growth in earnings and completed several strategic acquisitions and divestments during the quarter. CRH announced a US\$2.1 billion acquisition of certain Texan cement assets from **Martin Marietta Materials** (NYSE:MLM), with the deal a sensible geographic and strategic fit. Following its results, CRH also agreed to divest its European lime operations to **SigmaRoc** (LON:SRC) for US\$1.1 billion. While the deal is subject to regulatory approvals, it reinforces the thesis that the United States, where the majority of profit is generated, is the fastest growing and most prospective part of CRH's global operations.

The recent *yo-yoing* personality of market sentiment, linked to interest rates and inflation data, has also led to the hypersensitivity of small cap companies. IT outsourcing company **TaskUs** (NASDAQ:TASK), the Fund's largest contributor during the month, saw its share price rally 30%. The company reported a positive quarter, helped by both new customers and cross-selling with existing customers. Still digesting the excesses of the pandemic years, TaskUs is not yet growing the way we expect it to. But this is a step in the right direction, and the share price movement reflects that.

TOP 5 HOLDINGS (as % of NAV)

Ferguson Plc	(NYSE:FERG)	4.1%
CRH Plc	(NYSE:CRH)	3.9%
APi Group Corp	(NYSE:APG)	3.7%
Flutter Entertainment Plc	(LSE:FLTR)	3.6%
TaskUs Inc	(NASDAQ:TASK)	3.6%
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%	-4.61%	-6.24%	-6.32%	-7.29%	-6.24%	-1.50%	-5.98%	-38.09%
2023	4.46%	0.80%	-5.91%	8.57%	-0.52%	-5.13%	7.00%	1.88%	1.57%	2.04%	1.21%	2.51%	19.01%
2024	3.03%	0.94%	-3.73%	-3.41%	3.59%								0.17%

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

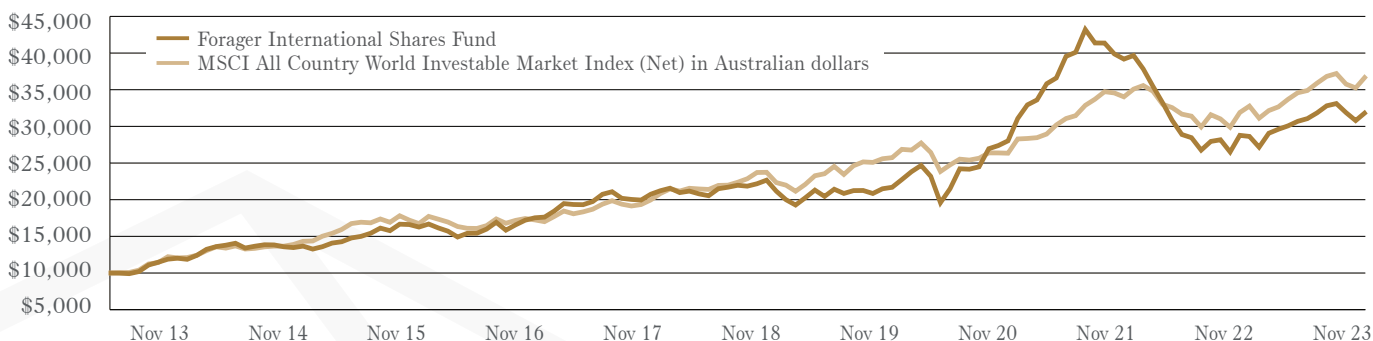
FACTS

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 2023
Buy Price	\$1.5601
Redemption Price	\$1.5539
Mid Price	\$1.5570
Portfolio Value	\$191.6 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.

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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 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