

FORAGER

AUSTRALIAN SHARES FUND

MONTHLY REPORT JANUARY 2024



FORAGER AUSTRALIAN SHARES FUND PERFORMANCE SUMMARY (as at 31 January 2024. 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)	-1.07%	11.04%	4.87%	3.51%	3.88%	6.21%	6.84%	9.16%
All Ordinaries Accumulation Index	1.07%	14.23%	5.94%	7.28%	9.16%	10.03%	8.58%	8.12%

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.

There wasn't much news or market movement in January. The Fund's net asset value fell 1.1% while the All Ordinaries Accumulation Index was up 1.1%.

Prices for 'green' minerals such as lithium and nickel plummeted last year and the selling continued in January. Subdued consumer demand for electric vehicles collided with a tsunami of new supply in 2023, resulting in the price of spodumene—the mineral used to produce lithium—falling from US\$6,000 a tonne to less than US\$1,000 in the space of 12 months. Nickel prices halved.

The share prices of mining services companies came under pressure as a result. Fund investment **Perenti** (PRN) is most exposed, with over \$110 million of annual revenue already lost due to the closure of two mines as a result of low nickel prices. Estimates of Perenti's total exposure to nickel and lithium suggest roughly \$15-25 million of earnings before interest and tax (EBIT) is at risk.

In the context of a business that is expected to generate more than \$300 million of EBIT this year, it doesn't justify a 25% share price fall for Perenti. But the mining services sector was unpopular to begin with and any negative news just reinforces that sentiment. The Fund's combined investment in **Macmahon** (MAH) and Perenti is about 5% of Fund net asset value. We are waiting on results in February and are looking for a stronger commitment to return cash to shareholders of both companies.

Resmed (RMD), on the other hand, was only in the unpopular corner for a few months. Having been down some 35% at the lows, Resmed's share price ended January only 10% lower than it was in July 2023, when news about the effectiveness of new GLP-1 weight loss drugs such as Wegovy sent the share price tumbling.

We thought the pessimism was overdone and that Resmed was likely to remain a world class business (see the [September 2023 Quarterly Report](#)). The debate is far from over and the full impact of lower obesity rates on Resmed won't be known for decades. But recent news has been incrementally positive. Resmed published its own research (yes, worthy of skepticism) which showed that sleep apnea treatments and GLP-1 drugs work well in tandem. And a number of studies confirmed patients stack the lost weight back on quickly once they cease taking the drugs.

Perhaps more importantly, Resmed's results for the December quarter, released in January, were excellent. Revenue grew 11% in constant currency terms for the quarter. Cost discipline translated that revenue growth into a 20% increase in operating profit. While the debate rages on, Resmed is executing on the enormous opportunity ahead of it.

February sees most of the portfolio report half or full-year results. It is going to be a busy back end of the month and we look forward to updating you on our investments.

TOP 5 HOLDINGS (as % of NAV)

RPM Global Holdings	(ASX:RUL)	8.7%
Tourism Holdings Ltd	(NZX:THL)	6.1%
Readytech Holdings Ltd	(ASX:RDY)	5.5%
Experience Co Ltd	(ASX:EXP)	3.8%
Viva Leisure Ltd	(ASX:VVA)	3.7%
Cash		16.0%

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%	7.14%	-1.07%						9.26%

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	Semi-Annual, 31 December and 30 June

UNIT PRICE SUMMARY

As at	31 January 2024
NAV	\$1.53
Market Price	\$1.41
Portfolio Value	\$152.6 million

ABOUT FORAGER

With approximately \$360 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.

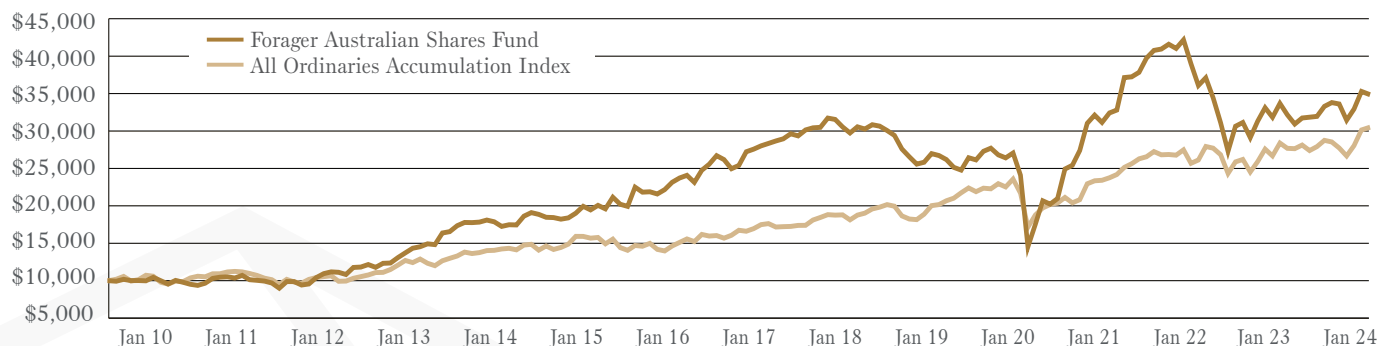
The company is majority owned by staff. Forager's shareholders support the desire to place performance before revenue. That means capping the size of funds before too much money becomes an impediment to performance.

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.

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. This report has been prepared by Forager Funds Management Pty Ltd and authorised for release by the The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL No: 235150) as the responsible entity and the issuer of the Forager Australian Shares Fund (ARSN 139 641 491). You should obtain and consider a copy of the product disclosure statement relating to the Forager Australian Shares Fund and any ASX announcements before acquiring the financial product. You may obtain a product disclosure statement at www.foragerfunds.com. The Target Market Determination for Forager Australian Shares Fund will be available at www.foragerfunds.com when required by law. To the extent permitted by law, The Trust Company (RE Services) Limited 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. Although the All Ordinaries Accumulation Index benchmark largely represents the available listed investment universe for the Fund, the concentrated nature of the Portfolio and the Fund's ability to invest in securities that are not included in this index means the Fund's results may not be correlated with this index. This investment objective is not a forecast and returns are not guaranteed. www.foragerfunds.com