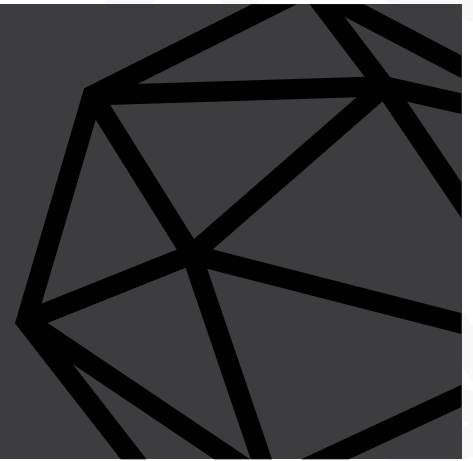


FORAGER

INTERNATIONAL SHARES FUND

MONTHLY REPORT JANUARY 2024



FORAGER INTERNATIONAL 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.)
International Shares Fund	2.13%	14.34%	7.32%	21.15%	1.56%	11.69%	9.82%	12.14%
MSCI AC World Net Index in \$A	3.46%	10.37%	5.65%	20.98%	10.98%	11.99%	11.25%	13.16%

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

It's been a tough relative start to 2024 for small and mid-cap shares in the US. The Russell 2000 Index of smaller companies underperformed its large-cap counterpart, the S&P 500 Index, by 6% during the month of January. The net asset value of the Fund rose 2.1%, while the MSCI ACWI IMI Index increased by 3.5%. The Fund was helped by a good month for **Flutter Entertainment** (LSE:FLTR).

In Forager's [December 2023 CIO letter](#), Steve Johnson talked about increasing volatility and reduced focus on intrinsic value:

"I don't think any rational person is changing their valuation of the market by 20% based on one month of inflation data. Rather, financial markets are being dominated (more than ever, in my opinion) by money that doesn't care what stocks are worth, only where they are going to trade in the short term. The computer says rates up equals sell. The computer says rates down equals buy."

It's a tale evident in both markets and individual stocks. Global online gambling giant Flutter is a topical case study. While the company owns market-leading positions in the UK and Australia (via the Sportsbet brand), its most valuable segment is its number one position in the growing US market. The Fund first invested in late 2021 on the thesis that it was establishing a leadership position in the US market and would grow immensely over the coming years.

That thesis quickly became mainstream and the stock price rose significantly over the second half of 2022 and first half of 2023. The Fund sold many of its shares by the first half of 2023, although it remained an important investment. Then, in the second half, Flutter shares commenced a gradual but persistent decline, down almost 30% by November.

There were genuine concerns to ponder. After a period where Flutter's FanDuel brand had it perhaps too easy, competitor **DraftKings** (NASDAQ:DKNG) has proven a resilient number two player. FanDuel's brand grew revenues significantly quicker than DraftKings over 2022 and the first quarter of 2023. But DraftKings grew faster during the 2023 northern hemisphere summer, coinciding with the legalisation of online gambling in Massachusetts, DraftKings' home state.

DraftKings' improved performance might have nudged our valuation of Flutter down a couple of percent. It's mostly been a case of both companies winning market share at the expense of smaller players. Consolidation is going to prove good for the bottom line.

Flutter's mid-January trading update put many concerns to bed. The company claimed a fourth quarter sports-betting market share of 51% (based on net revenue). Perhaps more impressive has been its growth in iGaming. As a sports-led brand, FanDuel has been a laggard in iGaming behind casino-focused BetMGM and DraftKings. But over the past 18 months, it's grown iGaming market share from 19% to 26% and has now claimed the number two mantle for the first time.

FanDuel achieved scale and profitability before anyone else in the American market, and we expect Flutter overall to continue growing rapidly.

The stock, formerly listed in both London and Ireland, abandoned its Irish listing and listed on the New York Stock Exchange in late January. New York will likely become its primary listing in short order. The stock is grabbing a lot more US attention than it used to.

We added to the investment in late 2023, although less aggressively than we ought to have. Flutter's share price is up 35% since the recent lows in November, bringing to mind another quote from Forager's CIO's December missive:

"All of this focus on the next data point, however, makes the job somewhat easier for the investor with a longer investment horizon. The more the weight of money is focussed on the short-term, the more opportunity there is for those with a longer-term view."

TOP 5 HOLDINGS (as % of NAV)

Flutter Entertainment Plc	(LSE:FLTR)	4.2%
CRH Plc	(NYSE:CRH)	4.1%
Ferguson Plc	(NYSE:FERG)	4.0%
TaskUs Inc	(NASDAQ:TASK)	3.9%
Linamar Corp	(TSX:LNR)	3.7%
Cash		5.0%

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%	8.07%	2.13%						10.57%

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

This fund is appropriate for investors with "High" risk and return profiles. A suitable investor for this fund is prepared to accept high risk in the pursuit of capital growth with a medium to long investment timeframe. Investors should refer to the [TMD](#) for further information.

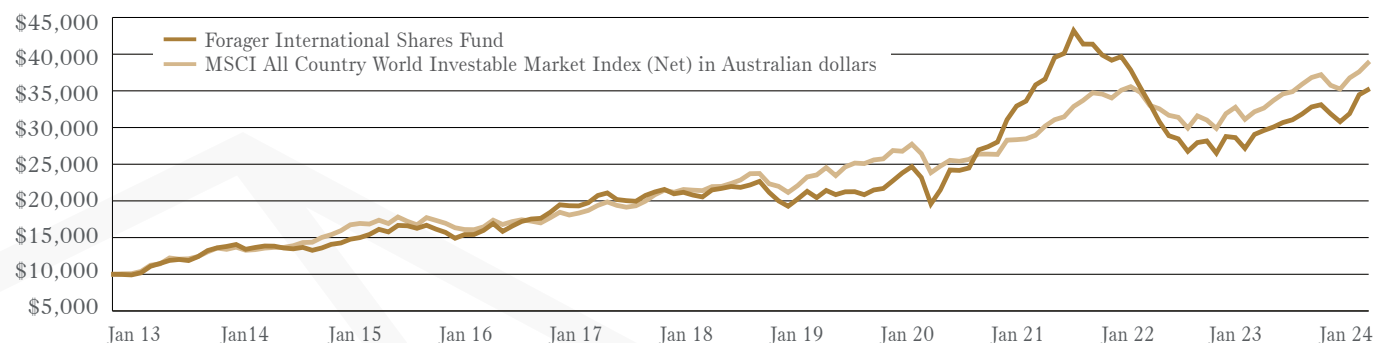
FACTS

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	31 January 2024
Buy Price	\$1.7220
Redemption Price	\$1.7151
Mid Price	\$1.7186
Portfolio Value	\$208.1 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 \$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 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