F◇RAGER

INTERNATIONAL SHARES FUND

MONTHLY REPORT MARCH 2024

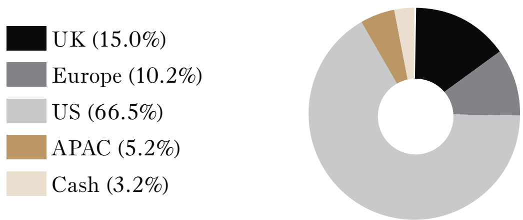
FORAGER INTERNATIONAL SHARES FUND PERFORMANCE SUMMARY (as at 31 March 2024. Net of all fees and expenses)	1 month return	3 month return	6 month return	1 year return	3 year return (p.a.)	5 year return (p.a.)	10 year return (p.a.)	Since inception* (p.a.)
International Shares Fund	3.90%	11.83%	20.92%	28.18%	1.74%	13.52%	11.14%	12.87%
MSCI AC World Net Index in $A	2.96%	12.66%	18.43%	25.71%	11.94%	12.47%	12.31%	13.83%

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 has been a very positive start to the year for share markets across the world, with the MSCI World, S&P 500 and Nasdaq all up between 7 and 9% during the quarter, in their respective currencies. Mega-caps such as **Meta Platforms** (Nasdaq:META) and **Nvidia** (Nasdaq:NVDA) did much of the heavy lifting, aided by "quality" stocks more broadly. The MSCI USA Value Index underperformed its growth counterpart by 5% in the first three months of the year.

March was a busy month for our team, with several Fund investments reporting full-year results and providing 2024 outlooks. Two members of the investment team attended conferences in the US where they met with over 80 management teams, including a number of existing portfolio companies.

STOCK EXPOSURE BY GEOGRAPHY



Source: S&P Capital IQ

Overall, corporate commentary was positive, with particular excitement about the various stimulus initiatives taking place. These include the Chips Act in the semiconductor industry and the Infrastructure Investment and Jobs Act, which is a boost to broader swathes of the US economy. These initiatives are only now starting to flow through to company earnings, but they are very helpful for companies such as **CRH** (NYSE:CRH), **Ferguson** (NYSE:FERG), **APi Group** (NYSE:APG) and **Clean Harbors** (NYSE:CLH), a list which includes some of our largest holdings and biggest recent winners.

Three new investments were added to the portfolio over the past few months. We're only ready to talk about one of them presently, a stock that has already made its way into the Fund's top five holdings.

NEW STOCK: FISERV

During the quarter, the Fund invested in **Fiserv** (NYSE:FI). Fiserv is a global payments company offering an array of transaction processing solutions to various clients, from big global banks to your local coffee shop. It owns the third-largest debit network in the world, trailing only **Visa** (NYSE:V) and **Mastercard** (NYSE:MA). It also owns and operates Clover, a digital Point of Sale (POS) and payments system for small and medium businesses.

Clover is a key part of the thesis, having grown from nothing to more than US$270 billion of annualised Gross Payment Volume in a few years. Clover has been taking share from other merchant processors over recent quarters, including **Square** (ASX:SQ2) and **Global Payments** (NYSE:GPN), with Clover customers benefiting from a wide selection of value added services. Clover products don't just facilitate payments but also allow merchants to track inventory, manage employees, process online sales and manage customer loyalty programs. In 2023, Clover accounted for 10% of group revenues and the division is expected to grow 30% annually over the coming years.

E-commerce growth has been an important source of growth in digital payments, with global transaction volumes rising significantly over recent years and likely to continue growing more than 10% annually over the remainder of this decade. In addition, outsourcing amongst banks and credit unions has also contributed to the payments processing sector's growth. The majority of Fiserv's revenue comes from long-term, recurring contracts that generate predictable and strong free cash flow.

Despite impressive earnings growth over the past few years, the company is trading near a 10-year low price-to-earnings ratio. For most of the past decade, Fiserv has traded at a 20-40% premium to the broader S&P 500 index. However, along with industry giants like Visa and Mastercard, Fiserv faced challenges during Covid, which persisted into 2022 and 2023 due to concerns regarding consumer spending, the US banking crisis and, more recently, competitive threats.

FISERV INC SHARE PRICE PREMIUM (DISCOUNT) TO S&P 500

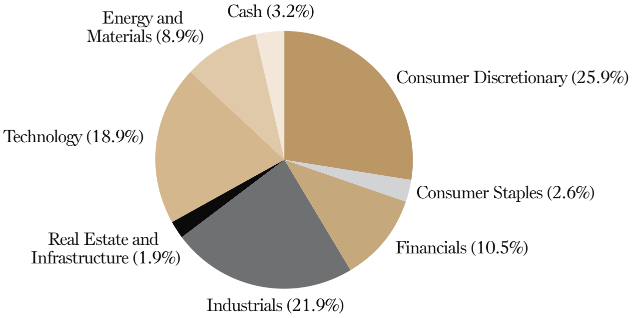
Source: Bloomberg

Even though the company has consistently surpassed market expectations, its valuation has struggled to catch up relative to its peers. Investors currently seem overly focused on threats, overlooking strong execution and valuation fundamentals. For a business with a footprint of over six million merchant locations, serving ten thousand financial institutional clients and overseeing 1.4 billion accounts, there seems to be a current disconnect between price and value. The company's earnings per share should grow faster than 10% annually, and perhaps faster than 15% over the coming years.

REPORTING SEASON WINNERS AND LOSERS

Two of the Fund's big contributors this quarter include **CRH** (NYSE:CRH) and **Installed Building Products** (NYSE:IBP). Both of these companies are beneficiaries of the aforementioned stimulus initiatives in the US. CRH provided 2024 earnings growth guidance above the market's prior expectation, thanks in no small part to strong pricing in its core aggregates business combined with accelerating demand due to infrastructure investment initiatives. The company also moved its primary listing from the UK to the US at the end of last year, which seems to be causing a re-rating closer to that of its more expensive US peers. Installed Building Products is experiencing tailwinds from the Insulation Tax Credit where homeowners who invest in energy saving insulation materials can realise substantial savings when it comes to home renovation expenses. New home construction also benefits from this.

STOCK EXPOSURE BY SECTOR



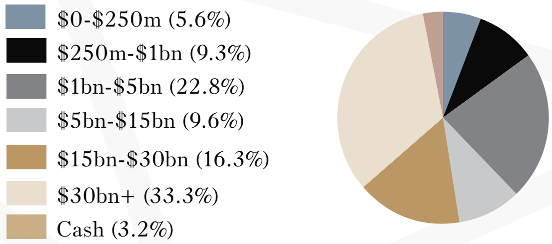
Source: S&P Capital IQ

Diversified manufacturer **Linamar** (TSX:LNR) is a cyclical but growing business performing in line with our investment thesis. Over 2023, the business grew revenue 22% and earnings per share 40%. The outlook for 2024 is for "double digit" (meaning more than 10%) revenue and earnings growth from both of its segments - Mobility and Industrial. Mobility, which makes parts for use in new cars and is the largest part of the business, is also set to expand its profit margin, meaning earnings should grow significantly more than 10%. It's a pretty good setup for a stock that, despite a recent pop in share price, trades at less than nine times 2023 net profit.

Crocs (Nasdaq:CROX) was the portfolio's best performer over the quarter, with the share price up more than 50% as market scepticism subsided alongside management reaffirming a positive 2024 earnings outlook. With the share price punished in recent years due to exposure to consumer discretionary spending, we bought the stock at a deeply discounted free cash flow yield well above 10%. We have seen this across other beaten up shares as well - companies that are navigating this more challenging environment successfully are, eventually, attracting investor attention. On the other hand, companies such as **Yeti Holdings** (NYSE:YETI) delivered guidance slightly below expectations and got punished. It has been our largest detractor this year. The company is set to grow decently this year and beyond, and shareholders are likely to be rewarded if the business can execute on its plans.

We were set to write up online gambling company **Flutter** (LSE:FLTR) as one of our reporting season winners. It's still up 13% this quarter but it fell 8% in the last week of March. The fall coincided with the president of the National Collegiate Athletic Association calling for the banning of so-called prop bets—wagers not related to the final score of a contest—on college sports in order to protect young athletes from both abuse and temptation. Illinois, one of the few states to provide the data, suggests college betting overall is less than 10% of total revenue, with prop betting only part of that. So we think the direct impact of any ban will be small. But it is a reminder that this industry is not all tailwinds.

PORTFOLIO DISTRIBUTION ACCORDING TO MARKET CAPITALISATION



Source: S&P Capital IQ

While sports betting is still growing rapidly in established states and new states like North Carolina (population 10.4 million) are legalising at a healthy clip, regulatory and tax burdens will surely grow. New Jersey and Illinois legislatures will both soon consider tax increases, for example.

Meanwhile, Flutter's outlook calls for 30-38% revenue growth in the all-important US market over 2024, backed up by revenue growth of 56% achieved over the first 11 weeks of the year. Profitability will grow much faster from a small base as the business reaches scale. Shareholders will soon vote on moving the primary listing to the US, which we think is an important catalyst for the stock.

TOP 5 HOLDINGS (as % of NAV)		
CRH PLC	**(NYSE:CRH)**	3.9%
Linamar Corporation	**(TSE:LNR)**	3.9%
APi Group Corp	**(NYSE:APG)**	3.8%
Fiserv Inc	**(NYSE:FI)**	3.7%
Motorpoint Group PLC	**(LON:MOTR)**	3.6%
Cash		3.2%

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%	5.38%	3.90%				**21.06%**

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.

FACTS

Fund inception	8 February 2013
Minimum investment	$20,000
Monthly investment	Min. $1000/mth
Distribution	Annual, 30 June
Applications/Redemption	Daily

UNIT PRICE SUMMARY

As at	31 March 2024
Buy Price	$1.8855
Redemption Price	$1.8779
Mid Price	$1.8817
Portfolio Value	$226.1 million

The Fund is forward-priced; you will receive the price struck subsequent to the receipt of your application/redemption.

ABOUT FORAGER

With approximately $390 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.

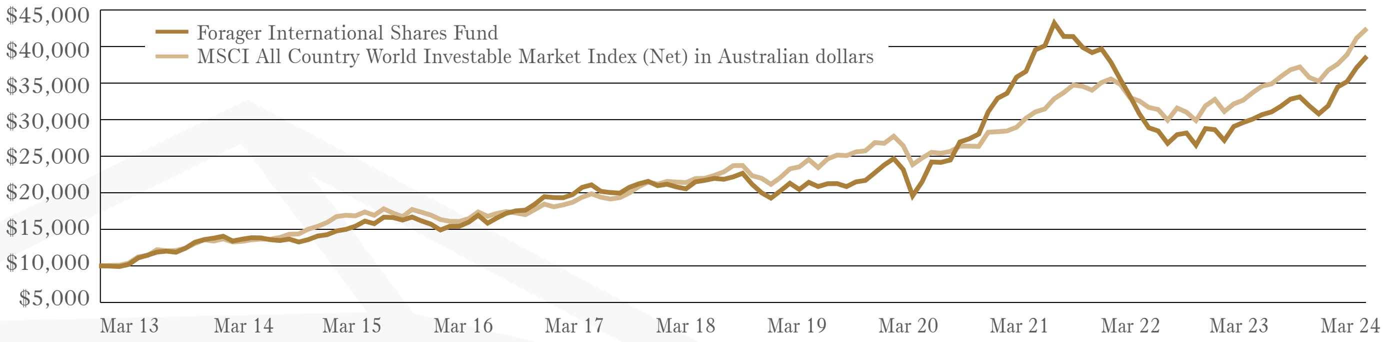
The company is majority owned by staff. Forager's shareholders support the desire to place performance before revenue. That means capping the size of funds before too much money becomes an impediment to performance.

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
- Daily applications and redemptions

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.