

30 SEPTEMBER 2025

Quarterly Report



Chief Investment Officer letter

Forager Funds performance summary (as at 30 September 2025. Net of all fees and expenses)

	1 month return	3 month return	1 year return	3 year return (p.a.)	5 year return (p.a.)	7 year return (p.a.)	10 year return (p.a.)	Since inception* (p.a.)
Forager Australian Shares Fund	1.76%	15.08%	42.04%	25.26%	17.61%	9.97%	11.12%	11.57%
Forager International Shares Fund	-0.86%	2.93%	23.59%	22.80%	12.38%	11.67%	11.68%	13.40%

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

*8 February 2013 for FISF

The above figures assume all distributions have been reinvested.

*30 October 2009 for FASF

While not as extreme, this Australian rally is supported by global

Discipline and opportunity in a rising market

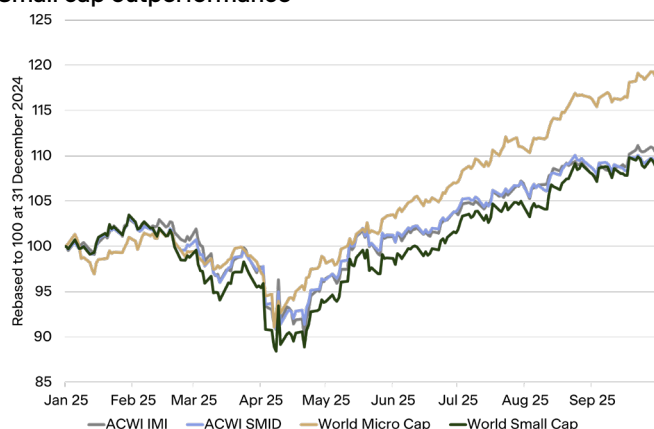
A broken clock is right twice a day. After years of small cap managers (including us) predicting a renaissance at the smaller end of the market, it is well and truly underway in 2025.

Small companies, particularly here in Australia, are finally showing signs of a strong, broad-based recovery after years of struggling against high interest rates, passive flows into larger companies and general uncertainty.

The Australian S&P/ASX Small Ordinaries Index, which tracks about 200 mostly small and mid-cap companies, is up 22.8% for the calendar year, well in excess of the 11.5% return from the All Ordinaries Accumulation Index. Propelled by a surging gold price, the September quarter alone saw small-caps outperform by 11.3%.

The Forager Australian Shares Fund returned 15.1% over the quarter, bringing its year-to-date return to 27.2%.

Small cap outperformance



Source: MSCI

Past performance is not an indicator of future performance and the value of your investment can rise or fall. ACWI IMI is an abbreviation of All Country World Index Investable Market Index and ACWI SMID is an abbreviation for All Country World Index Small and Mid Cap Index.

small-cap strength. The MSCI World Micro Cap Index also performed strongly, up 18.8% in Australian dollars for the year-to-date through September. Forager's International Fund captured this improved sentiment, delivering a calendar year-to-date return of 17.4%.

While this was a strong tailwind for recent returns, this market rebound presents a new challenge: the transition from a market that offered plenty of value to one where many things are becoming expensive.

Forager's excellent performance over the past three-year period has been rooted in exploiting the deep pessimism around small companies that characterised the years prior to 2025, when the asset class traded at historical valuation lows relative to large companies. The value on offer at the smaller end of the market meant less concern about elevated valuation levels for larger stocks. With optimism spreading, should our concern levels be rising?

Sticking to a disciplined process

If you are inclined to worry, I expect you are starting to see some signs. Gold is having its best annual performance since 1979, surging more than 45% year-to-date to hit record highs above US\$3,800 per ounce in September 2025. The strong rise in gold prices is a clear warning about the value of fiat money.

This surge is linked to the weakness of the US dollar, which suffered one of its worst first-half performances on record, declining more than 10% against a basket of trading partners in the first half of 2025. This reflects declining global confidence in US monetary and fiscal policy, as well as broader trends away from the US dollar globally. Gold's rise can be seen as a loss of trust in the value of government-backed money.

A similar warning comes from the US bond market. Despite the Federal Reserve delivering its first 2025 interest rate cut in September, long-term interest rates remain stubbornly high, with the 30-year Treasury yield staying consistently above 4.8% since August.

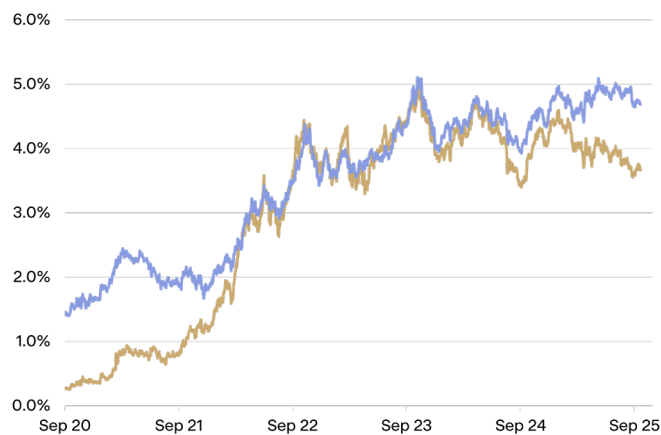
Bond investors are demanding extra payment (a term premium) for lending money over a long time. The widening spread between 5-year and 30-year yields show investors are worried about the high level of government borrowing, unsustainable US debt levels, and the potential



Chief Investment Officer letter

long-run economic impact of diverting ever more resources toward interest costs. This is not confined to the US; long-term borrowing costs have also risen in the UK and France amid intractable budget crises.

5-year and 30-year bond yields over the past five years



Source: Forager, Bloomberg, MSCI

Yet equity market investors seem largely sanguine. Rapid recoveries from recent market swoons have conditioned everyone to “buy the dip”. Market volatility has recently been extremely low. And there are many companies with very little in the way of revenue sporting billion dollar valuations. Tesla, currently generating less than US\$100 billion a year of low-margin revenue, is valued in the trillions.

So, yes, concern levels should be rising.

That doesn’t, of course, mean a market crash is imminent. Alarmist forecasts generate website clicks and can help fund managers raise their brand awareness. They are not typically helpful when it comes to generating long-term returns. I have a strong view that almost all investors are better off making sure they are invested in assets (like equities) that generate attractive real returns over the long-term, and letting time do its thing. Trying to time markets is a fool’s game.

That is true inside the Forager walls, too. We have a process, developed through 16 years of trial and error, that we think can generate through-the-cycle returns well above the market. If we execute on that process with discipline, it should naturally lead to more defensive portfolios in expensive markets and more aggressive portfolios in cheaper markets. You can see that unfolding in the current portfolios.

Eventual exits of successful investments

The decision to sell the last of the shares in **Catapult Group** (CAT) this quarter serves as a perfect demonstration of that process in action (see page 10).

The journey with Catapult, which began with the first purchase in June 2021, involved a relatively small weighting while we waited for evidence for our thesis and then significantly larger portfolio weightings once the evidence was rolling in. Minimising the risk of being wrong, and then capturing more of the upside from our successes, was a deliberate objective of process improvements over the past decade.

We have done this via a sliding, risk-adjusted scale of required returns

from an investment. Riskier, early-stage investments have high required returns and low maximum portfolio weightings. Larger, more resilient companies with longer track records have larger maximum weightings and lower required returns. Companies like Catapult can be held for longer, and in higher portfolio weightings, as they transition from higher to lower risk over time.

Yet at some point they slide right off the end of the scale. At a high-enough price, the prospective returns aren’t enough to justify us holding a high quality company at all. That’s the point we reached with Catapult and **Gentrack** (GTK) in recent years. We are getting close to the decision being taken off our hands with **RPM Global** (RUL) and **Bravura** (BVS).

Disciplined execution of our process should lead to full exits of and low exposure to overvalued businesses at market peaks.

Still opportunity aplenty

There are still plenty of new ideas coming into both portfolios that meet our internal return criteria. While investor enthusiasm has become more widespread in recent months, euphoria remains contained within a limited number of sectors and geographies. You will read about two good quality businesses added to the Forager Australian Shares Fund recently. Dramatic recent share price falls for **Reece** (REH), **Dominos** (DMP), **James Hardie** (JHX) and **CSL** (CSL), none of which we own at the moment, show investors still have little patience for disappointment. Especially if you aren’t a visionary robot/AI company that manufactures cars on the side.

You will read about the significant Japan opportunity in the International Fund section. And we are having no trouble finding decent quality European investments offering up very sensible long-term returns.

It’s important to note, though, that many of these businesses are at the lower end of the risk spectrum. While it’s an outcome of process rather than a top-down directive, you are seeing both portfolios shift towards more businesses at the lower end of our risk-return spectrum than we have held for most of the past five years.

Tolerance for cash

The third outcome of disciplined process execution is a tolerance for temporarily higher cash weightings. The capital realised from successful exits, such as Catapult, is not being immediately rushed back into the market. Capital is being deployed across new and existing ideas where the returns justify it, but we are also comfortable holding elevated cash levels while we patiently wait for the right opportunities and carefully monitor overall portfolio risk and liquidity. If there is one thing certain about financial markets, it is that volatility will return.

If the exuberance for tech and AI continues, Forager’s portfolios may well underperform their respective benchmarks in the near term. We are fine with that. As exuberance levels escalate, our process has naturally led to more conservative portfolios. It is an investment philosophy that has led to outstanding returns in recent years. We have no idea when the tide turns, but we are confident it can do the same in more difficult markets.



Chief Investment Officer letter

Roadshow wrap up

Thanks to everyone who attended our annual in-person roadshows around the country. It was great to see so many happy long-term clients and meet a few getting started on their investment journey.

One feature of our presentation was the importance of capacity constraints for active fund managers. While the International Fund can be significantly larger than its current size, we estimate a logical capacity limit for the Australian Fund of \$250 to \$300 million. Thanks to very strong performance and lower than expected redemptions following the Fund's delisting, we may need to explore what those constraints look like sooner rather than later (the Fund size is currently \$214 million). You can expect further communication from us before the Fund reaches the low end of that range.

No one should expect too many repeats of the 2025 financial year but Forager's team, process and business is in the best shape ever. With market volatility and a trend towards passive, value-agnostic flows of money unlikely to abate, we are expecting an excellent decade ahead.



Kind regards,

Steve Johnson

Chief Investment Officer



International Shares Fund

Forager International Shares Fund performance summary (as at 30 September 2025. Net of all fees and expenses)

	1 month return	3 month return	1 year return	3 year return	5 year return (p.a.)	7 year return (p.a.)	10 year return (p.a.)	Since inception* (p.a.)
International Shares Fund	-0.86%	2.93%	23.59%	22.80%	12.38%	11.67%	11.68%	13.40%
MSCI World SMID Net Index in \$A	0.32%	5.13%	18.20%	16.67%	12.75%	9.25%	10.05%	12.72%
MSCI AC World Net Index in \$A	2.16%	6.47%	22.25%	21.26%	15.09%	12.24%	12.27%	14.14%

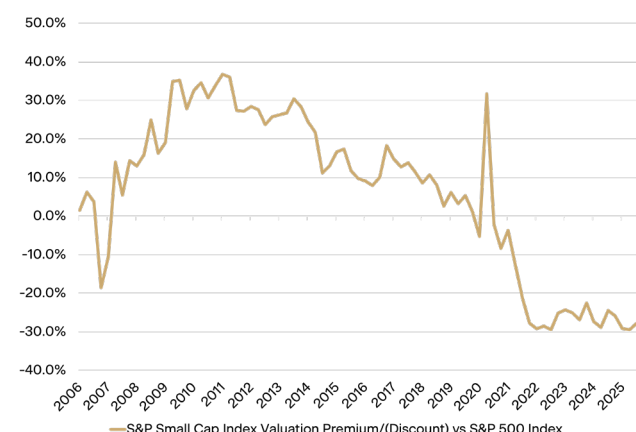
MSCI World SMID Net Index in \$A is an abbreviation of MSCI World Small and Mid Cap Index (Net) in Australian dollars. Past performance is not indicative of future performance and the value of your investments can rise or fall. The above figure assume all distributions have been reinvested.

MSCI AC World Net Index in \$A is an abbreviation of MSCI All Country World Investable Market Index (Net) in Australian dollars. It is the previous benchmark, still shown for comparison purposes. *8 February 2013

The Forager International Shares Fund rose 2.9% in the September quarter. The MSCI World SMID Index gained 5.1%, extending the rebound that began earlier this year. US and Japanese stocks led the way. The UK and, particularly, Europe were more subdued.

a compelling price. It's a fine reminder of the payoff possible from the right blend of prior preparation and discipline. The bench list of well-researched but as-yet-unowned companies continues to grow, ready for the next opportunity.

S&P Small Cap Index Valuation Premium/(Discount) vs S&P 500 Index



Source: Bloomberg

In the US, small caps outpaced the broader large-cap market, but still trailed the "Magnificent 7" mega-caps. Valuations for small and mid-caps remain low versus large-caps, leaving scope for further catch up.

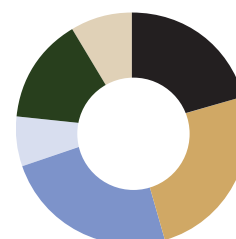
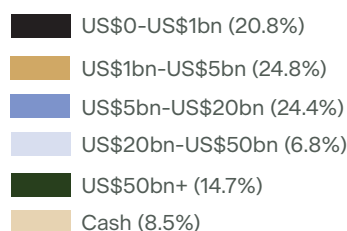
When patience pays

The [June quarterly](#) discussed the purchase of **Comfort Systems USA** (NYSE:FIX) during the April sell-off. Comfort installs and maintains heating, ventilation and air-conditioning systems across non-residential markets, with a strong position in the fast growing data-centre segment where scale and technical expertise matter.

From the April 2025 low the share price is up 170%, making it a top contributor over the quarter and year. It remains a meaningful holding, but the Fund has been trimming as the price has risen and prospective returns have come down.

The quality of the business is part of the story, but it was the volatility and panic in April that really made this such an attractive investment. The sell-off created the opportunity to buy a high-quality business at

Stock Exposure by Market Cap



Source: S&P Capital IQ

Building materials group **CRH** (NYSE:CRH) was another strong performer, rising 30% for the quarter. First-half results showed margin expansion in North America, supported by disciplined pricing, infrastructure spending and robust private-sector demand. At its September Capital Markets Day, management set new 2030 growth and margin targets above market expectations, reconfirmed 2025 guidance and highlighted a US\$40 billion capital-deployment plan and a strong pipeline of bolt-on acquisitions. A solid track record, structural US exposure and potential S&P 500 index inclusion add to the appeal.

Special situation success

Zegona Communications (LON:ZEG) is a UK-based telecom investment vehicle run by former Virgin Media executives. Its model is private-equity-like but in public markets: buy underperforming assets, fix them, and return value to shareholders. Earlier successes with TeleCable and Euskaltel proved the model. In May 2024 Zegona acquired Vodafone Spain for €5 billion, the country's third-largest operator with 13 million mobile contracts and a solid fibre network. At first glance, it looked unremarkable.

A closer look showed the upside. Most of the purchase was funded with debt and special preference shares issued to Vodafone, so very little new equity was raised. Vodafone technically holds about two-thirds of Zegona's shares through those preference shares, but Zegona can choose to redeem them at cost.

Recent fibre-sharing joint ventures with Telefónica and MasOrange

International Shares Fund



have brought in nearly €2 billion in cash, enough to enable early redemption of the Vodafone preference shares. Once cancelled, the share count drops by around 70%, leaving the upside to ordinary shareholders.

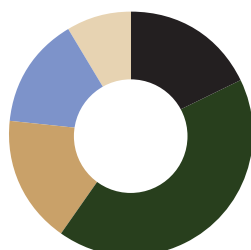
Management has also been cutting costs, from headcount to advertising spend and supplier contracts. Margins are improving. The share price is up 115% since the Fund's first purchase in April.

Detractors under pressure

Fiserv (NASDAQ:FI) was the quarter's biggest disappointment. The share price is down about 45% from its February high on worries about a slowdown in payment volumes within its Clover segment and a leadership change. While quarterly results showed revenue from Clover, Fiserv's point of sale software offering, rising 30% year-on-year, underlying transaction volumes rose a slower 8%, and management is relying on a second-half recovery to meet full-year guidance. The market is sceptical.

Stock Exposure by Geography

APAC (18.0%)
US (41.9%)
Europe (16.8%)
UK (14.8%)
Cash (8.5%)



Source: S&P Capital IQ

The long-term story remains compelling. Fiserv continues to grow earnings at more than 10% per annum, margins are expanding, cash generation is strong and it has been a heavy buyer of its own stock — reducing the share count by nearly 20% since the beginning of 2021. At just under 12 times next year's expected earnings, it is cheap for a business that has compounded earnings at more than 10% a year for decades. With Clover expanding internationally and deepening its software ecosystem, this is a high-quality compounder on sale and the investment has been added to modestly.

Micro-hospital operator **Nutex Health** (NASDAQ:NUTX) gave back a chunk of last year's extraordinary gains. A July short-seller report raised issues about revenue recognition and aggressive tactics in insurance disputes, concerns we had long shared. Matters worsened when the company failed to lodge its second-quarter results, about the last thing you want after a short-seller attack.

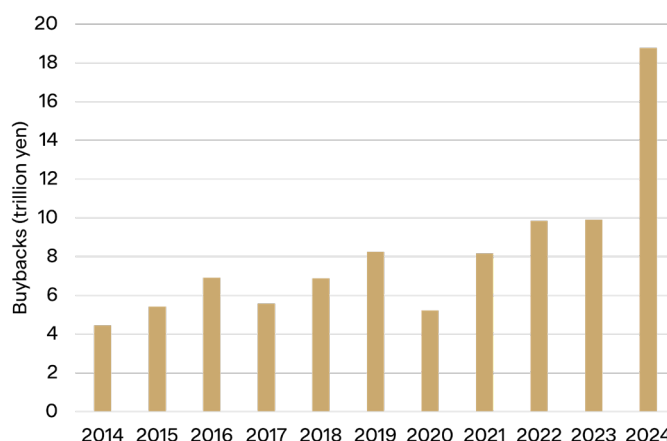
Management says its new auditor wants to change the accounting treatment for stock-based compensation, affecting the balance sheet but not profits or cash flow. It released preliminary numbers suggesting further growth in revenue, improved profitability and good cash generation. The share price fell 17% for the quarter and is nearly 40% below its May peak. The investment had already been trimmed substantially prior. At the current weighting of 2.5%, there is the flexibility to add or exit as evidence accumulates over the coming months.

Japan: the land of rising returns

Japan has been a consistent theme in recent updates and at our September investor roadshow.

Governance reforms, an ageing population and labour shortages are driving long-overdue change. Companies that once hoarded cash are investing in productivity and returning more to shareholders. Buybacks doubled to ¥20 trillion in 2024, and another ¥14 trillion has already been announced this year. Dividends plus buybacks now return about 5% of market cap annually, double the US level and double where Japan was a decade ago.

Topix value of share buybacks announced (trillion yen)



Source: Jefferies, Bloomberg

Reform has encouraged activism and mergers and acquisitions. Domestic investors are pressing harder, with CEO approval votes sometimes dipping near 50%, unthinkable in the past. Poison-pill defences have largely disappeared. Foreign bidders lodged 157 takeover proposals in the first eight months of 2025, near last year's record. Boards are now required to give "sincere consideration" to any credible bids.

Japan's demographics, often viewed as a drag, are in fact pushing consolidation. More than two million small and medium enterprise owners are over age 70, and half have no successor. Without consolidation that would mean lost jobs and lost GDP. For listed companies with strong balance sheets, it means abundant acquisition targets.

Labour shortages are also boosting productivity. Wage negotiations in 2024 produced the largest rises in 30 years. In Japan, higher wages often come with higher margins as companies rationalise and modernise.

During a recent Tokyo trip, the team met dozens of management teams and saw first-hand how these changes are opening opportunities. Almost 20% of the Fund is now invested in Japan. Reform is the backdrop, but stock-picking is what matters. Japan has about 4,000 listed companies and many deserve to be cheap. The task is to find the minority with genuine tailwinds.

Healthcare is one of Japan's least-digitalised sectors. An ageing population is increasing demand for home care, yet most of the

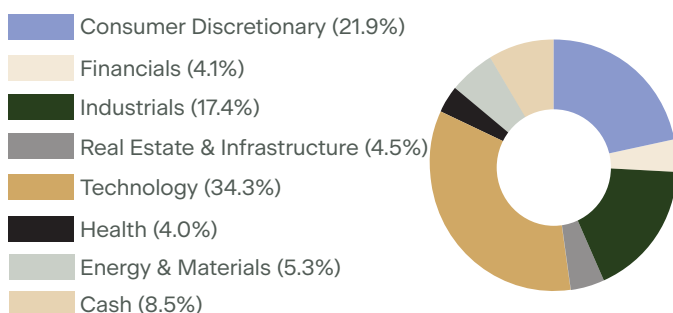
International Shares Fund



country's 17,000 home-visit nursing stations still use paper or Excel. Nurses spend up to a third of their time on administration, worsening a severe labour shortage.

This is the problem **eWeLL** (TSE:5038) is addressing. Its core product, iBow, is Japan's leading cloud platform for home-visit nursing; integrating medical records, care planning, scheduling, billing and compliance. It charges a subscription plus a small per-visit fee, so revenue grows with patient visits. Churn is near zero.

Stock Exposure by Sector



Source: Forager

Scale is a competitive advantage. iBow now serves 3,000 nursing stations, 54,000 nurses and about 740,000 patients, giving it data and network effects that rivals struggle to match. New AI modules that automate care plans and optimise scheduling halve admin workloads, vital in a sector starved of staff.

Despite its progress, eWeLL's penetration is only about 18%, leaving a long runway. Already profitable and growing quickly, it solves a structural problem that will intensify as Japan ages. It typifies the sort of small, profitable, focused software business the Fund is seeking (and finding) in Japan.

Labour shortages and rising wages are also reshaping recruitment. **Visional** (TSE:4194), through its BizReach platform, has become the dominant channel for mid-career professional hiring, with more than two million high-income users. Growth has been steady, margins strong and reinvestment disciplined. For a business compounding earnings at roughly 20%, the valuation is undemanding.

The cultural backdrop is changing too. Lifetime employment is less entrenched. One in three graduates now expects to change jobs during their career. Prospective job-changers exceeded 10 million for the first time in 2023. Employers and recruiters seeking talent are paying to access Visional's pool of candidates, reinforcing the platform's network effects.

The Fund owns seven Japanese software companies serving different niches but benefiting from the same forces: reform, ageing demographics and urgent digitisation. They are not just cheap stocks but beneficiaries of strong tailwinds.

For more on the Japan opportunity, listen to the recent [Stocks Neat podcast](#).

Hunting further afield

Opportunities aren't confined to Japan.

A recent addition is **Inchcape** (LSE:INCH), the sort of quirky global business once naturally at home on the London Stock Exchange. Inchcape distributes new cars and parts in markets as diverse as Chile, the Baltics and Singapore. It takes care of the generally small territories global automakers can't tackle efficiently themselves.

Although cyclical, it's a high-return business with strong local moats. Yet sentiment toward UK-listed stocks presently is so poor that even internationally focused operators have been caught up in the gloom. That has created an opportunity. Inchcape has bought back nearly 10% of its equity in the past year, with more to come. As with **Tesco** (LSE:TSCO) and **Lloyds** (LSE:LLOY) before it, if the market won't recognise the value of a business, shrinking the share count aggressively can be an excellent use of capital.

Top 5 holdings (as % of NAV)

ING Groep NV	(ENXTAM:INGA)	4.1%
Fiserv Inc	(NYSE:FI)	3.8%
MTU Aero Engines AG	(XTRA:MTX)	3.5%
Clean Harbors Inc	(NYSE:CLH)	3.5%
Inchcape PLC	(LSE:INCH)	3.5%
Cash		8.5%



International Shares Fund

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 World Small and Mid Cap Index (Net) in Australian Dollars (MSCI World SMID Net Index in \$A) over rolling 5-year periods. The Fund aims 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 (Net of all fees and expenses)

FY	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total Returns
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%	-2.57%	4.16%	-1.52%	20.99%
2025	7.80%	-3.58%	-0.81%	0.55%	4.78%	-0.09%	4.33%	-2.26%	-4.84%	5.27%	9.06%	2.39%	23.78%
2026	1.26%	2.54%	-0.86%										2.93%

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Facts

Fund inception	8 February 2013
Minimum investment	\$20,000
Monthly investment	Min. \$1000/mth
Distribution	Semi-Annual, 30 June, 31 December
Applications/Redemption	Daily

Unit price summary

As at	30 September 2025
Buy Price	\$2.2295
Redemption Price	\$2.2206
Mid Price	\$2.2250
Portfolio Value	\$260.4 million

About Forager

With approximately \$475 million of funds under management and a focus on long-term investing, Forager Funds is a unique Australian asset management company.

Following a strong fifteen-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
- Investment team with deep pockets of expertise
- Strong focus on managing portfolio risks
- Daily applications and redemptions



International Shares Fund

Comparison of \$10,000 investment over time (returns are net of all fees and expenses)



Source (MSCI World SMID Net Index in \$A): MSCI. The above figures assume that all distributions have been reinvested. Past performance is not indicative of future performance.

WARNING Total returns shown for the Forager International Shares Fund have been calculated using exit prices after taking into account all of Forager's ongoing fees and assuming reinvestment of distributions. No allowance has been made for taxation. Past performance is not indicative of future performance. 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 International Shares Fund (ARSN No: 161 843 778). You should consider the product disclosure statement (PDS), prior to making any investment decisions. The PDS and target market determination (TMD) can be obtained by visiting www.foragerfunds.com. 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. This investment objective is not a forecast and returns are not guaranteed. *Although the MSCI World SMID Net Index in \$A benchmark represents the available investment universe for the Fund, the Portfolio will represent a very small proportion of those available investments and the Fund's results may vary from the benchmark. www.foragerfunds.com



Australian Shares Fund

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Small Ordinaries Accumulation Index	3.44%	15.31%	21.50%	15.54%	9.27%	6.61%	9.62%	5.59%
All Ordinaries Accumulation Index	-0.54%	5.25%	10.50%	15.14%	12.90%	9.41%	10.29%	8.64%

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

*30 October 2009

The above figures assume all distributions have been reinvested. The All Ordinaries Accumulation Index is the previous benchmark, still shown for comparison purposes.

Performance wrap

The Forager Australian Shares Fund rose 15.1% for the quarter to September 2025, capping off a 12-month period where the Fund delivered a 42.0% return. Propelled by a surging gold price, the quarter saw smaller stocks roar back to life, with the ASX Small Ordinaries Accumulation Index rising 15.3%. Larger stocks, knocked around by large cap earnings misses in a volatile reporting season, fared worse. The ASX All Ordinaries Accumulation Index rose only 5.3%.

Moving on from Catapult

Investing in unloved and underappreciated stocks is rarely comfortable. It often means doubting what other investors believe and backing ideas others dismiss. Our journey with **Catapult Sports** (CAT) was an exercise in patience and conviction that has now rewarded us handsomely. Yet this investment has now come to an end. The Fund sold the last of its shares in Catapult in late September.

Forager's first purchase of Catapult shares was in June 2021 at \$1.90 per share. Almost two years later, in April 2023, we were adding to the Fund's investment between \$0.70 and \$0.80. With the share price now above \$7, it has been a wonderful investment for Forager investors and anyone who played along.

Catapult investment lifecycle



Source: Forager

It's not the first investment on which we have made those sorts of returns. **Gentrack** (GTK) and **RPMGlobal** (RUL) have been similar-sized winners in recent years. Yet Catapult is the stock where we best applied 16 years of lessons to optimise a successful investment.

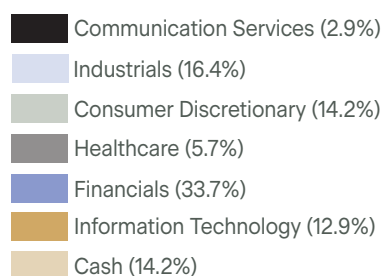
Firstly, the initial weighting was kept at less than 2% for the first few years. This allowed us to more easily cut the investment with limited damage if our contrarian view had been proven wrong.

Secondly, we added to that low initial weighting on good news, even after the price had risen. While paying \$1.50 a share after seeing \$0.70 isn't easy, building confidence in a thesis allows for a crucial counter to the risk-minimisation of a low initial weight. At its peak, Catapult was more than 10% of the Fund.

Thirdly, we held a higher-than-usual portfolio weighting to capture the maximum upside as Catapult moved from a relatively unknown stock to an ASX300 member with major investment bank research coverage.

Finally, we have been cutting the weighting aggressively as the value-realisation process culminated. There is a point when higher stock prices create a valuation at which future returns no longer meet our minimum thresholds. This is where we have arrived with Catapult. And so our journey has come to an end.

Stock exposure by sector



Source: Forager

It was only in our [July report](#) that we said, while it was no longer in the top five holdings, Catapult remained an important investment in the portfolio. This was despite the share price more than tripling over the preceding 12 months. In late September, Catapult became a surprise inclusion in the ASX200 following the takeover of Gold Road Resources. That sent the share price up another dollar within a week, leaving the company sporting a market capitalisation in excess of \$2 billion. This price-agnostic index buying was a good opportunity to exit the last of our holdings.

It still has the same bright future we hoped for when making our first investment four years ago. But today's valuation reflects a bright future

Australian Shares Fund



and a bit more. We have barely changed our numbers over the four-year holding period, meaning time and sentiment alone have driven the share price to its current level.

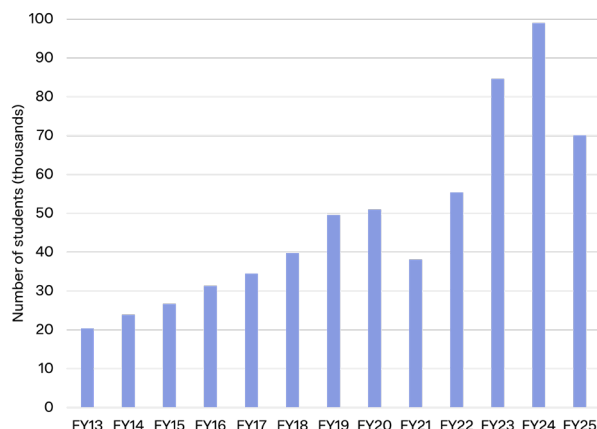
There are plenty of scenarios where Catapult shareholders do well from here and we would love to see this Aussie business become a massive global success. However, at Forager, we excel at finding the unloved and underappreciated, and at these prices it is time for us to focus on finding the next one.

Policy whiplash and the path to recovery

With that in mind, we think we may be seeing the early stages of a similar, unloved and underappreciated business beginning its recovery.

There are tough years, and then there's financial year 2025 at international student placement business **IDP Education** (IEL). Almost everything that could go wrong did. Government restrictions on new international students, especially in Australia and Canada, hit placement volumes hard. That dragged down testing volumes for its English language testing business IELTS, which relies heavily on new students moving between countries. Group revenue fell 15%. Net profits were down 58%. Confidence took a further knock in early June when the company flagged a much weaker-than-expected finish to the year. A lack of visibility has become part of the story. Not long ago, the share price was pushing \$40. At one point this year, it dipped under \$4.

IDP student placements - total volume by financial year (FY)



Source: IDP Education

IDP helps students, mostly from Asia and the Middle East, connect with higher education providers in Australia, Canada, the UK and other English-speaking countries. It also co-owns the IELTS English testing system and operates test centres across the globe (except China). Following the acquisition of British Council's Indian operations in 2021, IDP became the exclusive IELTS test provider in India, a market that once accounted for over 60% of its test volumes.

The industry boomed in the years after COVID. International enrolments surged. In Australia, international students reached 3% of the total population. In Canada, it hit 2.5%. These were record levels, and politically untenable. Rising rents and competition for housing led to pressure on governments to act. Caps, restrictions, and tighter visa settings followed. IDP was caught in the crossfire.

New student enrolments collapsed while total student numbers fell slowly (as existing students completed multi-year degrees). With international education making up 2% of Australia's GDP and over 1% in Canada, the political pendulum may now be swinging back. In early August, the Australian government announced a 9% lift in student caps, part of a plan to support long-term stability in international education. This may mark the start of a more stable, or even improving, policy regime.

As student numbers settle back toward historical norms, the operating environment should improve. IDP, which has had a long history of market share gains, should outperform the student placement market growth rates in future. Being the largest and highest quality provider has its advantages.

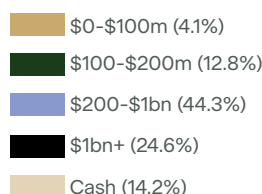
IELTS remains the most accepted English language test globally. While test volumes in India have collapsed, volumes outside of India have been growing. Indian volumes are now at 2014 levels and there is clear upside if demand returns. A healthier student placement market will also improve IELTS testing volumes.

In the meantime, IDP has been pulling the levers it can. Average pricing in its Australian student placement business rose 12% in 2025, and 17% for placements into other countries. The company has guided to about 10% price growth in the current year. This builds on long-term pricing power, which has seen the average Australian placement price rise by 8% annually over the last decade.

The business has a fairly fixed cost base. When revenue drops, margins get crushed. Management responded with a 5% reduction in costs during 2025, with a further 7% cut underway for the 2026 financial year. Since much of the benefit will come during the year, further margin improvement is expected in the 2027 financial year and beyond. The cost structure proved flexible during COVID, and the recent reductions suggest it can be adjusted once again.

The long-term picture remains compelling. International student mobility has grown at an average of 7% per year since the late 1990s. IDP's market share is solid and improving. The company's reputation, counselling network and visa success rates continue to attract students and educational institutions alike. While visibility remains limited in the short term, structural demand is intact.

Stock exposure by market cap



Source: S&P Capital IQ

After falling 90% from its peak, the share price has almost doubled from the bottom (and is already up 49% from the Fund's first investment). At around 15 times next year's after-tax earnings, the stock is attractively priced. It doesn't need a boom, just a return to something closer to normal. With costs coming out and student flows slowly improving, IDP is well placed to benefit from both operating leverage and sentiment recovery.

Australian Shares Fund



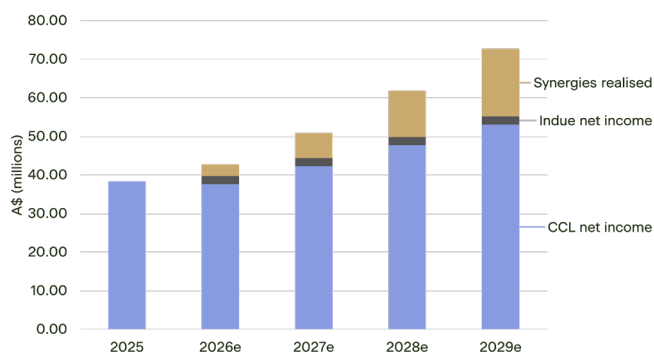
Enter the next generation

In our CIO letter, we mentioned that many of the opportunities we are finding are in more resilient businesses. An example of one of these companies also happens to be the standout performer from the recent reporting season.

Cuscal (CCL) provides critical payments infrastructure to small banks and credit unions that don't have the scale to operate their own infrastructure. Revenue, which is recurring and contracted for the long-term, is driven by steadily increasing transaction volumes. The company benefits both from winning new clients and from broader consolidation in mid-sized and smaller banks.

Its strong financial year 2025 results delivered on the promises made at the November 2024 IPO and were accompanied by a big strategic development. The company announced it will acquire fellow banking infrastructure provider Indue for \$75 million in cash. The transaction meaningfully reshapes the industry and materially improves Cuscal's earnings. In the year just completed, Cuscal reported a 10% increase in transaction volumes, driving 16% growth in earnings per share, beating its prospectus forecast by 5%. The company guided to ongoing net profit growth of more than 10%, underpinned by both organic transaction volume growth and operating leverage.

Cuscal forecast net profit after tax



Source: Forager, Cuscal

The Indue acquisition adds another exciting earnings lever for the company. While Indue is not currently highly profitable, the rationale of combining the businesses is clear: migrating its customer base onto Cuscal's existing infrastructure. Management has flagged \$15 to \$20 million in post-tax cost savings, largely from eliminating duplicated technology and back-office costs. Those savings will take time, with full benefits expected by the 2029 financial year. When they arrive, earnings per share should be 25% higher than without the deal. The team took the opportunity to further add to the Fund's investment after the deal was announced.

Put together, the picture is compelling: earnings are set to nearly double into 2029, attracting investor attention and moving towards a scale suitable for index inclusion. Cuscal is now the Fund's largest holding.

Other portfolio updates and news

Recruitment services company **Peoplein** (PPE) delivered a commendable result for the financial year in the face of difficult market conditions for employment volumes. Revenue fell 6% while management's preferred measure of profits fell 10%. Its highest margin business, permanent recruitment for IT professionals, remains muted.

Despite these challenges, the business is highly cash-generative and is significantly reducing the debt on its balance sheet. The cost base has been managed lower and commentary on most of the business verticals suggests the early stages of a recovery are underway. Further down the line, defence work and Queensland infrastructure projects in the lead-up to the 2032 Olympics should help get the business growing again. Trading at a 16% free cashflow yield, it shouldn't take much to get the share price moving.

The Fund first invested in travel management company **Corporate Travel** (CTD) in August last year at the height of concerns surrounding corporate travel worldwide. The company's European division had also disappointed investors as promised contract revenue did not materialise. The business was well on its way to recovery and the thesis was on track before the company halted trading in August, announcing that a potential material restatement of its financials was required. Once again, the European division was to blame, with the timing of revenue and expense recognition in that division needing to be restated.

The European division makes up 17% of group revenue and the company believes the changes are non-cash and only a timing matter. While the suspension was originally expected to only last a few weeks, this has been extended to November. The carrying value of this investment has been lowered by 15% until the company resumes trading.

Online tradie marketplace **Hipages** (HPG) made progress toward its long-term profitability targets when announcing the results for the 2025 financial year. Nearly half of the incremental revenue last year fell through to free cash flow, showing strong operating leverage. Long-term targets suggest this figure can continue to run at over 40%, vastly improving cash generation. Guidance for this financial year implies free cash flow growth of 60%.

Growth was fuelled by the transition of Hipages tradies onto its new platform in 2025. Most have also been put on new, more expensive, pricing plans. Last year, average revenue per customer rose 8% in Australia while the number of tradies on the platform rose by only 1%. As tradie churn improves with the increased use of the new platform, growth in the number of tradies should begin to contribute more fully to revenue growth.

Top 5 holdings (as % of NAV)

Cuscal Ltd	(ASX:CCL)	7.2%
Bravura Solutions Limited	(ASX:BVS)	5.1%
EML Payments	(ASX:EML)	4.8%
RPMGlobal Holdings	(ASX:RUL)	4.8%
Praemium Limited	(ASX:PPS)	4.6%
Cash		14.2%



Australian Shares Fund

Fund Objective

The Fund targets securities that Forager believes are undervalued and invests predominately in securities listed on the ASX. The Fund's investment objective is to outperform the S&P/ASX Small Ordinaries Accumulation Index over rolling 5-year periods. The Fund aims to produce superior long-term returns from a portfolio of 15–50 businesses, irrespective of short-term share price movements.^

Fund Performance by Month and Financial Year (Net of all fees and expenses)

FY	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total Returns
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%	4.43%	1.59%	1.24%	-0.51%	1.66%	18.69%
2025	1.57%	1.22%	3.29%	1.58%	8.17%	1.63%	2.93%	-0.86%	-2.87%	-0.29%	10.05%	1.64%	31.06%
2026	5.01%	7.70%	1.76%										15.08%

Past performance is not indicative of future performance and the value of your investments can rise or fall. The above figures assume all distributions have been reinvested. 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	30 October 2009
Minimum investment	\$20,000
Monthly investment	Min. \$1000/mth
Distribution	Semi-Annual, 30 June, 31 December
Applications/Redemption	Daily

Unit price summary

As at	30 September 2025
Buy Price	\$2.3118
Redemption Price	\$2.3026
Mid Price	\$2.3072
Portfolio Value	\$214.3 million

About Forager

With approximately \$475 million of funds under management and a focus on long-term investing, Forager Funds is a unique Australian asset management company.

Following a strong fifteen-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
- Daily applications and redemptions



Australian Shares Fund

Comparison of \$10,000 investment over time (returns are net of all fees and expenses)



Source (Small Ords): S&P Capital IQ. The above figures assume that all distributions have been reinvested. Past performance is not indicative of future performance.

WARNING Total returns shown for the Forager Australian Shares Fund have been calculated using exit prices after taking into account all of Forager's ongoing fees and assuming reinvestment of distributions. No allowance has been made for taxation. Past performance is not indicative of future performance. 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 consider the product disclosure statement (PDS), prior to making any investment decisions. The PDS and target market determination (TMD) can be obtained by visiting www.foragerfunds.com. 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 Small 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

