

31 MARCH 2026

Quarterly Report



Chief Investment Officer Letter

Forager Funds performance summary (As at 31 March 2026. 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	-9.23%	-19.53%	1.31%	13.44%	6.60%	7.78%	6.91%	9.61%
Forager International Shares Fund	-4.43%	-12.72%	3.47%	11.75%	2.78%	10.82%	10.53%	11.53%

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

Significant selldown in March quarter

“The best laid schemes o’ mice an’ men Gang aft a-gley.”

The famous lines of Robert Burns’s *To A Mouse*—that the best laid plans often go awry—proved true for Forager in the first three months of 2026. Despite preparing for more difficult markets throughout 2025, both Forager funds experienced significant unit price declines over the past six months, with the downturn accelerating sharply in February and March.

The highly correlated parts of the market where we see our edge as strongest have been indiscriminately sold. Whether results were good or bad, almost every stock in the Australian Fund has fallen in the past three months, as have our Japanese software holdings (with one notable exception). This is a feature of markets dominated by passive flows and thematic exchange-traded funds, where a thematic exit results in every relevant stock being sold regardless of its individual prospects.

Our preparation was not in vain. Both funds maintained healthy cash levels (nearly 20% of the Forager Australian Shares Fund) and high portfolio liquidity. We fully exited a number of investments that had run ahead of fair value, leaving us with stocks we believe still had good long-term prospects.

While we will inevitably be wrong about some of them, the significant share price falls—in some cases 40-50%—have only increased the prospective returns of the group as a whole. We have deployed additional cash into existing holdings and repurchased some previously sold investments after their own significant falls. A couple of brand new investments were also made, all of which are covered in the respective fund reports.

Periods of poor performance are a likely feature of any concentrated strategy focused on smaller companies. Our objective is not to avoid selloffs completely, but to ensure we can make the most of them. While only time will tell, we entered this downturn much better prepared than the most recent selloff in 2022 and are currently in the “making the most of it” phase.

Scouring the Saaspolycypse for opportunities

A large part of the software sector deserved its correction.

At the peak in late 2025, many software businesses were extremely optimistically valued. Businesses were ranked using revenue growth alone, often with limited regard for profitability. Where profitability was contemplated, it usually ignored one of the largest expense items for these companies, the prodigious amount of shares issued to staff as compensation each year. The prevailing view was that software economics were structurally superior and largely insulated from disruption. That proved too optimistic.

Now the narrative has shifted so sharply in the opposite direction that the market reaction in the past six months is being dubbed the Saaspolycypse.

The financial press is increasingly populated with examples of companies reducing software spend by building internal tools. Developers are demonstrating how quickly functional alternatives to established products

can be assembled using AI coding agents. There is a growing view that artificial intelligence will, at best, compress margins for many incumbent products and, at worst, disrupt them the way the internet disrupted the newspaper industry.

It will come as no surprise that Forager is sharpening the pencils and has already added a couple of investments to both portfolios. Pessimism is where we thrive.

Working out whether the pessimism is undue or warranted is the hard part. But without it you don’t get great investment bargains.

The key is not to argue that the risks are misplaced. Many are real and will play out. The opportunity lies in identifying the subset of businesses where those risks are either overstated or already reflected in price.

At Forager, we are focused on four characteristics when assessing software opportunities in this environment.

1. High value, low cost

The first is software that is deeply embedded in customer workflows, yet represents a small proportion of total spend.

Accounting platforms such as **Xero** (ASX:XRO), **MYOB** and **Sage** (LSE:SGE) are clear examples. These products typically cost small businesses tens of dollars per month and sit at the centre of financial operations—handling invoicing, payroll, compliance and reporting.

The economic trade-off for customers is straightforward. The absolute cost is low, while the operational importance is high. Replacing these systems introduces risk and disruption for limited financial benefit.

This dynamic is reflected in the underlying economics. Xero has historically delivered strong revenue growth with gross margins above 80% and low churn. Sage, which we have recently added to the Forager International Shares Fund, serves more than 6 million customers globally and generates consistent free cash flow with operating margins above 20%.

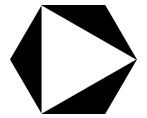
Where software is inexpensive, mission-critical and priced for business size rather than number of users, pricing pressure tends to be limited, even as development costs fall.

2. Structural switching costs

The second characteristic is high switching costs.

Software rarely operates in isolation. Over time, it becomes integrated across systems, accumulates data and shapes internal processes. The cost of replacement is therefore not simply the price of a competing product, but the time, expense and operational risk associated with transition.

Bravura Solutions (ASX:BVS) illustrates this dynamic. Its software underpins core functions for wealth managers and super funds—industries with complex regulatory requirements and low tolerance for operational failure. System replacement can take years and involve significant cost.



Chief Investment Officer Letter

In this context, the ease of building new software is less relevant than the difficulty of displacing existing systems. Customer inertia, supported by genuine switching costs, remains a meaningful source of durability.

3. Moats beyond software

A third area of focus is businesses where the competitive advantage does not reside in the software itself.

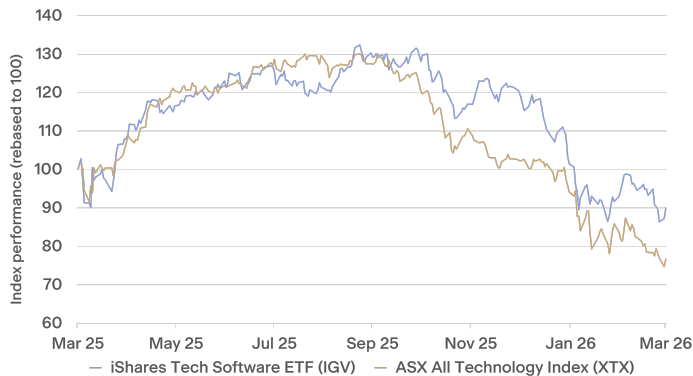
CAR Group (ASX:CAR) provides a clear example. The company's current market capitalisation is north of \$8bn, even after a significant share price retraction. Even if the project were run by the Australian Bureau of Meteorology, even in the days before AI coding, you could replicate carsales.com.au for a few tens of millions. The value is clearly not in the cost of the code. Carsales value instead lies in its position within the automotive ecosystem—connecting a large audience of buyers with a broad base of dealers and private sellers.

This network effect has been built over decades and is reinforced by scale. High levels of traffic attract listings, and listings attract further traffic.

Auto Trader (LSE:AUTO) in the UK demonstrates the same characteristics, generating pre-tax profit margins above 60% in a business where the technical barrier to entry is relatively modest.

These advantages are not immutable. They depend on sustained user engagement and relevance. The eyeballs can potentially transition to AI models, or AI agents can handle more of the looking. But they are not easily eroded by incremental improvements in software development capability.

Relative performance of US and Australian software sectors



Source: Bloomberg

4. Value, the sooner the better

It's our conclusion that the stock market Saasocolypse is unlikely to be an industry wide operational Saasocolypse. Some businesses will undoubtedly suffer. Some will be beneficiaries of the AI tools now available. That doesn't make it as simple as buying the survivors.

Even after a significant de-rating, parts of the sector remain far from cheap. And the excessive stock based compensation practices don't seem to be abating (we have seen some companies increase the amount of shares they are issuing to compensate staff for a lower share price).

We are looking for stocks that are cheap. And the more of the value we get back in the near term, the better.

Bond investors use a concept called duration to assess the interest rate sensitivity of bonds. It represents a weighted average life of a bond's cash flows (so a 30-year bond has a higher duration than a 2-year bond). If interest rates rise, longer dated cash flows are worth less in today's dollars.

The same concept applies to the stock market, which is why you see "growth" assets generally underperform in a rising interest rate environment—their value is dependent on cash flows generated in the distant future. It also applies to their operational risk.

Businesses priced on long-duration assumptions require a high degree of confidence in their ability to sustain growth and competitive positioning over extended periods.

That confidence is harder to justify in a rapidly evolving technological environment.

By contrast, companies that generate meaningful cash flow today and are capable of returning a substantial proportion of their market value within the next decade offer a more balanced risk profile.

Sage and Auto Trader are examples where, based on current earnings and growth expectations, a significant portion of today's valuation could be returned to shareholders through free cash flow over a 10-year period. This reduces reliance on long-term forecasts and limits exposure to distant disruption scenarios.

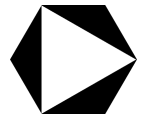
The Forager investment thesis

Forager's International Shares Fund already had a significant investment in Japanese software companies. They continue to grow rapidly, are highly profitable and don't have the excessive stock based compensation practices of their US cousins. That hasn't stopped their share prices getting whacked over the past few months, making topping up what we already own the first way we are taking advantage of the opportunity.

Outside Japan, we have added a few undervalued UK and Australian stocks to both portfolios and have the analysis framework in place for more. The shift in the software narrative from "structural superiority" to "imminent disruption" has already created some attractive investment opportunities. Lower prices and an increased focus on shareholder returns would provide the confidence to add more.



Kind regards,
Steve Johnson
Chief Investment Officer



International Shares Fund

Forager International Shares Fund Performance Summary (As at 31 March 2026. 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.)
International Shares Fund	-4.43%	-12.72%	3.47%	11.75%	2.78%	10.82%	10.53%	11.53%
MSCI World SMID Net Index in \$A	-3.91%	-2.45%	9.87%	12.07%	8.06%	9.64%	10.52%	12.38%
MSCI AC World Net Index in \$A	-3.54%	-5.31%	9.77%	15.37%	11.37%	11.90%	12.39%	13.31%

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 assumes 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 returned -12.7% for the March quarter of 2026, lagging the MSCI World SMID Index, which fell 2.5%, with February the harshest month. Roughly 80% of our holdings experienced share price declines, with Japanese stocks taking a disproportionate hit.

Brent Crude Oil Price



Source: Bloomberg

Software stocks saw their largest markdowns in years, war flared in Iran, oil neared decade-high levels, travel was disrupted, and consumer confidence fell sharply. US GDP growth estimates tumbled from 3% at the start of March to around 1% in the latest Federal Reserve update.

Company meetings across the quarter reflected this shift in sentiment. Yet the turmoil has created opportunities: we've added several new investments in beaten-down sectors and expanded some existing holdings.

Software-as-a-Service (SaaS) refers to software delivered over the internet rather than installed locally. Financially, its most important innovation was the shift from perpetual licences to subscriptions. Instead of relying on customers to upgrade every three to five years, software is now updated continuously and paid for monthly. With the default becoming "do nothing and keep paying," software companies gained significant pricing power, and used it.

The 2010s were a period of markets gradually recognising how much this improved software business models. The early 2020s, perhaps unsurprisingly, saw that recognition turn into enthusiasm, with valuations rising to reflect near-perfection.

Outside Japan, the Fund has owned only a few software stocks in recent years. Elevated valuation multiples, particularly once stock-based compensation is properly accounted for, more than offset attractive underlying fundamentals. Our caution reflected valuation, not foresight.

The SaaSocalypse and some new investments

The past six to nine months have seen a sharp shift in sentiment. Many software stocks have fallen 30% to 50% or more. Products once thought to have durable moats are now perceived as vulnerable, with AI lowering the cost and time required to build competing solutions. At the same time, investors who previously felt compelled to own SaaS at any price have become equally indiscriminate sellers.

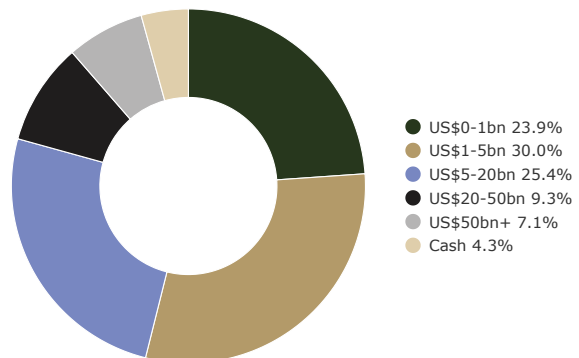
A year ago, markets were overly optimistic about SaaS. The risks are real. AI will disrupt, and in some cases destroy, software businesses. But the recent sell-off has been broad, and in our view, lacks sufficient discrimination.

In the CIO letter, Steve outlined the requirements for the Fund when reassessing the sector. In short: businesses that charge modest amounts relative to the value provided, are deeply embedded in customer workflows and have high switching costs. Additional advantages, such as network effects, are also appreciated. And we favour management teams and boards focused on returning capital to shareholders through dividends and buybacks.

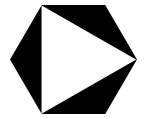
Sage Group (LSE:SGE) is a good illustration. It provides accounting and financial management software and fits the preference for low-cost, mission-critical products with high switching costs. In the UK, Sage supports a large installed base of millions of small business users who are familiar with the product and tend to stay despite regular price increases.

Many of these customers are well behind the technological frontier. A sizeable cohort still doesn't use specialised software at all. But they will effectively be pushed to adopt it as the UK's Making Tax Digital regime, which requires quarterly digital filings via approved software, comes into force this month.

Portfolio Distribution According to Market Capitalisation



Source: Bloomberg



International Shares Fund

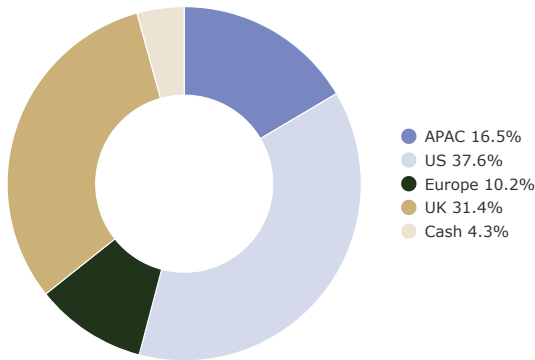
While the business's roots are in the UK, the US is now Sage's largest market, generating almost half of group revenue. Here, the focus shifts to mid-sized businesses. Sage Intacct targets companies with 20 to 500 employees and more than US\$10m of revenue that have outgrown tools like Xero and need more sophisticated financial control and reporting. While not the market leader (that position belongs to Oracle NetSuite), it is growing faster and holds strong positions in niches such as not-for-profits. Adoption tends to be timed to customer needs, with high retention thereafter.

Sage has also been early in embedding AI into its products through Sage Copilot, helping customers automate workflows and reduce costs across a range of use cases.

The core proposition is straightforward: essential outputs for tax authorities, finance teams and boards, delivered through software that is already embedded, improving with AI, and inexpensive relative to the value and peace-of-mind it provides. The business also benefits from a UK listing, meaning lower valuation multiples and less reliance on stock-based compensation, alongside a high-quality US growth engine.

To complete the wishlist, the company is aggressively returning capital to shareholders via buybacks and dividends. The Fund invested in late February, and it was a top-five holding by quarter end.

Stock Exposure by Geography

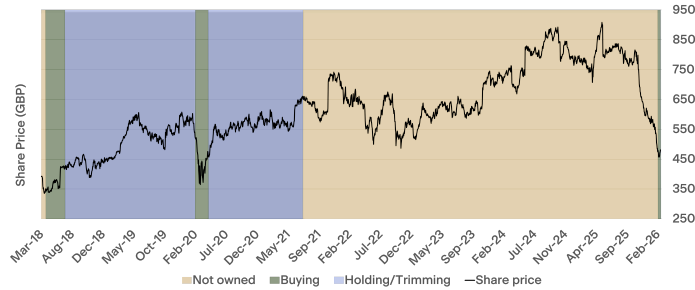


Source: Bloomberg

Auto Trader back in the portfolio

Auto Trader (LSE:AUTO) is the dominant online classifieds platform for used cars in the UK. We know the business well, having followed it for a decade and owned it from 2018 to 2021.

AUTO Ownership Timeline



Source: Bloomberg

It has unusually attractive economics. For every pound of revenue, costs are roughly 30 to 35 pence, implying operating margins of around 65%. Capital expenditure is minimal, with development costs already expensed through the income statement. The result is a business that converts most of its earnings into cash and returns it all to shareholders via dividends and buybacks. Despite this, it continues to grow through product innovation and price increases. The ability to grow without retaining capital is rare.

Historically, online classifieds have been exceptional businesses globally, across cars, real estate and jobs.

The task, however, is not to find great businesses, but great investments. That requires the right price. As noted in our recent blog post, [We love great businesses, sometimes](#), even the best companies only become attractive when valuation aligns.

The share price for Auto Trader fell around 40% in the three months prior to our recent investment. The market is increasingly focused on AI risk - either as a direct competitor acting as a new intermediary between dealers and buyers, or indirectly as a traffic gatekeeper that captures more of the value chain than Google Search historically has.

Those risks are taken seriously. Auto Trader likely faces greater disruption risk from AI than Sage Group, which is reflected in a smaller position size. But there is also a plausible upside: AI can also enhance the platform, shifting even more of the car-buying process online and strengthening economics.

If our forecasts are broadly right, both Auto Trader and Sage are likely to return more to shareholders over the next decade than their current market capitalisation. That provides a strong starting point.

Japan's cleaner earnings at a discount

Marquee US indices are trading within 10% of their highs, driven by a shortening list of AI mega-caps. In contrast, the broader software sector has spent early 2026 in the woodshed. Investors, spooked by the aforementioned fears that Generative AI might automate away the need for traditional subscriptions, have slashed valuation multiples across the board. This sell-off hit Japan late and hard in January, creating a clear disconnect between weak share prices and strong underlying fundamentals.

MSCI Japan Software & Services Index

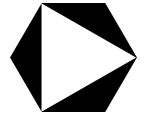


Source: Bloomberg

The opportunity here is rooted in a structural advantage often overlooked: the quality of earnings. In the US, many SaaS firms focus on 'Adjusted' profits that conveniently ignore the copious amount of Stock-Based Compensation (SBC) issued to staff, which can consume 15% to 25% of revenue in some cases. When SBC is viewed as a real expense, which it is, those profits often vanish. In contrast, Japanese firms favour a stakeholder-oriented model of stable cash compensation. With SBC usually modest or non-existent, Japan offers 'clean' earnings. Investors aren't buying a lottery ticket on 2035 growth diluted by a constant stream of new shares. Instead, they are buying high-margin current cash flows.

The valuation gap is now startling. Weighted revenue growth for the Fund's Japanese software sleeve is expected to be 22% over the next 12 months, with earnings growth of 45%. This dwarfs the broader US software sector, where revenue growth is expected to be below 10%. Yet, the Fund's Japanese stocks trade at a weighted forward multiple of just 20 times. Strip out the cash piles, which exceed 30% of market cap in some cases, and that multiple falls to 17 times. For comparison, the US software index trades at 22 times 'dirty' earnings that exclude much of the cost of talent.

The underlying businesses continue to perform in line with our thesis, with no signs of a slowdown over the most recent reporting season. **Visional** (TSE:4194) beat March quarter estimates with 28% revenue growth and a 25% operating margin, anchored by its highly profitable job matching platform BizReach.

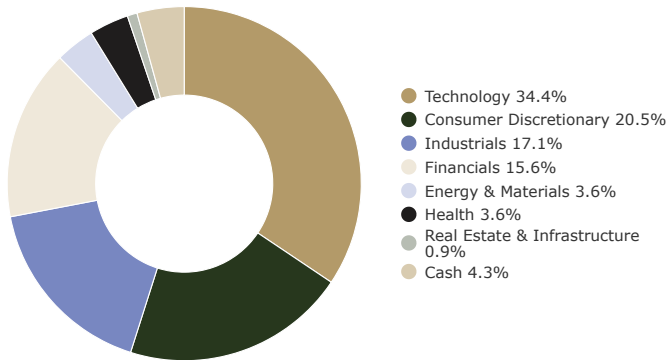


International Shares Fund

Home-visit nursing software provider **eWell** (TSE:5038) maintained record profits for a seventh consecutive year, with management guiding for 26% revenue growth and a 45% operating margin in 2026. Meanwhile, **Broadleaf** (TSE:3673), which provides automotive aftermarket software, saw operating margins jump from 3.7% to 9.9% as its cloud transition accelerated, with a forecast 130% increase in operating profit this year. These businesses continue to grow rapidly and expand margins, regardless of the sentiment shifts seen in Western software markets.

While the world panics about AI disruption, Japan is still in the early stages of a massive digital transformation push to solve a chronic labour shortage. Adoption is slower and more structural. Companies must rebuild entire ecosystems to integrate these tools, ensuring the stickiness of market-leading incumbents. This emergence of fear allowed us to modestly increase exposure to these high-quality, cash-rich businesses at prices that, in our view, significantly undervalue their long-term prospects.

Stock Exposure by Sector



Source: Bloomberg

Saying goodbye to a winner

The last of the Fund's investment in mechanical and electrical systems installer **Comfort Systems** (NYSE:FIX) was sold during the quarter. This business has been a sensational contributor to the Fund's performance, with the share price rising more than threefold since the investment was made during the 'Tariff Tuesday' sell-off of April 2025.

This growth was driven by insatiable demand for data centres and industrial infrastructure, alongside exceptional execution that saw earnings, cash flow and backlog move materially ahead of original expectations.

While the business remains a high-quality operator, the valuation now reflects this progress. Comfort Systems was recently added to the S&P 500 Index, further boosting the share price as passive funds were forced to buy. With the easy money made and prospective returns lower, the Fund has moved on to more attractive opportunities.

Top 5 holdings (as % of NAV)

Wise PLC	(WISE LN)	4.9%
Visional Inc	(4194 JP)	4.0%
MTU Aero Engines AG	(MTX GY)	3.7%
Marex Group PLC	(MRX US)	3.7%
Sage Group PLC	(SGE LN)	3.7%
Cash		4.3%



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
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%	-0.83%	1.48%	-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%	-3.01%	-0.27%	1.28%	-3.47%	-5.38%	-4.43%				-11.98%

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. 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	Semi-Annual, 30 June, 31 December
Applications/Redemption	Daily

Unit price summary

Date	31 March 2026
Buy Price	\$1.8687
Redemption Price	\$1.8613
Mid Price	\$1.8650
Portfolio Value	\$220.0 million

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 15-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.

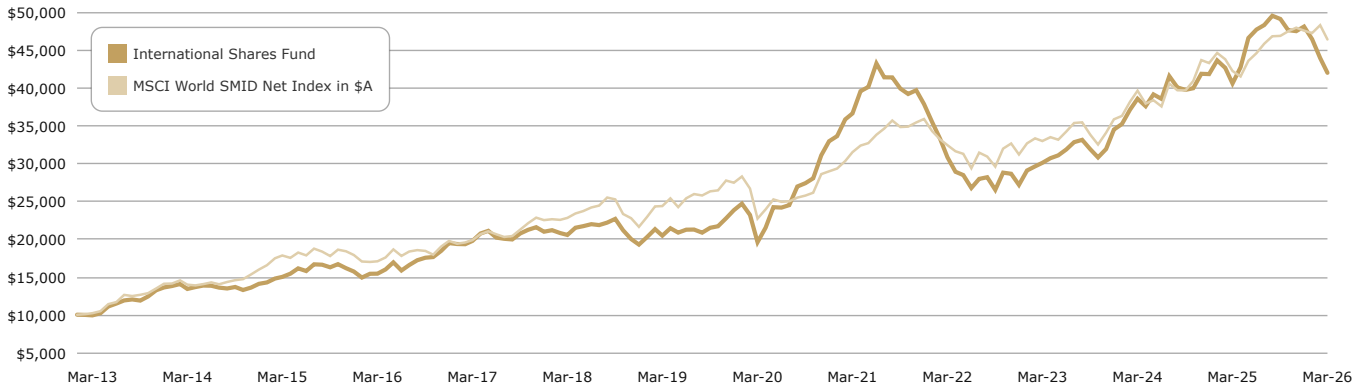
Fund Characteristics

- 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



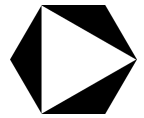
International Shares Fund

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

Forager Australian Shares Fund Performance Summary (As at 31 March 2026. Net of all fees and expenses)

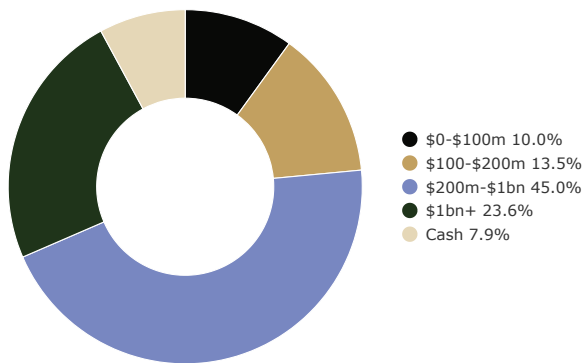
	1 month return	3 month return	1 year return	3 year return (p.a.)	5 year return (p.a.)	7 year return (p.a.)	10 year return (p.a.)	Since inception* (p.a.)
Australian Shares Fund	-9.23%	-19.53%	1.31%	13.44%	6.60%	7.78%	6.91%	9.61%
Small Ordinaries Accumulation Index	-10.96%	-10.87%	13.66%	8.51%	3.99%	5.57%	7.29%	4.79%
All Ordinaries Accumulation Index	-7.30%	-2.66%	11.29%	9.35%	8.37%	8.69%	9.46%	8.14%

The value of your investments can rise or fall. Past performance is not indicative of future performance. The above figures assume all distributions have been reinvested. The All Ordinaries Accumulation Index is the previous benchmark, still shown for comparison purposes.

*30 October 2009

The Forager Australian Shares Fund fell 9.2% in March while the Small Ordinaries Accumulation Index fell 11%, bringing to a close a quarter which saw the Fund fall 19.5% while the index fell 10.9%. The quarter continued to see outperformance of resources stocks, with small resources falling 3.6% while small industrials saw a more dramatic 14.3% decline.

Portfolio Distribution According to Market Capitalisation



Source: Bloomberg

Early in the quarter investors were concerned about the AI assault on incumbent software providers. The ASX All Technology Index duly declined about 20% in the first six weeks of the quarter. Meanwhile, investor attention would soon turn to Iran and the Strait of Hormuz, the partial closure of which has caused widespread impacts on everything from jet fuel to urea prices.

ASX index performance over the last 6 months



Source: Bloomberg

The Fund entered this volatile period with about 19% of the portfolio sitting as cash (inclusive of an investment in the latter stages of being taken over). The cash was mostly the result of selling out of long-held investments in **Catapult** (ASX:CAT) and **Bravura** (ASX:BVS) after these had reached very full valuations.

As stock prices dropped through the quarter the Fund has been putting that cash to work, taking advantage of lower prices in existing portfolio investments and adding new stocks, including the return of Catapult and Bravura into the portfolio. Cash levels fell to 7.9% by the end of March.

Small industrial stocks have now fallen more than 20% from October peaks, while Australian technology stocks have fallen nearly 40% over the same period. It is a prospective foraging environment for new investments.

Is software dead?

After months of headlines declaring that artificial intelligence (AI) would dismantle the SaaS model, updates from several high-quality local software companies during reporting season told a different story. Rather than collapsing under the weight of AI disruption, parts of the sector delivered accelerating growth and upgraded guidance.

TechnologyOne (ASX:TNE), a provider of software to government and education organisations in Australia and the UK, upgraded guidance for profit before tax growth to 18-20%. While **Hansen** (ASX:HSN), a global software provider to utilities and telco companies, delivered 16% recurring revenue growth and provided a solid outlook. Investment platform **Netwealth** (ASX:NWL) delivered better flows and a solid profit result. Each of the stocks duly rallied.

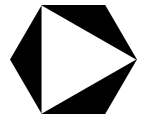
Given how front of mind it has been for investors, each also explained management's view on whether AI is a friend or foe.

The existential fear is straightforward. AI is dramatically reducing the cost of developing software. Clients will vibe-code their own solutions for next to nothing. And AI native competitors will proliferate.

This report's Chief Investment Officer's letter has laid out some of our key markers for assessing who is most at risk. Providing high value at low cost, with difficult switching and moats beyond software should leave software providers better off.

TechnologyOne and Hansen both operate mission-critical systems in highly regulated environments. These need to be unquestionably reliable, have the highest levels of cyber protection, and are provided to many users and parts of an organisation. Understandably, customers are highly risk averse. Trust has been earned over decades. These high switching costs are very difficult for new providers to break down.

Netwealth is a specialist investment platform which has attracted advisors by offering better systems, and is likely to continue to do so. There is no shortage of opportunities to add new features and improve advisor efficiency. This is high value for the advisor, and at a low cost (that the end client pays).



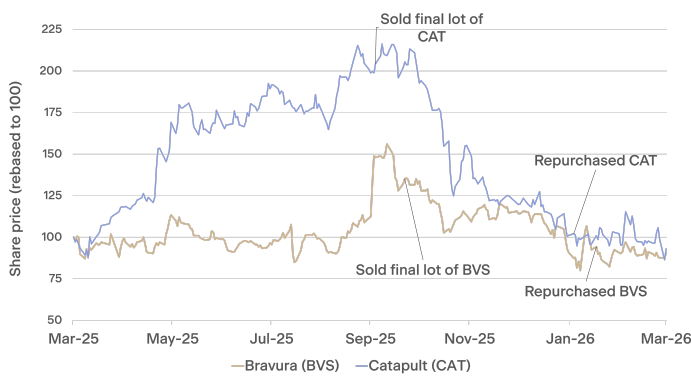
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The story for two of our recent portfolio re-additions is similar.

Bravura's software underpins core functions for wealth managers and super funds - industries with complex regulatory requirements and low tolerance for operational failure. Reputation is paramount. Switching is very difficult; system replacement can take years and involve significant cost.

Catapult's hardware and software products, on average only costing US\$28k per professional team per year, are a drop in the ocean compared with the salaries paid to players at top tier sports clubs like Chelsea or the Philadelphia Eagles. Preventing injury for one player for one week could make a big difference to the team's championship hopes. As Al Pacino's character in *Any Given Sunday* wisely said "life is just a game of inches". Those inches are valuable, and from Catapult they come at a very low cost.

12 month Share Price Performance of Catapult and Bravura



Source: Bloomberg

From defence to offence

For incumbent software providers, AI functionality is not simply a defensive feature. Instead of shrinking revenue pools, AI can expand them.

When AI improves workflow speed, reduces manual processing or enhances decision quality, the value delivered to the client is tangible. Pricing to customers can then rise to capture the added value. For software businesses already deeply integrated into client operations, AI becomes an upsell opportunity rather than a competitive threat.

Then there are the potential cost reductions for software providers. AI-assisted coding, automated testing and faster product configuration shorten development cycles and reduce the number of software engineers required. Customer service chatbots and agentic support systems lower call centre workloads while maintaining service quality. The business can bank the savings or reinvest them elsewhere.

One banking the savings is investment platform operator and Fund investment **Praemium** (ASX:PPS). The business announced a major overhaul of its technology division in February, coming on the back of an acquisition of consultancy Technotia announced in December for \$7.5m. The restructure targets duplicate IT development, maintenance and infrastructure roles and represents a meaningful reshaping of the company's cost base.

Headcount in Australia will fall, and a longstanding Armenian software development operation will close by the end of this financial year. In total, headcount will reduce by 28% and run rate cash costs will drop by \$9m. The financial implications are material; free cash flow next financial year should improve by over 25%. AI was not specifically cited in the announcement, but would have been helpful in making such significant changes.

Perspective in the panic

The nuance has been lost in the sell-off. Late last year Australian technology valuations were at their highest levels since 2021. Having fallen more than 30%, they are now trading at levels last approaching COVID lows.

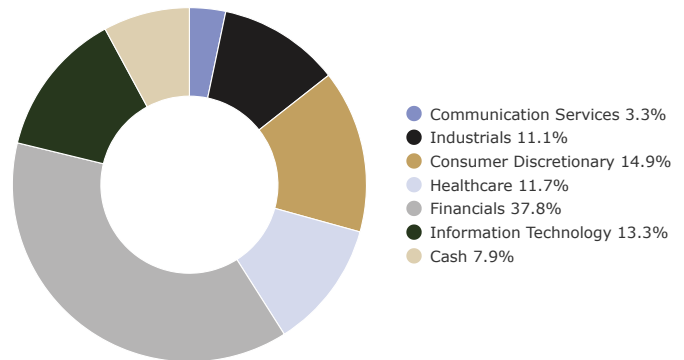
ASX All Technology Index - Enterprise Value to Sales Multiple



Source: Bloomberg

The narrative shift has been swift, and markets have rarely been patient in periods of technological change. But narratives change. Over the next year or two we may see investors focus more on the strength of incumbents, and their ability to reduce costs while growing pricing. In that world, beaten down software businesses could well be back in vogue.

Stock exposure by sector



Source: Bloomberg

Around the grounds

Global specialist payments provider **EML Payments** (ASX:EML) delivered a softer set of first-half results with lower customer activity and interest income driving an updated full-year forecast at the bottom end of prior guidance. That guidance doesn't include a significant amount of "one-off" expenses that have been a recurring feature. The business remains in transition for financial year 2026 as it migrates to its new global platform and rebuilds its sales capability.

IDP Education (ASX:IEL), global provider of student placement and English testing, continues to "control the controllables", as it navigates a significant reduction in student placement volumes across its key geographies. The company is delivering on cost savings and student price improvements which resulted in an upgrade to its profit guidance for the full year.

IDP is taking advantage of its place as a high-quality provider, increasing prices where it can and right-sizing the cost base for the lower level of international student volumes. While some student corridors like the India-Canada pipeline will likely not return to previous levels any time soon, not much needs to go right for student placement volumes for this business to do well at the current valuation.

Software provider **ReadyTech** (ASX:RDY) delivered a disappointing set of half year results. Revenue growth was slower than expected for the group. The company saw elevated churn in its mature products and delays in the conversion of its council customers. As a result, profitability expectations for the full year were lowered and the company removed its guidance for 2027 earnings.



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Despite the poor share price performance, this company has a valuable collection of assets and a large cost base that appears ripe for cuts. We think the business could benefit from AI-driven cost savings and a material reduction to the R&D budget to improve its profitability going forward.

Cuscal (ASX:CCL) delivered a solid half-year result and continues to be the largest holding in the Fund. The company surprised the market with higher one-off interest income from financing instruments from the Indue acquisition and higher customer balances. The company's share price has held up well in a period of market volatility and concerns about conflict in the Middle East. Cuscal's exposure to Australian digital payments volume (as opposed to value) means that its core business is a relatively stable grower despite local economic cycles.

Further supported by local banking sector M&A and the progressive realisation of synergies from the acquisition of Indue, we believe Cuscal can continue to deliver steady earnings growth during a period of elevated volatility.

Finally, this quarter we said goodbye to our 14-year investment in mining services provider **Macmahon** (ASX:MAH). Over the investment period, Macmahon made substantial improvements in its operations that have seen enhanced returns, free cash flow growth, and an improved risk profile.

For many years that went largely unappreciated by the market, until the recent re-rating of the sector, driven by increasing commodity prices and pipeline growth for the mining contractors. The company's share price is up 160% over the last 12 months and the business, along with its peers, has reached historically elevated valuation levels. As such, we are happy to take profits here. The business operates in a volatile space and we may get another opportunity at a lower price, but until then, it's goodbye for now.

Top 5 holdings (as % of NAV)

Cuscal Ltd	(CCL AU)	7.2%
Nanosonics Ltd	(NAN AU)	6.0%
Praemium Limited	(PPS AU)	5.8%
Catapult Sports Ltd	(CAT AU)	5.8%
NZX LTD	(NZX NZ)	5.6%
Cash		7.9%



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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
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	10.46%	1.13%	4.77%	2.50%	-0.11%	0.37%	1.05%	0.48%	-1.28%	-3.44%	1.28%	-0.15%	17.73%
2015	6.71%	2.56%	-1.22%	-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%	2.42%	-3.65%	-0.60%	-3.73%	-7.92%	-9.23%				-9.17%

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. 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/Redemptions	Daily

Unit price summary

As at	31 March 2026
Buy Price	\$1.7763
Redemption Price	\$1.7693
Mid Price	\$1.7728
Portfolio Value	\$169.5 million

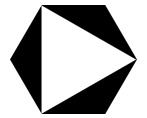
About Forager

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 15-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.

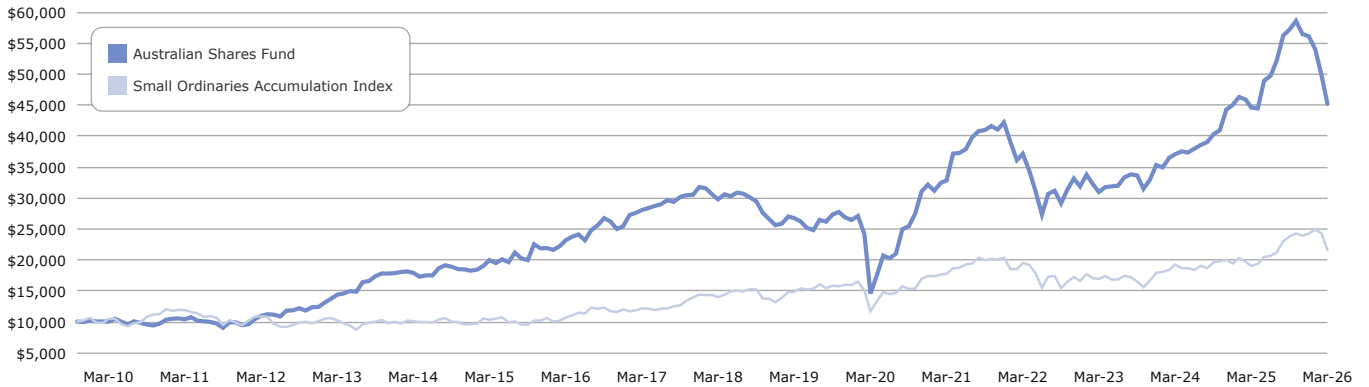
Fund Characteristics

- 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



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



Source (Small Ords): Bloomberg. 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

