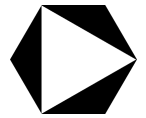


30 SEPTEMBER 2026

Quarterly Report



Forager



Chief Investment Officer Letter

Forager Funds performance summary (As at 30 September 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	-5.2%	1.6%	-21.3%	10.3%	1.9%	7.4%	5.4%	9.3%
Forager International Shares Fund	-1.7%	8.3%	-0.8%	15.2%	4.1%	12.4%	10.8%	12.3%

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.

*30 October 2009 for FASF and 8 February 2013 for FISF

Think thrice about abandoning the ASX

It is easy to find reasons to worry about the Australian sharemarket at the moment. House prices are falling, further rate hikes are expected, inflation is too high and our government debt continues to grow. Throw in that the All Ordinaries Accumulation Index is not too far off its all time highs and that the government is going to tax you more on any money you do make, why wouldn't you take some money off the table?

The most obvious answer to that question is that very few people get exits and re-entries right. You need to get out at the right time. You need to get back in at the right time. And the long-term benefits of being invested in equities mean you are taking a significant risk even trying. Putting all of that to one side, I'm not convinced the ASX is the wasteland the headlines would have you believe.

The Australian consumer is ready for the downturn

Housing is usually the first place Australians look when they are worried about the economy. The Reserve Bank's [latest chart pack](#) shows just how expensive Australian housing has become relative to household incomes.

Housing prices to household disposable income ratio



*Household disposable income is after tax, before the deduction of interest payments, and includes income of unincorporated enterprises

Raise interest rates four times, threaten another increase, change the tax system to discourage investors and it's hardly surprising house prices have already fallen. They should probably fall further.

While a small number of ASX-listed companies are directly exposed to residential property prices, the primary concern here is the impact of a housing slump on the wider economy. Residential property represents an enormous part of household wealth and mortgage repayments have risen considerably over recent years. Consumer sentiment is near all time lows.

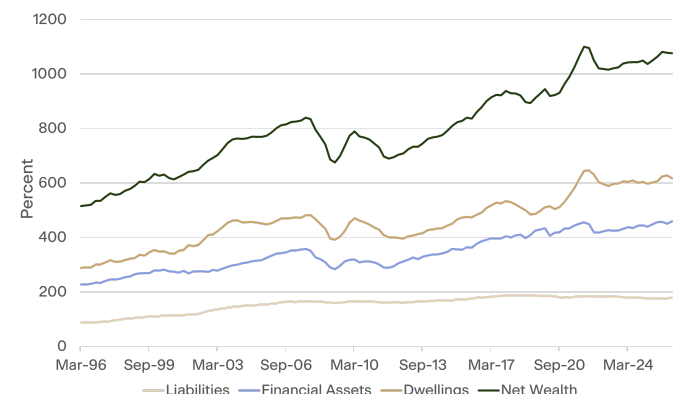
All true. Yet I'm not sure that translates to woeful stock market performance from here. That's because Australian consumers have been preparing for tough times for a long time.

Consumer sentiment



The growth in household wealth over the past decade hasn't translated to an equivalent rise in the amount of debt. At an aggregate level, financial and dwelling wealth is more than five times the level of outstanding debt today. Think of it as an overall loan-to-value ratio of roughly 17%.

Household wealth & liabilities as a percentage of disposable income



*Household disposable income is after tax, before the deduction of interest payments, and includes income of unincorporated enterprises

That does not mean every household is comfortable. A heavily indebted recent homebuyer has a very different situation from someone who has owned their house for 20 years. But the aggregate balance sheet matters when assessing whether economic stress is likely to turn into something worse.



Chief Investment Officer Letter

There is a lot of net wealth in the system and Australians haven't been spending their recent gains. You can see the same dynamic in the ratio of household debt to disposable income. This surprised me. Over the past decade, Aussies have **reduced** the ratio of indebtedness, not increased it.

Household debt to household income ratio



Source: RBA

*Household disposable income is after tax, before the deduction of interest payments, and includes income of unincorporated enterprises

The net savings rate is at historically high levels (excluding Covid). In short, the Australian consumer has already cut back on spending and is surprisingly well placed to navigate a fall in house prices (maybe this is all less surprising to anyone trying to run a retail business in Australia over the past few years). It's already tough, is it going to get worse?

Australia's fiscal position is the envy of many

On the fiscal side, before concluding that Australia's fiscal position is a reason to take money elsewhere, it is worth looking at the alternatives. With the possible exception of the Reserve Bank Governor Michelle Bullock, I'm as frustrated as anyone with our government's profligacy and the lack of credible political alternatives.

The simple fact is Australia remains in a much stronger position than many large developed economies. International Monetary Fund (IMF) estimates put Australian gross government debt at around 51% of GDP, compared with roughly 102% in the UK, 119% in France and 126% in the US. The gap in annual deficits is also substantial. Australia's general government deficit (including federal, state and local governments) is expected to be around 2% of GDP in 2027, versus about 3% in the UK, close to 5% in France and more than 7% in the US. The cost of servicing the US's ballooning debt obligations now exceeds defence spending and represents almost 20% of federal government tax receipts.

If there is a government debt crisis coming, Australia is one of the better placed countries to make the required adjustments. Maybe a crisis overseas is the wake-up call we need.

The market is not the economy

Finally, the ASX is not the economy. A significant number of ASX-listed companies, including miners and large swathes of the technology and healthcare sectors, earn more of their revenues overseas than they do from Australia. As discussed above, that might not prove to be a good thing. But it's not difficult to express a negative view on the local economy without abandoning the ASX.

That is exactly what many investors have been doing for most of 2026. Retail bellwether **JB Hi-Fi's** share price has fallen 27% this calendar year. The Small Ordinaries Industrials index - a collection of smaller Australian non-mining companies - has fallen 18% over the past 12 months. Those companies most exposed to the Australian consumer have already seen their share prices hammered.

Today the price-to-earnings ratio of the ASX Small Ordinaries Index (including the miners) sits at an average of around 12 times earnings, versus about 16 times for the large-cap dominated ASX 200. There is a significant

valuation gap between many smaller companies and the businesses dominating the headline indices.

None of this amounts to a forecast that Australia will sail through the next few years without difficulty. It is simply a reminder that a weak consumer, falling house prices or slower economic growth do not automatically add up to an investment thesis that says "avoid the ASX".

International diversification has been a welcome trend over the past decade but we are lucky to have the home market that we do. Thanks to a stable democracy, a relatively well educated population and a lot of resources that the rest of the world needs, it has been one of the best performing global markets over the past 120 years. It should be a core component of most local investors' asset allocation plans and I wouldn't change that because of the scary headlines you read in the paper today. In fact, if I were providing general advice to a US-based client, I might suggest a little market on the other side of the Pacific that could be a sensible place to park a small percentage of their portfolio.

Small Ordinaries Industrial Index



Source: Bloomberg

Helping you navigate the wall of worry

As you will read in the individual fund reports, it has been a relatively strong three-month period for the Forager funds (especially the Forager International Shares Fund). It is only three months and comes after a year of poor relative performance. It is hopefully, however, instructive of the role Forager can play in your portfolio.

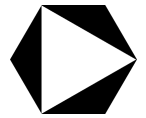
The past 15 years have seen larger stocks outperform smaller ones on a significant and consistent basis.

ASX Small Ordinaries vs. All Ordinaries



Source: Bloomberg

Contributors to this performance include relatively low starting valuations, the dominance of global tech companies and the growing influence of passive index funds heavily weighted towards larger companies (and, in Australia, giant super funds behaving the same way). I'm a big supporter of index funds and none of what I am about to say should take away from the benefits of low-cost passive exposure in your portfolio.



Chief Investment Officer Letter

It is a simple fact though, that thanks to 15 years of strong performance, these indexes now trade at historically high multiples of earnings. In a world of rising long-term interest rates, they look expensive and future return expectations should be lower as a result.

If it is a low-return environment over the next decade, we want the benefits of Forager's products to come to the fore. For those willing to look away from the largest and most popular stocks, there are markets, geographies and individual stocks where the prospective returns look relatively and absolutely excellent.

Executing on those opportunities requires a disciplined process, continued hard work and a willingness to tolerate short-term underperformance. And what we want doesn't always come to pass. But I am convinced that

portfolio allocation away from the US and the largest listed companies can add a lot of value to your portfolio over the next decade. It's our job to deliver on that opportunity.



Kind regards,

Steve Johnson
Chief Investment Officer



International Shares Fund

Forager International Shares Fund Performance Summary (As at 30 September 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	-1.7%	8.3%	-0.8%	15.2%	4.1%	12.4%	10.8%	12.3%
MSCI World SMID Net Index in \$A	-1.2%	-3.2%	6.8%	14.0%	7.5%	9.6%	10.5%	12.5%

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.

*8 February 2013

An idiosyncratic quarter for the Fund

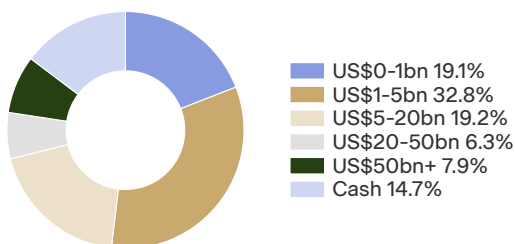
The Forager International Shares Fund returned 8.3% for the September quarter, ahead of the MSCI World SMID Index, which fell 3.2%. During July and August, the indiscriminate selling of software stocks reversed, explaining much of the Fund's outperformance over the quarter.

It has not been a smooth ride. Buying anything exposed to the AI boom and selling "SaaSocalypse" exposed software stocks has been a strong market theme in recent years. Since late June, the unwinding of that trade has looked less like a rotation and more like whiplash. On any given day, AI stocks might rally at the expense of traditional software, only for the move to reverse the next.

Picking through the debris

When software stocks got hammered early in 2026, the team diverted most of its attention to sifting through the wreckage, looking for businesses where the market's expectations had become too pessimistic. The [March Quarterly Report](#) described the ideal setup: low cost relative to value provided, deep integration into customer workflows, high switching costs and valuations that return a large share of the purchase price in the near-term. This focus gave us the confidence to have a large swing at a deeply out of favour sector. It's been paying off over the September quarter.

Portfolio Distribution According to Market Capitalisation



Source: Bloomberg

Wix.com (NASDAQ:WIX) doesn't fit that framework perfectly. Riskier than other new software investments like **Sage Group** (LSE:SGE), it also offers higher prospective returns. Wix lets customers build and host websites without writing code. Its share price was hammered alongside other software stocks on fears that customers would abandon it and "vibe code" their websites through large language models.

There's been no evidence of that, yet. Wix's latest results saw total revenue increase by 15%. Perhaps ironically, results have been boosted by its recent acquisition, the fast growing vibe coding platform Base44. Alongside that growth, profits from the new acquisition are coming faster than investors had expected. Management expects Base44's gross margin, which started the year at zero, to reach 60% by year-end. Wix shares are up 45% since the Fund first invested at the beginning of July, and 78% from the June low.

Northsand tops the leaderboard

Even so, Wix was only the Fund's second-best performer. **Northsand** (TSE:446A), a fast-growing Japanese IT consultancy that listed in November 2025, took top spot, with its shares up 90% over the quarter.

Northsand share price



Northsand helps Japanese companies modernise their IT systems. Much of corporate Japan runs on systems that are decades old and must eventually be replaced, and there aren't enough skilled workers to do the job. Over the two financial years to 31 January 2026, Northsand's revenue almost tripled and operating profit grew fivefold. Management is guiding to another 55% revenue growth this year. It's still early innings for this transition.

Northsand wasn't the only Japanese holding to do well. Across six stocks, Japanese companies added a total of 5.1% to the Fund's return for the quarter. The common thread is pricing power. **OBIC Business Consultants** (TSE:4733), which sells accounting and payroll software to mid-sized Japanese businesses, announced a first-ever price increase on its core cloud products of roughly 15%. Home-visit nursing software provider **eWell** (TSE:5038) has flagged plans to raise the price of its core subscription for the first time next year. **Broadleaf** (TSE:3673), a dominant software provider to Japanese car repair shops, put through a 21% increase on its legacy software support fees. After 30 years of deflation, there's been a lot of cultural resistance in Japan to the idea of annual price increases. But that's changing.

Raising prices is hardly the behaviour expected of businesses about to be replaced by AI. The same labour shortage driving demand for Northsand makes software that saves staff time more valuable, not less. These businesses still look cheap after the rebound. Two hold net cash worth about a quarter of their market value, and one close to half.

Exercising caution

So it's been a good few months. We've been around long enough to know the time to tread most carefully is after a period of seemingly easy gains. Software has provided a compelling investment hidey hole, and is still attractive. But there's also a lot to worry about.



International Shares Fund

Governments around the world, most crucially the US, are running large deficits with seemingly no intention of taking their necessary medicine until forced to. That time might be getting closer. Macro legend Stanley Druckenmiller calls long-term US Treasury yields “the most important price in the world”. And that price has been going up, sharply. At 5.3%, the US 10-year bond yield is up significantly, from less than 4.5% at the start of the quarter.

Long bond yields in Japan, Australia, the UK and Europe have risen similarly. So-called “bond vigilantes”—investors who sell government bonds to protest against loose fiscal policies or inflation, thereby pushing yields higher—long assumed dead, are finally making their thoughts felt. Governments are losing (or, more accurately, barely bothering to join) the battle against inflation, so the cost of money is going up.

United States government 10-year bond yield



What’s this got to do with equities? A lot. For one, long bonds are effectively the “risk free” benchmark for investors prepared to lock up their wealth in long-term assets. If you were prepared to invest in a basket of equities for, say, 8% expected returns when the long bond yield was only 3% just six to seven months ago, you should be demanding more return today.

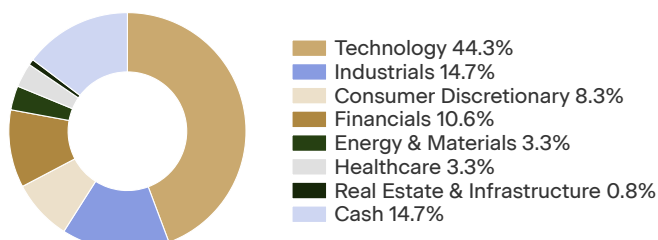
That’s part of the concern. Another part is the direct effect of both higher interest rates and higher inflation on end markets. Consumers are enduring oil prices of US\$100/barrel. Those taking out a mortgage in the US today are paying well over 7% per annum in interest costs.

Particularly in the US, consumer confidence has been crushed, and so has the housing construction market. Which partly explains some of our recent sales.

Checking out of consumer

During the quarter, the Fund sold out of all of its US-based consumer discretionary holdings. The reasons varied. For some, the investment thesis had gone off track. Others were performing fine operationally, but strong share-price gains gave us a get out of jail and get paid card.

Stock Exposure by Sector



Source: Forager

UK-listed sportswear retailer **JD Sports** (LSE:JD) reported like-for-like sales that were down 3% in the second quarter. North America, its largest region, reported -7% for the same metric. This trend has been going on for some time now. Management blamed weaker consumer sentiment, a heavily promotional environment and cost-of-living pressures for the struggling sales. This is an industry-wide issue, not specific to JD Sports, and one that might not reverse any time soon.

In contrast, American shoe brand **Crocs** (NASDAQ:CROX) delivered record second-quarter revenue, with the Crocs brand passing US\$1bn in revenue in a quarter for the first time, and raised its full-year outlook. Underneath the headline, though, HeyDude brand revenue fell 12%, tariffs continued to impact gross margins and management guided to a revenue increase of only 1-2% for the year. Despite this, the share price had risen almost 90% since lows in November last year. The easy gains had been made.

US outdoor brand **Yeti** (NYSE:YETI) grew sales 9%, led by growth in international markets and its coolers and equipment segment. Water bottles and cups lagged behind, only growing 2% in the second quarter. This is a result of a very strong “hype cycle” helping Yeti’s drinkware products over the past few years. Shares fell after the result but were still up more than 50% from last year’s lows. It’s one we would like to own again but can’t make the valuation work at today’s prices.

Rates bite

Getting out of jail cost money at **Builders FirstSource** (NYSE:BLDR), the largest distributor of building materials, roof frames, windows and lumber to US home builders. It was the Fund’s biggest detractor this quarter. By September, the Fund had sold its remaining shares.

When the Fund first invested in July 2025, interest rates looked to be peaking, and lower rates would mean more houses being built. Early this year, that seemed to be playing out. US mortgage rates fell towards 6%, and most of the Fund’s shares were bought in the months that followed.

And then interest rates turned aggressively upwards. With US 30-year mortgage rates now well above 7%, many fewer new homes will be built. The company’s outlook got worse each quarter. Operating leverage means it is earning much less profit on each sale than our original expectations, its leverage has increased relative to earnings, and it has stopped buying back its own shares.

Bankrate.com national average US 30-year fixed mortgage rate



This was as much a bet on interest rates as it was on the business. Builders FirstSource is well placed to forge good returns over the full cycle. The shares are worth revisiting at giveaway prices or following compelling signs that the US housing market is turning. Both feel a long way off from here.

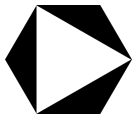
If you’re sensing increasing caution in our outlook, you’d be right. The Fund has sold down its consumer and building-related stocks, and taken profits on some of the software businesses that have rallied hard. Although a few existing investments have been added to, cash has been trending up – from 6% at 30 June 2026 to nearly 15% at the end of September.

Different by design

There are plenty of interesting and often idiosyncratic small companies out there, many of which have been hammered the past 12 months. Most indices don’t show it, because mega-caps dominate them. Our job is to find those companies and take advantage of the market’s mood swings.

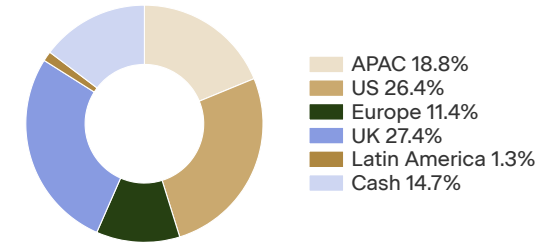
The team is turning over rocks at a speedy rate, and finding plenty of interesting situations. But we’ve also been raising the required returns hurdle to reflect the concerns outlined above. The emergence of more general or sector-specific pessimism would be helpful. In the meantime, cash will stay elevated.

International Shares Fund



It's been a pleasing quarter for performance. The Fund is looking as different from global indices as it has for some time.

Stock Exposure by Geography



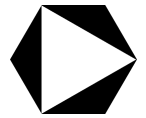
Source: Bloomberg

US holdings now make up about 30% of the portfolio, compared with well over half of most global benchmarks. None of the AI mega-caps that have been dominating index performance are owned. Japanese businesses, meanwhile, make up almost 18% of the Fund, well above index norms.

This isn't a deliberate bet against the US. Other regions are simply where our research has found the most attractively priced businesses. If the market's enthusiasm for AI and the US continues to fade, the Fund is positioned to benefit.

Top 5 holdings (as % of NAV)

Sage Group PLC	(LSE:SGE)	5.7%
MTU Aero Engines AG	(XTRA:MTX)	4.6%
ING Groep NV	(ENXTAM:INGA)	4.5%
Wise PLC	(NASDAQ:WSE)	4.1%
Visional Inc	(TSE:4194)	4.0%
Cash		14.7%



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%	2.12%	0.81%	4.07%	-5.70%
2027	4.98%	4.94%	-1.74%										8.26%

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	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	30 September 2026
Buy Price	\$2.1209
Redemption Price	\$2.1125
Mid Price	\$2.1167
Portfolio Value	\$236.1 million

About Forager

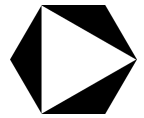
With over 2,000 long-term investors and a focus on investing for the long-run, Forager Funds is a unique Australian asset management company. Following a strong 16-year track record, Forager is a sustainable business but is nimble enough to invest in smaller listed companies not accessible to many investment 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
- Core holdings in small and mid-cap 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 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 30 September 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	-5.2%	1.6%	-21.3%	10.3%	1.9%	7.4%	5.4%	9.3%
Small Ordinaries Accumulation Index	-2.3%	-0.5%	-6.7%	10.4%	2.2%	5.0%	6.1%	4.8%

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.

*30 October 2009

The Forager Australian Shares Fund fell 5.2% in September while the ASX Small Ordinaries Accumulation Index fell 2.3%, bringing to a close a quarter which saw the Fund rise 1.6% while the index fell 0.5%. The ASX Small Resources Accumulation Index continued its strong run from last financial year, rallying 9.1% while the ASX Small Industrials Accumulation Index fell 3.7% during the quarter.

It has been a turbulent quarter, with global bond market ructions and stock-specific drivers causing plenty of volatility.

Government bond prices don't usually make for front page financial news but they represent the reference price for almost every financial asset in the world. Higher than desired inflation and growing concerns about uncontrollable government deficits sent yields on long-term government debt skyrocketing around the developed world. While our fiscal situation is relatively strong, Australia has not been spared.

Australian government 10-year bond yield



Source: Bloomberg

Inflation continues to track higher than the Reserve Bank would like. In September it raised the overnight borrowing rate for the fourth time this year and traders are expecting at least one more increase before the middle of next year. The yield on 10-year Australian government bonds hit 5.3% by the end of September, forcing a reassessment of valuations across many asset classes.

Rising rates and looming changes to tax that discourage investment in established dwellings have finally cracked Australian house prices. The median house price in Australia is down 5.2% since March, with the most expensive properties suffering the most.

That has already triggered a very predictable blow-up in Australia's burgeoning private credit sector, which seems very exposed to large scale, risky property developments. Several high profile ASX-listed entities are suspended from trading while auditors try to work out the value of their assets. Private credit fund managers are trying to work out how they are going to provide investors the liquidity they had grown accustomed to from a collection of mostly illiquid assets.

Reporting season malaise

With or without such a backdrop, reporting seasons are rarely dull. The August reporting season was particularly lively. Of the top 100 companies, the share prices of 12 moved more than 10% on results day. A few years ago, that number would have been closer to five.

It hasn't helped that the results themselves have not been especially strong. Nearly a third of stocks outside the top 50 missed earnings expectations, one of the higher levels in the past five years.

Beneath the headline index numbers, investors are becoming more selective and less forgiving.

There are still pockets of clear demand. Anything connected to AI infrastructure and electrification is attracting investor attention and real customer spending. **SKS Technologies** (ASX:SKS), which helps build data centres, has tripled since the middle of last year. Its result showed profits almost doubling and a pipeline nearly four times larger than a year ago.

Consumer-reliant businesses, on the other hand, are struggling. **JB Hi-Fi** (ASX:JBH) started the financial year with same-store sales growth of around 5% in its Australian business. By the fourth quarter, that had turned negative. Higher interest rates have taken time to bite, but the crunch is underway. JB Hi-Fi's share price is down 42% from its peak 13 months ago.

JB Hi-Fi share price



Source: Bloomberg

Companies we spoke to during reporting season are struggling with cost inflation, too. Those sales numbers for JB Hi-Fi are nominal: 0% sales growth when your wages bill is going up 4% a year is a recipe for margin pain. The pressure is broadening beyond wages. Technology costs, especially AI spending and SaaS subscriptions, are becoming more noticeable cost inflation problems. Plenty of companies are gearing up to spend heavily on AI tokens over the next year. There should be efficiencies to this spend, but for many businesses the benefits will take some time to come through.



Australian Shares Fund

Some boards see value in their own beaten-up share prices. Reporting season produced around 40 buyback announcements, roughly double the prior year. That is usually a sign that management teams think the market has become too pessimistic. It can also be a sign that organic growth opportunities are harder to find.

Ready for a difficult domestic economy

Long-term investors will know we have been nervous about Australian house prices for decades. Consumer discretionary stocks have also played a minor role in the portfolio historically and that has not changed over the past 12 months. Four of the Fund's five largest investments as at 30 September 2026 generate most or all of their revenues outside Australia. The consumer-dependent stocks that we do own have been performing well and are extremely cheap.

Motorcycle Holdings (ASX:MTO), for example, has morphed into an Australian and New Zealand distributor of Chinese motorcycle brand CF Moto, which is doing to the Australian motorcycle market what BYD has done to the car market. MTO's earnings—90% of which came from wholesale distribution and 10% from motorcycle retailing—were up 37% last year and should grow further this year, yet it trades at about seven times earnings and sports a 9% dividend yield.

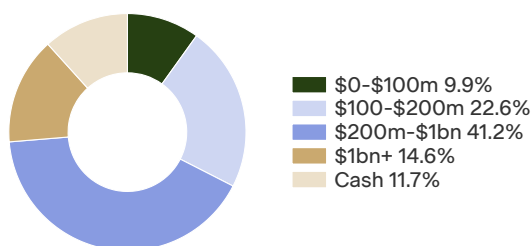
Unfortunately, this positioning hasn't protected the Fund from the drawdown in ASX industrial stocks. Part of that is structural, with small-cap outflows, sector reallocations and fund closures driving wide-spread selling. Part has been stock specific. Poor results and a litany of "one off" costs at **EML Payments (ASX:EML)** and **Praemium (ASX:PPS)**, for example, drove a warranted reappraisal of their prospects. And the strong Australian dollar has hurt those investments earning their revenues offshore.

None of the structural issues are going away. But we maintain that this portfolio has some characteristics that *should* help navigate a difficult market environment.

SaaSocalypse still in Australia

Software stocks have been buffeted by the so-called SaaSocalypse. This negative narrative has lost some momentum offshore, with US software stocks having largely recovered. A US software ETF (IGV on the NYSE) started the year above \$100, fell to \$75 and now trades around \$106. The US market has moved on from treating every software company as an AI casualty.

Portfolio Distribution According to Market Capitalisation



Source: Bloomberg

Australia has not followed suit. The ASX All Technology Index traded at 4300 points in late 2025, and today remains about 35% lower, despite a bounce from the trough earlier this year. Tech stocks have been volatile this quarter too: after being up 6% in mid-August, the index finished the quarter down 7%. Smaller software stocks, in particular, remain well off the radar for many investors.

Some software businesses will be hurt by AI: those with lower barriers to entry or where customers are looking for cheaper alternatives. But the better software businesses share some common traits: they provide high value at low cost, are deeply embedded in customer workflows making switching very difficult, and possess moats beyond the code itself. Pair those characteristics with strong free cash flow generation and much-improved valuations and these businesses look particularly attractive.

Catapult Sports (ASX:CAT) is one example. The business is dominant in wearables for professional sports teams and is expanding further into

software. For elite clubs spending tens or hundreds of millions of dollars on player salaries, Catapult's products cost very little relative to the potential value of fewer injuries, better performance and sharper tactical analysis. Churn is extremely low and free cash flow is growing quickly. Recent acquisitions will add to the suite of products Catapult can offer customers.

This company was the largest investment in the Fund in the middle of last year and, after being fully sold out at the elevated valuations of late-2025, is once again back into the top spot.

Bravura (ASX:BVS), a software provider to wealth management and fund administration, is another. It was one of the standout software results of the reporting season, with strong guidance despite foreign exchange headwinds. We have had two full bites at this cherry, first fully exiting towards the end of 2025, then buying back in during the SaaSocalypse woes. After last month's strong result propelled the business back to fuller valuations, we sold the stock once again.

Bravura share price



Source: Bloomberg

Takeovers crystallising value

OFX Group (ASX:OFX), a foreign exchange provider, announced in July that it had agreed to an all-cash takeover proposal from UK-based Equals Group at \$1.00 per share. But Equals needed some time to conduct due diligence and line up funding before entering into a formal bid. Initially slated for four to eight weeks, the process has dragged out. By late September another extension to the timetable, this time to late-October, was agreed. The extension was paired with a downgraded operational outlook.

Having traded as high as \$0.83 per share after the bid, the price has since fallen to about \$0.60 per share, implying a low probability of the deal completing. We continue to believe that OFX's client base, platform and global licenses represent an attractive target for Equals and other would-be acquirers and have topped up the Fund's holding.

Elsewhere, a takeover approach from PE firm Blackstone is a reminder that, despite several brutal years, **IDP Education (ASX:IEL)** still has strategic value. The private equity firm's \$2.50 per share cash proposal valued IDP at nearly \$700m and followed an earlier \$2.30 offer. The board has rejected both as undervaluing the business.

It is not hard to see why bidders are circling. The past few years have been gruelling: tighter visa rules for international students across IDP's major regions of Australia, the UK and Canada have decimated IDP's student placement volumes. Last financial year, student placement volumes fell 27%, with Canada and the UK particularly difficult. Its IELTS English testing business has also been caught in the downdraft.

But IDP still owns the leading global student placement platform, the IELTS segment remains valuable and the cost base is being reset.

A bid does not fix the cycle, but it suggests strategic value remains.

Throw in **Tourism Holdings (ASX:THL)**, which has also extended its due diligence window for the two bidders interested in acquiring that company, and some 12% of the portfolio has been subject to active takeover bids. Bids elsewhere would not surprise.

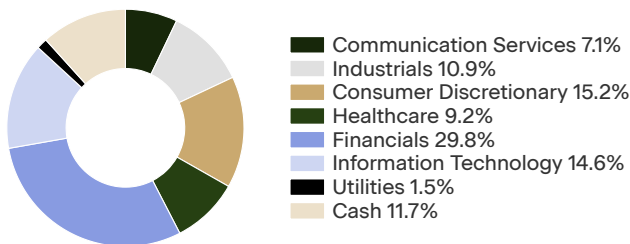


Australian Shares Fund

New stock opportunities

Singaporean mobile operator **Tuas** (ASX:TUA) is one of the newer additions to the portfolio. The company owns Simba, Singapore's fourth mobile network operator and the challenger to incumbents like **Singtel** (SGX:Z74). Simba operates its own network with a simple value proposition: large data allowances, low prices and simple plans. It has more than 1.4 million active mobile subscribers, 62 thousand fibre broadband subscribers and about S\$500m of cash (against S\$820m of market capitalisation). The cash was raised to complete an acquisition of another Singaporean telco, which ran into regulatory trouble when it was found that Simba may have been using spectrum it was not allowed to use.

Stock Exposure by Sector



Source: Bloomberg

Simba has already disrupted the Singapore mobile market by offering cheap, good-enough mobile services and forcing the incumbents to respond. Prices in the market are down by more than 65% over the last five years. The recent result was somewhat disappointing on two fronts though. Incumbents responded in a particularly aggressive and unsustainable fashion during the half-year, making subscriber growth harder and more expensive. At the same time, regulatory requirements are due to add S\$15–30m of cyber security-related spend in the 2027 financial year.

The business, though, has been built in classic David Teoh fashion: low cost, capital disciplined and willing to endure pain while building scale. Teoh owns 32% and has a long record as a successful operator and capital allocator from his days at **TPG Telecom** (ASX:TPG). We are continuing to back his ability to navigate somewhat choppy waters.

The Fund has also made a new investment in **Hansen** (ASX:HSN), a billing and customer management software provider for utilities and telecommunications companies which the Fund has owned in years past.

The share price fell sharply after a disappointing result, with the 2027 financial year likely to see lower licence fees, higher costs and the uncertainty of a new management team. None of that is ideal, and the business is unlikely to be mistaken for a fast-growing software darling. But Hansen's products are deeply embedded, customer churn is low and cash generation remains excellent. After the recent share price declines the valuation stacks up once again.

Portfolio exits

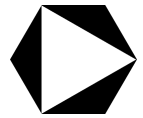
Payment infrastructure provider **Cuscal** (ASX:CCL) became a case study in the market eventually noticing what was hiding in plain sight. The business delivered a full-year result broadly in line with expectations, with transaction growth, the Indue acquisition and the recent Paymark deal all reinforcing the attraction of its recurring, volume-driven revenue base.

Cuscal sits behind Australia's payments system rather than in front of consumers, giving it high switching costs and strong market share especially amongst smaller banks. But that quality is no longer being ignored. The stock's strong performance, from a \$2.50 IPO in November 2024, growing broker coverage and inclusion in the ASX 300 brought new investors to the register and helped close much of the valuation gap. With the easier re-rating largely captured and the stock trading at about \$6.00 per share, the Fund exited the investment during September.

Combined with the Bravura exit, the Fund's cash holdings increased to 12% at the end of September. That's some healthy firepower should investor panic escalate over the coming months.

Top 5 holdings (as % of NAV)

Catapult Sports Ltd	(ASX:CAT)	7.2%
Nanosonics Ltd	(ASX:NAN)	5.4%
Praemium Ltd	(ASX:PPS)	5.3%
Navigator Global Investments	(ASX:NGI)	4.9%
NZX Ltd	(ASX:NZX)	4.5%
Cash		11.7%



Australian Shares Fund

Fund Objective

The Fund targets securities that Forager believes are undervalued and invests predominately in securities that are 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%	1.24%	0.34%	0.34%	15.56%
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%	1.05%	0.39%	-3.24%	-10.84%
2027	5.25%	1.81%	-5.15%										1.64%

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/Redemptions	Daily

About Forager

With over 2,000 long-term investors and a focus on investing for the long-run, Forager Funds is a unique Australian asset management company. Following a strong 16-year track record, Forager is a sustainable business but is nimble enough to invest in smaller listed companies not accessible to many investment managers.

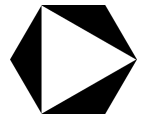
The company is majority owned by staff. Forager's shareholders support the desire to place performance before revenue. That means capping the size of funds before too much money becomes an impediment to performance. Key investment staff are strongly aligned with investors through co-investment and / 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

Unit price summary

As at	30 September 2026
Buy Price	\$1.6398
Redemption Price	\$1.6332
Mid Price	\$1.6365
Portfolio Value	\$151.0 million



Australian Shares Fund

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 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

