



Level 18, 123 Pitt Street  
Sydney NSW 2000  
[www.perpetual.com.au](http://www.perpetual.com.au)

The Trust Company  
(RE Services) Limited  
ACN 003 278 831  
AFSL 235150



## **COVER LETTER 12/05/2021**

12 May 2021

### **FORAGER AUSTRALIAN SHARES FUND (ASX:FOR)**

We advise this presentation is for a Forager Australian Shares Fund investor and potential investor webinar at 12pm on Wednesday 12 May.

Yours sincerely  
The Trust Company (RE Services) Limited  
as Responsible Entity for  
Forager Australian Shares Fund

Saranya Balajeyagaran  
Relationship Manager, Perpetual

\*For the purpose of reporting for the Forager Australian Shares Fund, NAV and NTA (Net Tangible Assets) are the same.

#### **About the Forager Australian Shares Fund**

The Forager Australian Shares Fund is a concentrated portfolio of undervalued Australian Shares, specialising in small, unusual opportunities. The fund invests in these value based opportunities for the long term, with a usual investment horizon of 3-5 years.

#### **Contact details:**

For investment inquiries please contact:

Forager Funds Management  
Level 29  
85 Castlereagh Street  
NSW 2000  
02 8277 4812  
[asxannouncements@foragerfunds.com](mailto:asxannouncements@foragerfunds.com)



# Forager Australian Shares Fund FOR Webinar

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# Important information

## Disclaimer

This material has been prepared by Forager Funds Management Pty Ltd. To the extent permitted by law, The Trust Company (RE Services) Limited, Fundhost Limited and Forager Funds Management Pty Ltd, their officers, employees, consultants, advisers and authorised representatives, are not liable for any loss or damage arising as a result of any reliance placed on this document. Information has been obtained from sources believed to be reliable, but we do not represent it is accurate or complete, and it should not be relied upon as such.

## Forward-looking statements

This presentation contains 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. Actual performance of the portfolio companies will be impacted by a variety of factors, including circumstances that cannot be foreseen, and could differ significantly from the expectations of Forager Funds Management. These statements should therefore not be relied upon as an accurate representation or prediction as to any future matters. Where portfolio companies do not perform in line with Forager Funds Management's expectations, the funds could be adversely impacted.

## General advice only

Forager Funds Management Pty Ltd (ABN 78 138 351 345, AFSL 459312) provides general information to help you understand our investment approach. Any financial advice we provide has not considered your personal circumstances and may not be suitable for you.

## Product Disclosure Statement

The Trust Company (RE Services) Limited (ABN 45 003 278 831 and AFSL No. 235150) is the Responsible Entity and the issuer of the Forager Australian Shares Fund (ARSN No. 139 641 491). Fundhost Limited (ABN 69 092 517 087 and AFSL No. 233045) is the Responsible Entity and the issuer of the Forager International Shares Fund (ARSN No. 161 843 778). Before investing you should read the relevant Product Disclosure Statement and seek advice from investment and taxation professionals to determine if the product is appropriate for your needs. The PDS can be accessed on the website (<https://foragerfunds.com/international-shares-fund-pds/>) or by calling +61 (2) 8305 6050.

## Performance

Past performance is not a reliable indicator of future performance. The Trust Company (RE Services), Fundhost and Forager Funds Management do not guarantee investment performance or distributions, and the value of your investment may rise or fall. Total returns and estimated valuations have been calculated using the mid-point of unit prices, before taxation, after ongoing fees, and assuming reinvestment of distributions. We encourage you to think of investing as a long-term pursuit.



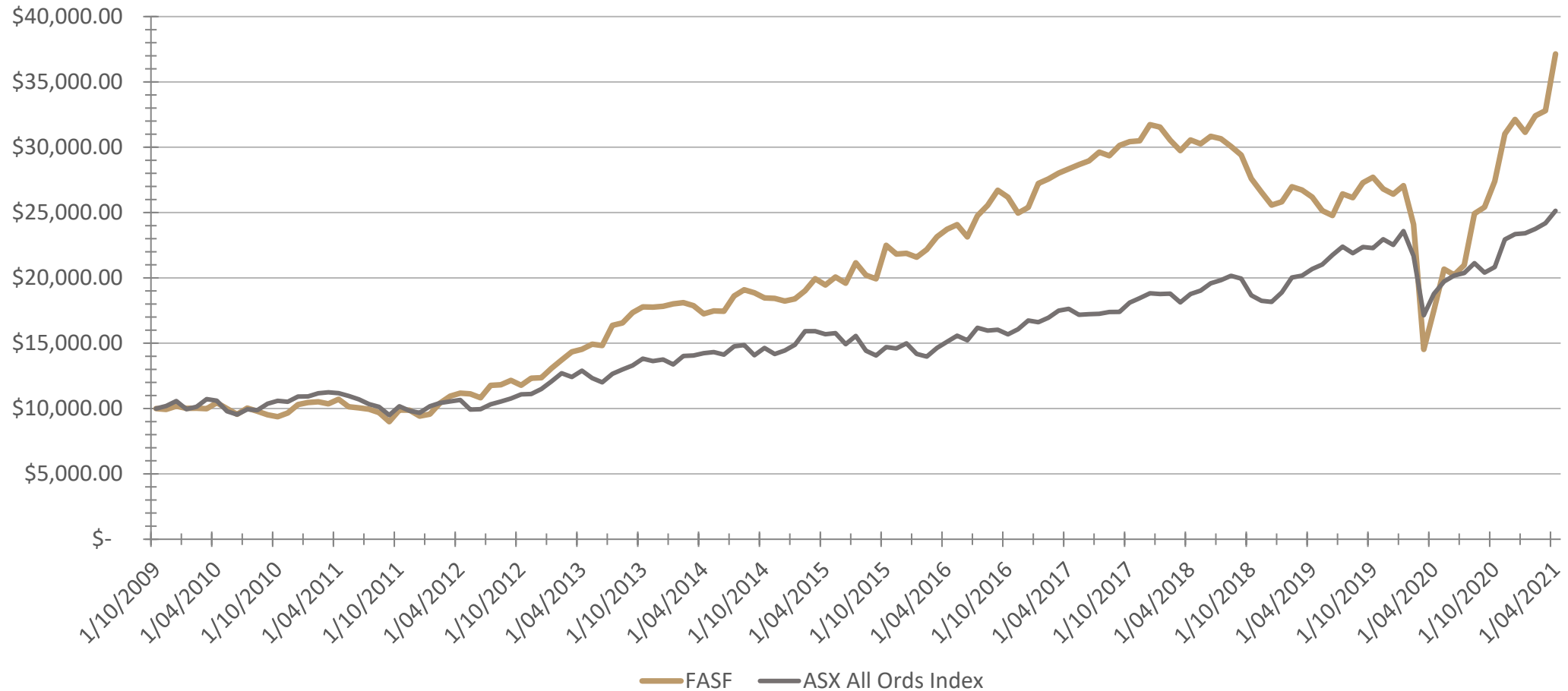
# Performance and Strategy





# Performance through time

### Comparison of \$10,000 invested in the FASF vs All Ordinaries Accumulation Index



All performance figures are based on the pre-tax Net Asset Value (NAV), not the market price.  
Past performance is not indicative of future performance and the value of your investments can rise or fall.  
\*31 October 2009

Invest like business owners



Significant discounts to fair value



Concentrated portfolio of best ideas

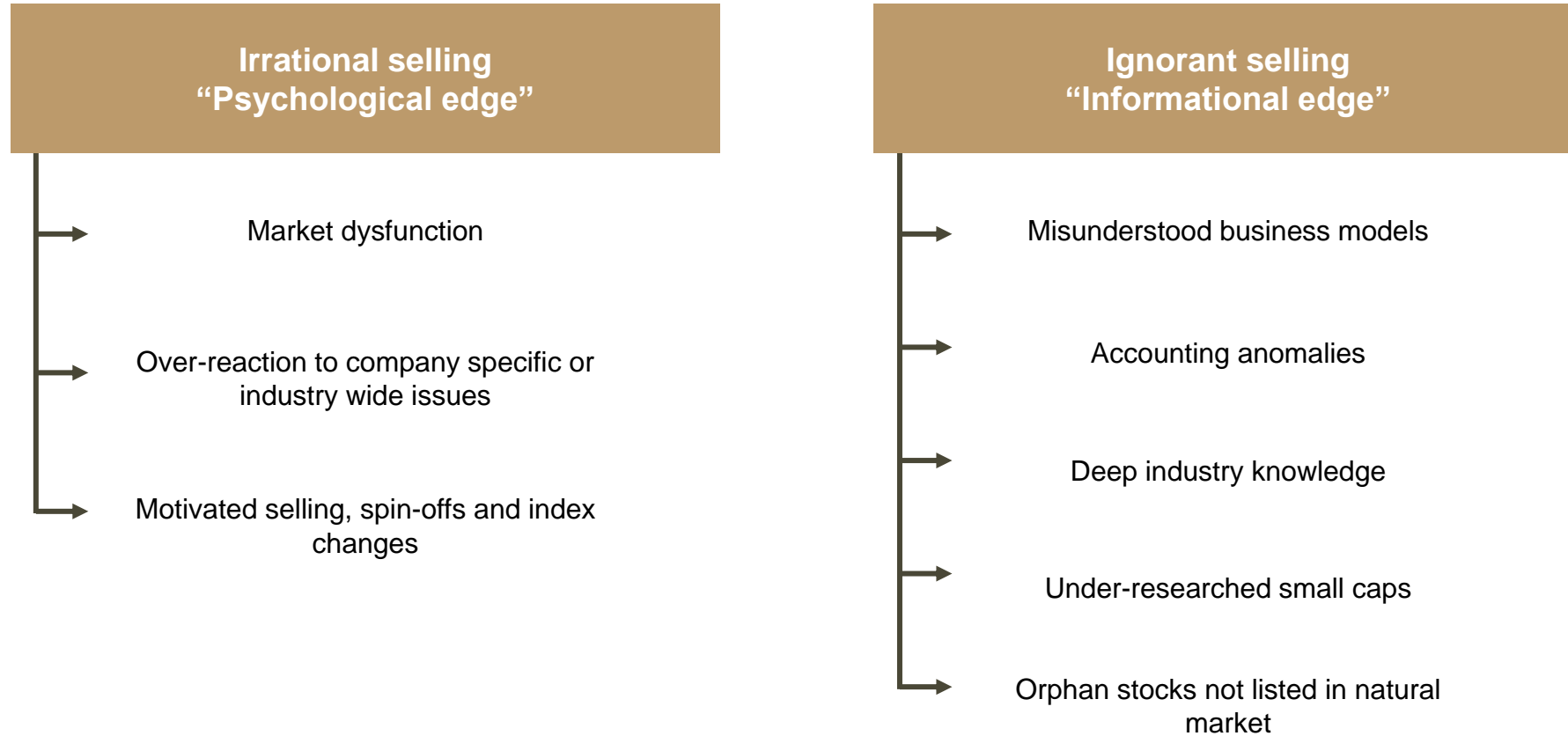


Active risk management at a stock and portfolio level



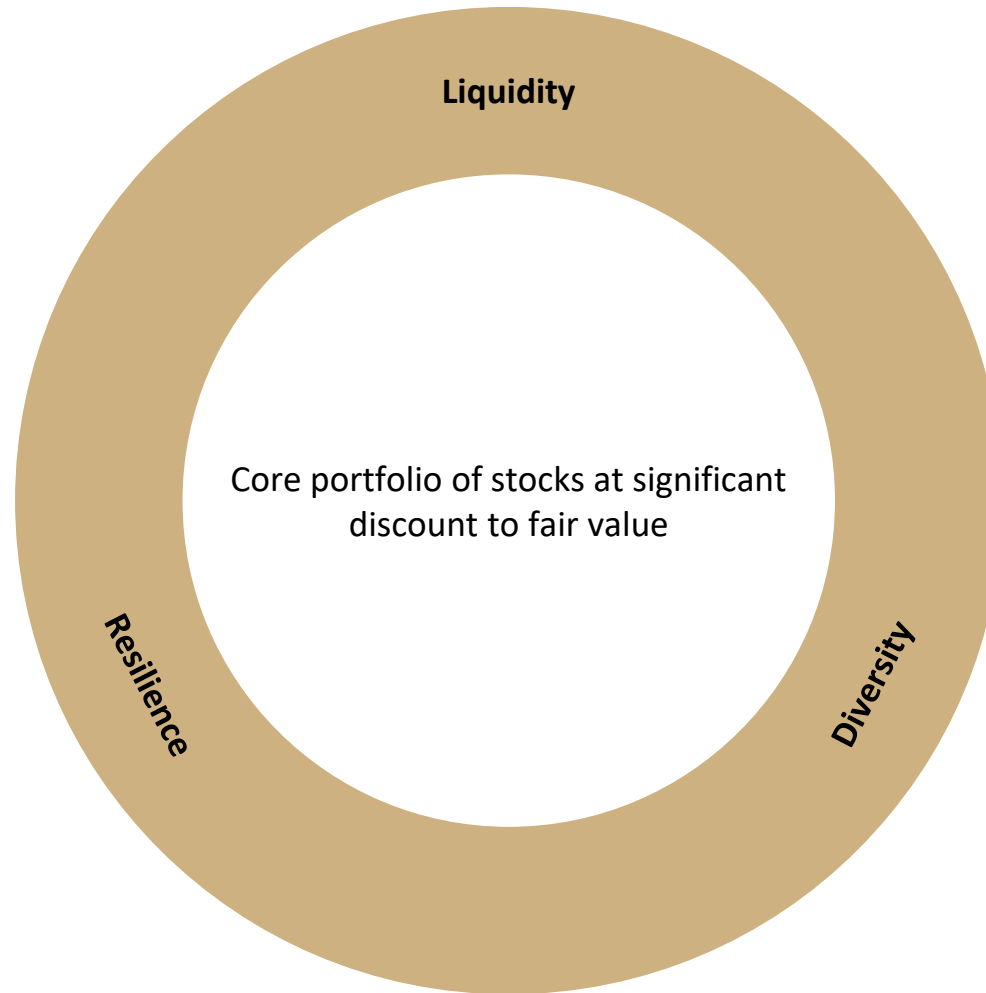
**Above-market long-term returns**

# Finding opportunities in unlikely places



# Portfolio management

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# Performance table

## PERFORMANCE (AS AT 30 APRIL 2021)

	1yr	3yr (p.a.)	5yr (p.a.)	10yr (p.a.)	Since Inception (p.a.)*
<b>Forager Australian Shares Fund</b>	112.06%	6.72%	9.38%	13.24%	12.08%
<b>All Ordinaries Accumulation Index</b>	33.89%	10.24%	10.71%	8.44%	8.34%
<b>Outperformance</b>	78.17%	-3.52%	-1.33%	4.80%	3.74%

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Past performance is not indicative of future performance and the value of your investments can rise or fall.  
\*31 October 2009



What has worked  
in the past 12  
months?

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# Mainstream (MAI)

- Funds administration business with significant Australian presence and a growing US client base
- Investment since IPO in 2015; Forager largest institutional shareholder
- Highly recurring and growing revenue stream undervalued by the listed market
- Management/board engagement to improve market communication and set the business up for value realisation through a sale process
- Initial bid at \$1.20 per share is now \$2.60 per share with multiple large and credible bidders competed for a strategic asset

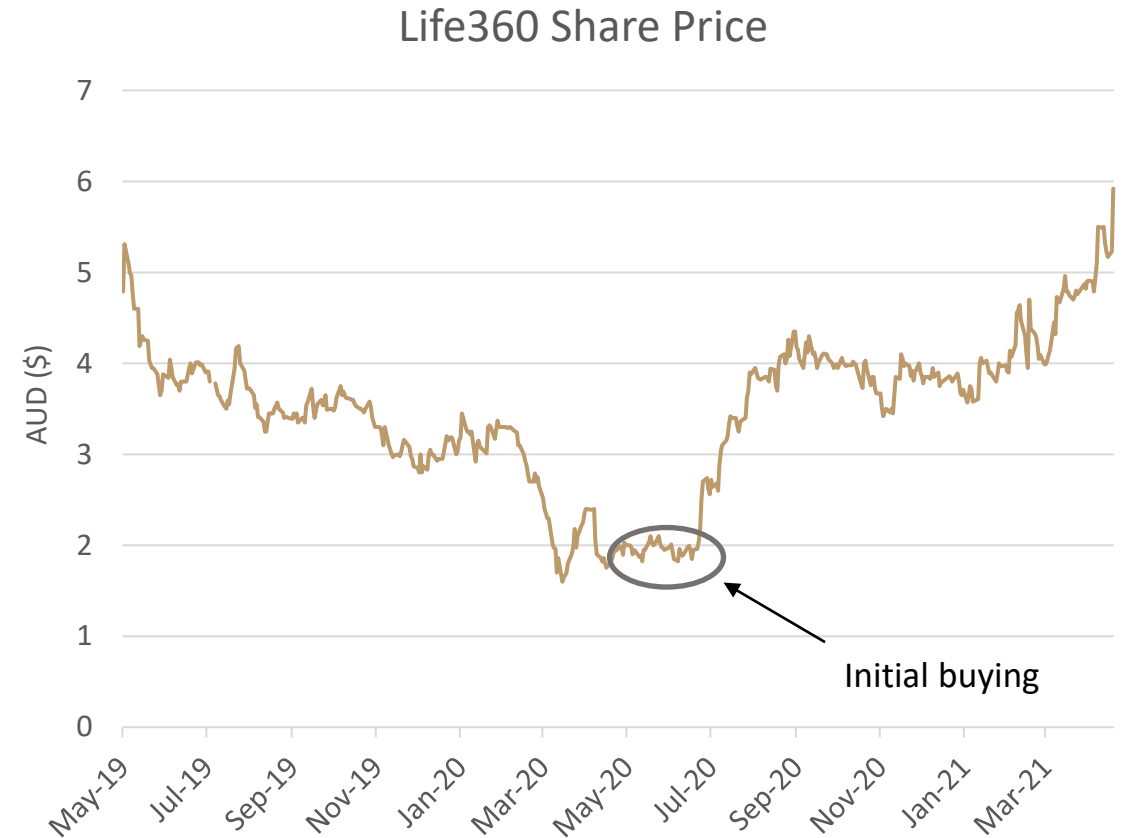
Mainstream Share Price





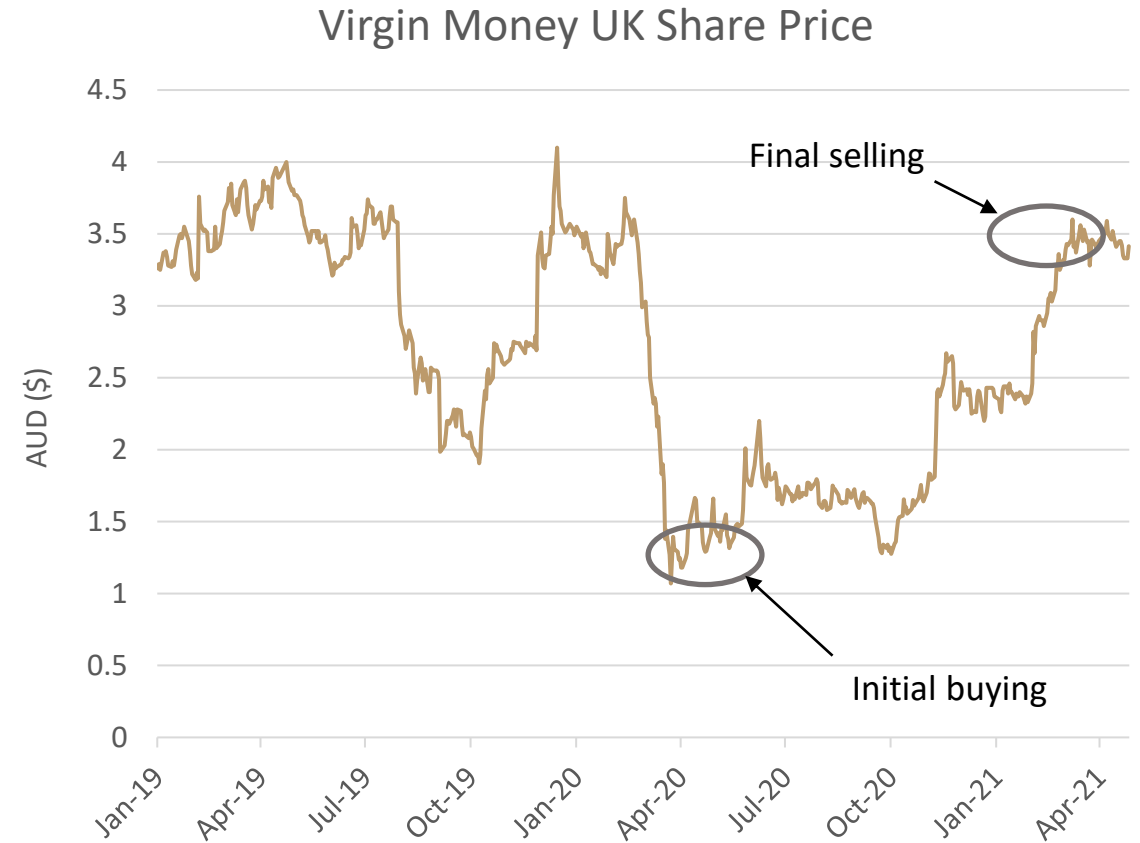
# Life360 (360)

- Family tracking app market leader with 28m global users and over 900k paying families
- Investment in June 2020 amidst COVID induced market dysfunction and post-IPO disappointment
- Strong organic user acquisition, highly attractive payback on paid user acquisition and new higher priced membership plans
- Attractive earnings multiples if paid user acquisition spend were to be turned off
- Recent small acquisition, potentially another large acquisition and subsequent US dual listing



# Virgin Money (VUK)

- UK bank servicing consumers and SMEs with 3m customers. A result of merger of Clydesdale and Virgin Money in 2018
- Investment in April 2020 amidst COVID induced market dysfunction and confusion from Australian shareholders
- Mostly low risk mortgage lending funded by cheap deposits; good capital buffers
- Post merger synergies would result in a lower long term cost base
- Bought at a 75% discount to book value despite an 8%+ return on equity forecast

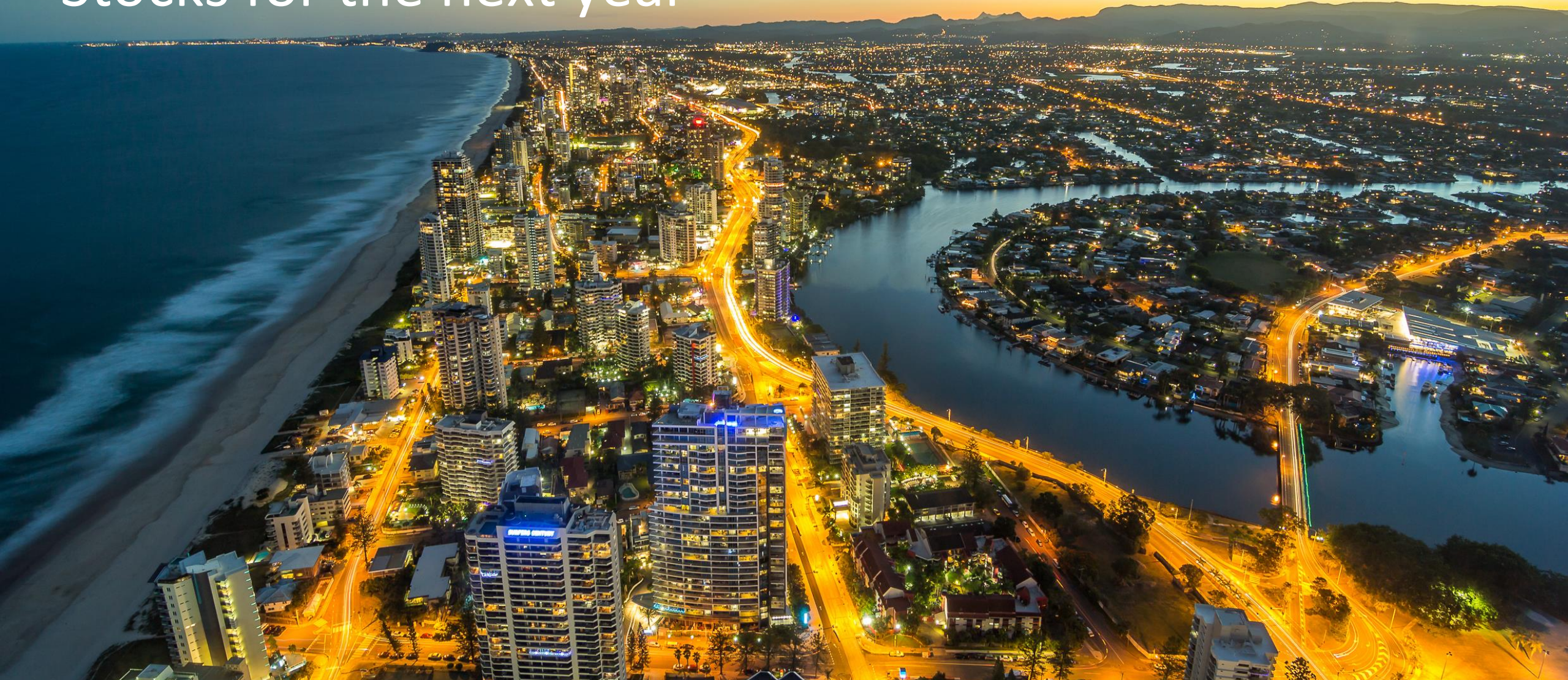




# Idea Generation

## Stocks for the next year

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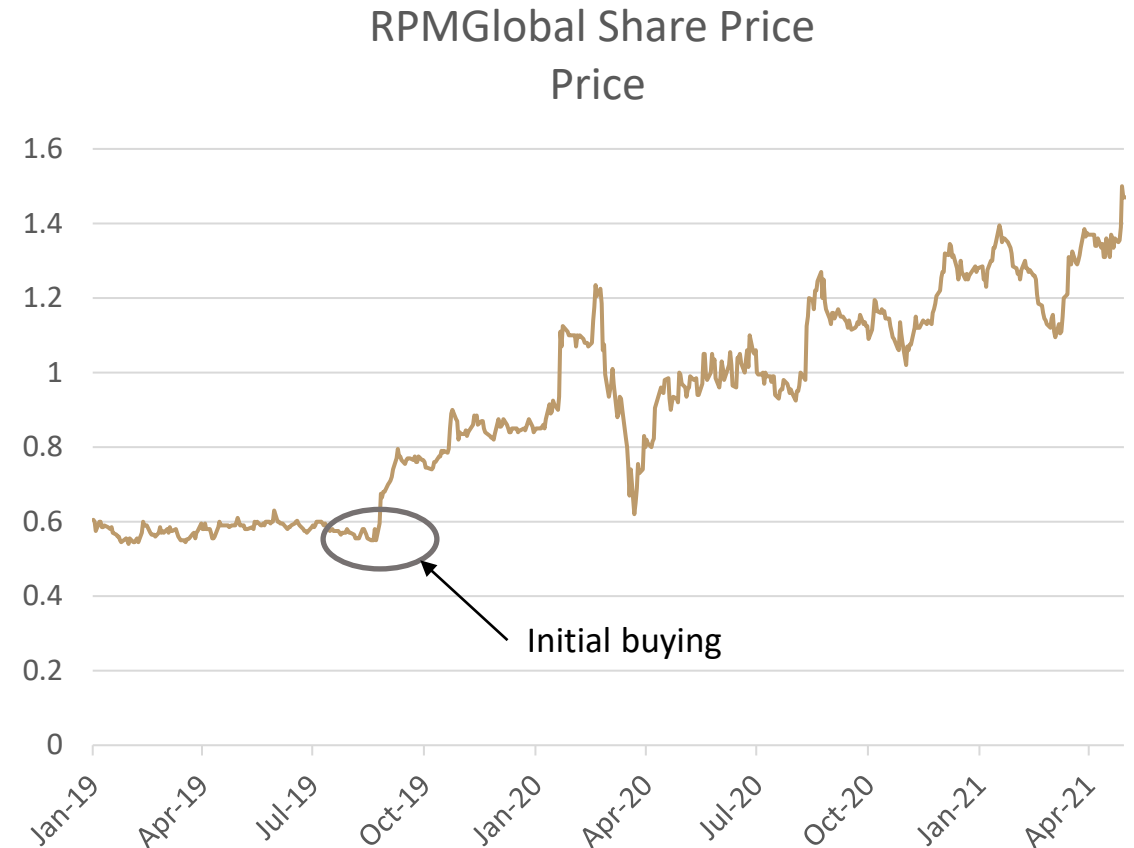
# Fineos (FCL)

- Core software systems provider to the Life insurance industry
- Ticks many boxes of what we are looking for in a quality business:
  1. Sticky and recurring revenues, and is deeply embedded in customers
  2. Highly scalable product and therefore has high incremental margins
  3. Many years of growth ahead and multiple ways to win with customers
  4. Strong alignment of management and shareholders (CEO owns c.55%)
- Valuation: Trades at a fraction of the valuation of global comps (Duck Creek and Guidewire)



# RPMGlobal (RUL)

- Mining software provider with products that help miners to schedule mining tasks, maintain equipment and budget effectively
- High quality recurring software revenue from newly developed products
- Strong revenue growth hidden by a change in revenue recognition as clients move to paying by subscription
- COVID slowdown has been followed by a sharp increase in orders
- A management team with a history of delivery and skin in the game
- Attractive valuation at 12x financial year 2023 net profit (excluding excess cash); potential takeover target



# Tourism Holdings (NZX:THL)

- Leading rental operator of recreational vehicles in Australia, New Zealand and the US
- Depressed due to COVID-induced international travel halt
- Sound balance sheet and the ability to sell RVs means the business survived COVID without requiring a capital raise
- High market share and return on capital in Australia & NZ after a period of industry consolidation
- Pre-COVID recreational vehicle glut in the US has turned into a shortage
- Attractive valuation at 8x financial year 2023 net profit





## PORTFOLIO POSITIONING

### FOCUS

### EXAMPLE

High quality software



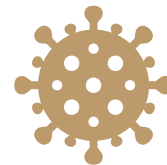
RPMGlobal (RUL)

Travel recovery



Tourism Holdings (NZX:THL)

COVID (and ongoing) beneficiary



Motorcycle Holdings (MTO)

Steady performers



Downer (DOW)

# Portfolio Structure

## Listed Investment Trust

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## WHY IS IT LISTED

- Capacity constrained
- Enables focus on the portfolio in dysfunctional markets
- Illiquidity of some underlying stocks

## WHY IS IT STRUCTURED AS AN LIT

- Majority of returns come in the form of capital gains
- CGT reduction for positions over 12 months generally only applies to a trust structure
- All income is paid out to investors and tax paid at an investor level

While Fund performance has been strong this financial year we do not anticipate that there will be a material distribution for the year ended 30 June 2021, as there have been capital losses realised from some long-term investments. An estimate of the distribution will be provided in early June.



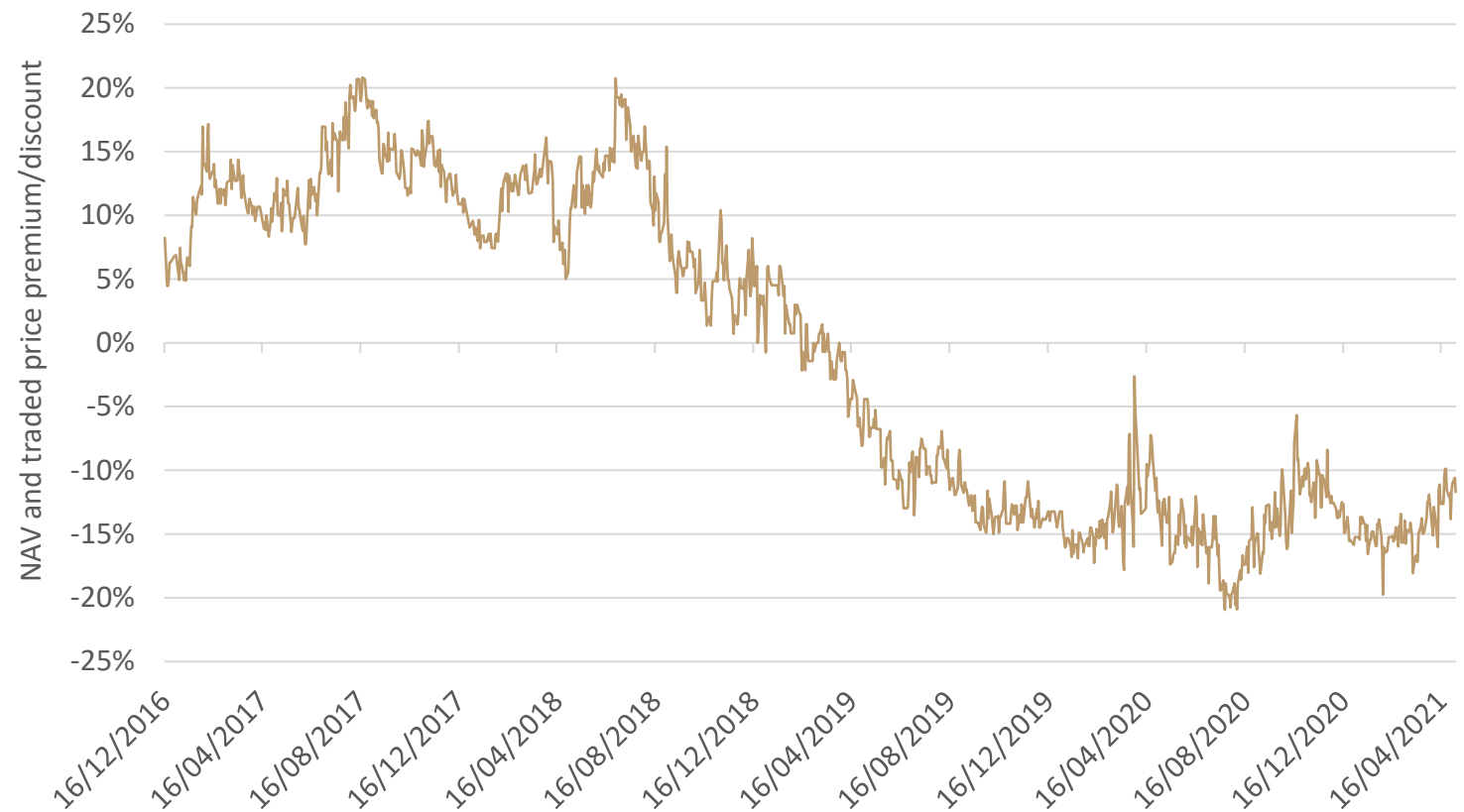
# Discount to NAV – and actions being taken to close it

- FOR originally traded at a premium
- A discount has persisted since late 2018
- Recently discount has narrowed to 10%

## Actions being taken to close the discount

- Underlying performance of Fund
- Marketing to increase traded volumes
- Buyback of units

Net Asset Value (NAV) to traded price premium/discount of FOR over time



# The value FOR brings

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FORAGER THRIVES IN VOLATILITY

SMALL AND AGILE FUND

ATTRACTIVE PORTFOLIO WITH GOOD OPERATIONAL MOMENTUM

DELIVERING LONG TERM OUTPERFORMANCE



# Q&A

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## Contact Details

Email: [admin@foragerfunds.com](mailto:admin@foragerfunds.com)

Tel: +61 2 8277 4812