

Forager Australian Shares Fund

ARSN 139 641 491

Appendix 4D

Interim report

For the half-year ended 31 December 2021

Forager Australian Shares Fund
Appendix 4D
For the half-year ended 31 December 2021

Details of reporting period

This interim report is for the half-year from 1 July 2021 to 31 December 2021. The previous corresponding half-year was from 1 July 2020 to 31 December 2020.

The Directors of The Trust Company (RE Services) Limited, the Responsible Entity of Forager Australian Shares Fund (the "Fund") announce the reviewed results of the Fund for the half-year ended 31 December 2021 as follows:

Results for announcement to the market

	Half-year ended		Increase/(decrease) over corresponding period	
	31 December 2021 \$'000	31 December 2020 \$'000		
Net assets attributable to unitholders	223,581	183,090	40,491	22.12%
Total investment income	26,747	69,013	(42,266)	(61.24%)
Operating profit for the half-year	23,226	67,803	(44,577)	(65.74%)

Brief explanation of results

The operating profit for the period to 31 December 2021 of \$23,226,000 represented a large decrease from the \$67,803,000 profit in the period to 31 December 2020. Both the decrease in investment income and operating profit for the half-year were a function of the decrease in the net positive portfolio performance of the Fund compared to the half-year ended 31 December 2020. The Fund returned 11.47% for the period compared to 58.82% for the previous corresponding period. The Fund's investment objective is to outperform the S&P/ASX All Ordinaries Accumulation Index over a rolling 5 year period. Over the six-month period to 31 December 2021 the Fund return was 6.89% greater than the S&P/ASX All Ordinaries Accumulation Index, and over the 5 year period to 31 December 2021, the Fund's return was 0.25% per annum greater than the S&P/ASX All Ordinaries Accumulation Index.

Distribution information

The distributions for the half-year were as follows:

	Half-year ended		Half-year ended	
	31 December 2021 \$'000	31 December 2021 CPU*	31 December 2020 \$'000	31 December 2020 CPU*
December (payable)	4,308	4.0000	-	-
Total distributions	4,308	4.0000	-	-

* Distribution is expressed as cents per unit amount in the Australian Dollars.

Distribution Reinvestment Plan (DRP)

The Responsible Entity has an established Distribution Reinvestment Plan ("DRP") in relation to Fund distributions, under which previously units under the DRP were issued at the net asset value of a unit as determined in accordance with the Fund's Constitution on the record date. On 26 November 2021, the Responsible Entity announced changes to the DRP and to the Fund's distributions policy. The intention of the new distributions policy is to pay ordinary distributions every six months, pay special distributions in years where the taxable income of the Fund is significantly in excess of the ordinary distributions, and change the Fund's DRP so that the price for the DRP can be set with reference to the ASX-traded price for FOR. On the same date, the Responsible Entity issued an Amended Distribution Reinvestment Plan booklet.

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Appendix 4D
For the half-year ended 31 December 2021
(continued)

Net tangible assets

	As at	
	31 December	31 December
	2021	2020
Net tangible assets per security	\$2.08	\$1.64

Control gained or lost over entities during the period

There was no gain or loss of control of entities during the current period.

Details of associates and joint venture entities

The Fund did not have any interest in associates and joint venture entities during the current half-year.

Other information

The Fund is not a foreign entity.

Independent review report

This Appendix 4D is based on the interim financial statements which have been reviewed by the Fund's Auditors - Ernst & Young.

Forager Australian Shares Fund

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Interim report

For the half-year ended 31 December 2021

Forager Australian Shares Fund

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Interim report

For the half-year ended 31 December 2021

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This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made in respect of Forager Australian Shares Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This interim report covers Forager Australian Shares Fund as an individual entity. The Responsible Entity of Forager Australian Shares Fund is The Trust Company (RE Services) Limited (ABN 45 003 278 831) (AFSL 235150). The Responsible Entity's registered office is Level 18 Angel Place, 123 Pitt Street, Sydney, NSW 2000.

Directors' report

The Trust Company (RE Services) Limited (ABN 45 003 278 831) (AFSL 235150) is the responsible entity (the "Responsible Entity") of Forager Australian Shares Fund (the "Fund"). The directors of the Responsible Entity (the "Directors") present their report together with the interim financial statements of the Fund for the half-year ended 31 December 2021.

Principal activities

The Fund is a registered management investment scheme domiciled in Australia.

The Fund invests predominantly in securities listed on the Australian Securities Exchange ("ASX") and investments that are likely to be listed on the ASX in the future and Australian denominated cash but may also invest up to 20% of its assets in securities that are listed on the New Zealand Exchange ("NZX") in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution. The Fund's goal is to produce superior long-term returns from a select number of underlying investments, irrespective of short term price movements.

The Fund was constituted on 22 September 2009 and commenced operations on 30 October 2009.

The Fund did not have any employees during the half-year.

There were no significant changes in the nature of the Fund's activities during the half-year.

The Fund is currently listed on the ASX under the ASX code FOR.

Directors

The Directors of The Trust Company (RE Services) Limited during the half-year and up to the date of this report are shown below. The Directors were in office for this entire period except where stated otherwise.

Glenn Foster
 Simone Mosse
 Vicki Riggio
 Phillip Blackmore (Alternate Director for Vicki Riggio)
 Richard McCarthy (Resigned as Director on 1 February 2022)

Units on issue

Units on issue in the Fund at half-year are set out below:

	As at	
	31 December	31 December
	2021	2020
	No.	No.
Units on issue	107,710,404	111,534,243

Review and results of operations

During the half-year, the Fund invested in accordance with the investment objective and guidelines as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

Results

The operating profit for the period to 31 December 2021 of \$23,226,000 represented a large decrease from the \$67,803,000 profit in the period to 31 December 2020. Both the decrease in investment income and operating profit for the half-year were a function of the decrease in the net positive portfolio performance of the Fund compared to the half-year ended 31 December 2020. The Fund returned 11.47% for the period compared to 58.82% for the previous corresponding period. The Fund's investment objective is to outperform the S&P/ASX All Ordinaries Accumulation Index over a rolling 5 year period. Over the six-month period to 31 December 2021 the Fund return was 6.89% greater than the S&P/ASX All Ordinaries Accumulation Index, and over the 5 year period to 31 December 2021, the Fund's return was 0.25% per annum greater than the S&P/ASX All Ordinaries Accumulation Index.

Forager Australian Shares Fund
Directors' report
For the half-year ended 31 December 2021
(continued)

Review and results of operations (continued)

The performance of the Fund, as represented by the results of its operations, was as follows:

	Half-year ended	
	31 December 2021	31 December 2020
Operating profit for the half-year (\$'000)	23,226	67,803
Distributions paid and payable (\$'000)	4,308	-
Distributions (cents per unit)	4.0000	-

Significant changes in state of affairs

On 24 March 2021, the Fund announced a 12-month on-market buy-back program. During the half-year ended 31 December 2021, 1,530,557 units were bought back at an average buy back of \$1.76 per unit.

On 26 November 2021, the Responsible Entity announced changes to the Fund's distributions policy. The intention of the new distributions policy is to pay ordinary distributions every six months, pay special distributions in years where the taxable income of the Fund is significantly in excess of the ordinary distributions, and change the Fund's Distribution Reinvestment Plan ("DRP") so that the price for the DRP can be set with reference to the ASX-traded price for FOR. On the same date, the Responsible Entity issued an Amended Distribution Reinvestment Plan booklet.

The Directors continue to assess the potential financial and other impacts of the coronavirus ("COVID-19") outbreak to the Fund. The current high-level of uncertainty regarding the severity and length of COVID-19 on investment markets has impacted investment outcomes and increased volatility in investment performance during the period.

At the date of signing, the future impacts of COVID-19 on global and domestic economies and investment market indices, and their resulting impact on the Fund are uncertain. The Directors and management will continue to monitor this situation.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Fund that occurred during the half-year.

Matters subsequent to the end of the half-year

On 1 February 2022, Richard McCarthy resigned as a Director.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect:

- (i) the operations of the Fund in future financial periods, or
- (ii) the results of those operations of the Fund in future financial periods, or
- (iii) the state of affairs of the Fund in future financial periods.

Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to either the officers of the Responsible Entity or the auditors of the Fund. So long as the officers of the Responsible Entity act in accordance with the Fund's Constitution and the *Corporations Act 2001*, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

The auditors of the Fund are in no way indemnified out of the assets of the Fund.

Units in the Fund

The movement in units on issue in the Fund during the half-year is disclosed in Note 6 to the interim financial statements.

The value of the Fund's assets and liabilities is disclosed in the statement of financial position and derived using the basis set out in Note 2 to the interim financial statements.

Environmental regulation

The operations of the Fund are not subject to any particular or significant environmental regulations under Commonwealth, State or Territory law.

Rounding of amounts to the nearest thousand dollars

The Fund is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' report) Instrument 2016/191* issued by the Australian Securities and Investments Commission ("ASIC") relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with that *ASIC Corporations Instrument*, unless otherwise indicated.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of the Directors of The Trust Company (RE Services) Limited.



Director
The Trust Company (RE Services) Limited

Sydney
21 February 2022

Auditor's independence declaration to the Directors of The Trust Company (RE Services) Limited as Responsible Entity of Forager Australian Shares Fund

As lead auditor for the review of the half-year financial report of Forager Australian Shares Fund for the half-year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

Ernst & Young



Rita Da Silva
Partner
21 February 2022

Forager Australian Shares Fund
Statement of comprehensive income
For the half-year ended 31 December 2021

Statement of comprehensive income

		Half-year ended	
		31 December	31 December
		2021	2020
	Notes	\$'000	\$'000
Investment income			
Dividend income		1,493	4,713
Net gains on financial instruments at fair value through profit or loss	4	25,022	64,057
Expense reimbursement income		208	251
Net foreign exchange loss		(22)	(8)
Other operating income		46	-
Total net investment income		26,747	69,013
Expenses			
Responsible Entity's fees		81	79
Management fees		1,118	754
Performance fees		1,866	-
Administration and custody fees		91	79
Transaction costs		185	72
Registry fees		18	20
Remuneration of auditor	8	18	18
Other operating expenses		144	188
Total operating expenses		3,521	1,210
Operating profit for the half-year		23,226	67,803
Other comprehensive income		-	-
Total comprehensive income for the half-year		23,226	67,803
Earnings per unit for profit attributable to unitholders of the Fund			
Basic earnings per unit in cents	9	21.39	60.42
Diluted earnings per unit in cents	9	21.39	60.42

The above Statement of comprehensive income should be read in conjunction with the accompanying notes.

Forager Australian Shares Fund
Statement of financial position
As at 31 December 2021

Statement of financial position

	As at	
	31 December	30 June
	2021	2021
Notes	\$'000	\$'000
Assets		
Cash and cash equivalents	21,484	16,956
Due from brokers - receivable for securities sold	10	848
Dividends receivable	-	163
GST receivable	232	300
Receivable from Investment Manager	188	133
Financial assets at fair value through profit or loss	208,934	201,631
Total assets	230,848	220,031
Liabilities		
Responsible Entity's fees payable	124	82
Management fees payable	203	369
Performance fees payable	2,003	3,176
Administration and custody fees payable	63	50
Due to brokers - payable for securities purchased	400	4,962
Distributions payable	4,308	3,887
Other payables	166	152
Total liabilities	7,267	12,678
Net assets attributable to unitholders - equity	223,581	207,353

The above Statement of financial position should be read in conjunction with the accompanying notes.

Forager Australian Shares Fund
Statement of changes in equity
For the half-year ended 31 December 2021

Statement of changes in equity

		Half-year ended	
		31 December	31 December
		2021	2020
		\$'000	\$'000
Notes			
	Total equity at the beginning of the half-year	207,353	117,310
	Comprehensive income for the half-year		
	Profit for the half-year	23,226	67,803
	Other comprehensive income	-	-
	Total comprehensive income for the half-year	23,226	67,803
	Transactions with unitholders		
	Units buy-back	6 (2,690)	(2,023)
	Distributions paid and payable	6 (4,308)	-
	Total transactions with unitholders	(6,998)	(2,023)
	Total equity at the end of the half-year	223,581	183,090

The above Statement of changes in equity should be read in conjunction with the accompanying notes.

Forager Australian Shares Fund
Statement of cash flows
For the half-year ended 31 December 2021

Statement of cash flows

	Half-year ended	
	31 December 2021	31 December 2020
	\$'000	\$'000
Cash flows from operating activities		
Proceeds from sale of financial instruments at fair value through profit or loss	124,903	48,100
Payments for purchase of financial instruments at fair value through profit or loss	(110,729)	(42,770)
Dividends received	1,442	4,595
Expense reimbursement income received	153	150
Other income received	46	-
Management fees paid	(1,290)	(719)
Performance fees paid	(2,959)	-
Transaction costs paid	(184)	(73)
Other operating expenses paid	(255)	(287)
Net cash inflow from operating activities	11,127	8,996
Cash flows from financing activities		
Payments for units buy-back to unitholders	(2,690)	(2,023)
Distributions paid	(3,887)	(914)
Net cash outflow from financing activities	(6,577)	(2,937)
Net increase in cash and cash equivalents	4,550	6,059
Cash and cash equivalents at the beginning of the half-year	16,956	1,091
Effects of foreign currency exchange rate changes on cash and cash equivalents	(22)	(8)
Cash and cash equivalents at the end of the half-year	21,484	7,142

The above Statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the interim financial statements

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1 General information

These interim financial statements cover Forager Australian Shares Fund (the "Fund") as an individual entity. The Fund was constituted on 22 September 2009, commenced operations on 30 October 2009 and admitted to the Australian Securities Exchange ("ASX") on 14 December 2016. The Fund terminates on the earlier of the date when the Responsible Entity tells the investors it terminates or any date the law requires.

The Trust Company (RE Services) Limited (ABN 45 003 278 831) (AFSL 235150) is the responsible entity of the Fund (the "Responsible Entity"). The Responsible Entity is incorporated and domiciled in Australia, and its registered office is Level 18 Angel Place, 123 Pitt Street, Sydney, NSW 2000.

The investment manager of the Fund is Forager Funds Management Pty Ltd (the "Investment Manager").

The Fund principally invests in securities listed on the ASX and investments that are likely to be listed on the ASX in the future and Australian denominated cash but may also invest up to 20% of its assets in securities that are listed on the New Zealand Exchange ("NZX"). The Fund's goal is to produce superior long-term returns from a selected number of underlying investments, irrespective of short term price movements.

The interim financial statements are for the half-year ended 31 December 2021. The interim financial statements are presented in the Australian currency.

The interim financial statements were authorised for issue by the directors of the Responsible Entity (the "Directors of the Responsible Entity") on 21 February 2022. The Directors of the Responsible Entity have the power to amend and reissue the interim financial statements.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these interim financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated in the following text.

(a) Basis of preparation

The interim financial statements have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 *Interim Financial Reporting*.

These interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these interim financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2021 and any public announcements made in respect of the Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The Statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within 12 months, except for investments in financial assets and liabilities.

(b) Significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Fund's financial statements for the year ended 30 June 2021.

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the half-year beginning 1 July 2021 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods. There are no standards issued but not yet effective that would have a material impact on the amounts recognised in the financial statements in the future.

2 Summary of significant accounting policies (continued)

(c) Rounding of amounts

The Fund is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' report) Instrument 2016/191* issued by the Australian Securities and Investments Commission ("ASIC") relating to the "rounding off" of amounts in the interim financial statements. Amounts in the interim financial statements have been rounded to the nearest thousand dollars in accordance with that *ASIC Corporations Instrument*, unless otherwise indicated.

(d) Comparative revisions

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period.

3 Fair value measurement

The Fund measures and recognises the following financial assets at fair value on a recurring basis.

- Financial assets at fair value through profit or loss ("FVTPL") (see Note 5)

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities that are traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The Fund values its investments in accordance with the accounting policies set out in Note 2 to the interim financial statements. For the majority of its investments, information provided by independent pricing services is relied upon for the valuation of investments.

The quoted market price used to fair value financial assets held by the Fund is the last-traded prices.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

(ii) Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This may be the case for certain unlisted shares, certain corporate debt securities and managed funds with suspended applications and withdrawals.

3 Fair value measurement (continued)

(iii) Recognised fair value measurements

The following table presents the Fund's financial assets measured and recognised at fair value as at 31 December 2021 and 30 June 2021.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 31 December 2021				
Financial assets at fair value through profit or loss				
Listed equity securities	200,837	-	-	200,837
Listed property trusts	8,097	-	-	8,097
Total	208,934	-	-	208,934
As at 30 June 2021				
Financial assets at fair value through profit or loss				
Listed equity securities	197,726	-	-	197,726
Listed property trusts	3,905	-	-	3,905
Total	201,631	-	-	201,631

(iv) Transfers between levels

The Fund's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(v) Fair value measurements using significant unobservable inputs (level 3)

	Unlisted unit trust
As at 30 June 2021	
Opening balance - 1 July	2
Gains and losses recognised in the Statement of comprehensive income	(2)
Closing balance - 30 June	-

Level 3 investments comprise:

An investment held in Centrebet International Limited was delisted in August 2011 resulting in the shareholders receiving a cash payment as well as one litigation claim unit and one litigation claim right per share and additional units were purchased.

For these financial instruments the fair value has been estimated using a valuation technique that uses non-market observable data. While payments were completed in July 2018 to Litigation Claims Participants, further work was being completed into additional amounts that may be claimed. On 14 April 2021, it was confirmed that an additional \$86,696.45 was recovered from Sbet Australia in this regard. This amount was transferred to the Trustee overseeing the Litigation Claim, and they have confirmed they held approximately \$825,000 (equals 0.89 cents per unit) at that time on trust, which has been retained to pay the legal and professional costs of verifying compliance with the Litigation Claim.

The security has been valued at \$0.0000.

3 Fair value measurement (continued)

(vi) *Fair values of other financial instruments*

The Fund did not hold any financial instruments which were not measured at fair value in the Statement of financial position. Due to their short-term nature, the carrying amounts of receivables and payables are assumed to approximate fair value.

4 Net gains/(losses) on financial instruments at fair value through profit or loss

	Half-year ended	
	31 December 2021	31 December 2020
	\$'000	\$'000
Financial assets		
Net realised gains on financial assets at fair value through profit or loss	33,592	6,902
Net unrealised gains/(losses) on financial assets at fair value through profit or loss	(8,570)	57,155
Total net gains on financial instruments at fair value through profit or loss	25,022	64,057

5 Financial assets at fair value through profit or loss

	As at	
	31 December 2021	30 June 2021
	\$'000	\$'000
Financial assets at fair value through profit or loss		
Listed equity securities	200,837	197,726
Listed property trusts	8,097	3,905
Total financial assets at fair value through profit or loss	208,934	201,631

6 Net assets attributable to unitholders

Under AASB 132 *Financial Instruments: Presentation*, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Fund has elected into the Attribution Managed Investment Trust ("AMIT") tax regime and consequently the Fund's Constitution has been amended. The Fund does not have a contractual obligation to pay distributions to unitholders. Therefore, the net assets attributable to unitholders of the Fund meet the criteria set out under AASB 132 and are classified as equity.

6 Net assets attributable to unitholders (continued)

Movements in the number of units and net assets attributable to unitholders during the half-year were as follows:

	Half-year ended		Half-year ended	
	31 December 2021	31 December 2021	31 December 2020	31 December 2020
	No. '000	\$'000	No. '000	\$'000
Opening balance	109,241	207,353	113,498	117,310
Units buy-back	(1,531)	(2,690)	(1,964)	(2,023)
Distributions paid and payable	-	(4,308)	-	-
Profit for the half-year	-	23,226	-	67,803
Closing balance	107,710	223,581	111,534	183,090

As stipulated within the Fund's Constitution, each unit represents a right to an individual unit in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

Units buy-back

On 24 March 2021, the Fund announced a 12-month on-market buy-back program. During the half-year ended 31 December 2021, 1,530,557 units were bought back at an average buy back of \$1.76 per unit.

Capital risk management

The Fund classifies its net assets attributable to unitholders as equity. The Fund is a closed-end Fund and is not subject to applications and redemptions. The movements in the number of units during the half-year were as a result of the on-market buy-back program.

Generally, the Fund's strategy is to hold liquid investments. Liquid assets include cash and cash equivalents and listed investments.

7 Distributions to unitholders

Distributions are payable semi-annually at the end of each financial period. Such distributions are determined by reference to the net taxable income of the Fund.

Distributions were paid annually in the prior half-year, thus no distributions were paid or payable.

The distributions for the half-year were as follows:

	Half-year ended			
	31 December 2021	31 December 2021	31 December 2020	31 December 2020
	\$'000	CPU*	\$'000	CPU*
Distributions payable	4,308	4.0000	-	-
Total distributions payable	4,308	4.0000	-	-

*Distribution is expressed as cents per unit amount in Australian Dollars.

8 Remuneration of auditor

During the half-year the following fees were paid or payable for services provided by the auditor of the Fund:

	Half-year ended	
	31 December 2021	31 December 2020
	\$	\$
Ernst & Young		
Audit and other assurance services		
Review of interim financial statements	17,510	17,510
Total remuneration for audit and other assurance services	17,510	17,510
Total remuneration of Ernst & Young	17,510	17,510

The remuneration of auditor is borne by the Fund. Fees are stated exclusive of GST.

9 Earnings/(loss) per unit

Basic earnings/(loss) per unit amounts are calculated by dividing profit/(loss) before distributions by the weighted average number of units outstanding during the half-year.

Diluted earnings per unit are the same as basic earnings/(loss) per unit.

	Half-year ended	
	31 December 2021	31 December 2020
Operating profit for the half-year (\$'000)	23,226	67,803
Weighted average number of units on issue ('000)	108,575	112,226
Basic and diluted earnings per unit in cents	21.39	60.42

10 Segment information

The Fund has only one reportable segment. The Fund operates predominantly in Australia and is engaged solely in investment activities, deriving revenue from dividend and distribution income, interest income and from the sale of its investment portfolio.

11 Related party transactions

There have been no significant changes to the related party transactions disclosed in the previous annual financial report for the period ended 30 June 2021, with the exception of the resignation of Richard McCarthy from the Responsible Entity's board of Directors on 1 February 2022.

12 Significant events during the half-year

On 24 March 2021, the Fund announced a 12-month on-market buy-back program. During the half-year ended 31 December 2021, 1,530,557 units were bought back at an average buy back of \$1.76 per unit.

On 26 November 2021, the Responsible Entity announced changes to the Fund's distributions policy. The intention of the new distributions policy is to pay ordinary distributions every six months, pay special distributions in years where the taxable income of the Fund is significantly in excess of the ordinary distributions, and change the Fund's DRP so that the price for the DRP can be set with reference to the ASX-traded price for FOR. On the same date, the Responsible Entity issued an Amended Distribution Reinvestment Plan booklet.

The Directors continue to assess the potential financial and other impacts of the coronavirus ("COVID-19") outbreak to the Fund. The current high-level of uncertainty regarding the severity and length of COVID-19 on investment markets has impacted investment outcomes and increased volatility in investment performance during the period.

At the date of signing, the future impacts of COVID-19 on global and domestic economies and investment market indices, and their resulting impact on the Fund are uncertain. The Directors and management will continue to monitor this situation.

There were no other significant events during the half-year.

13 Events occurring after the reporting period

On 1 February 2022, there were changes to the composition of the Responsible Entity's board of Directors. Please refer to Note 11 for further details of those changes.

The Directors are not aware of any other event or circumstance since the end of the financial period not otherwise addressed within these interim financial statements that has affected or may significantly affect the operations of the Fund, the results of those operations or the state of affairs of the Fund in subsequent periods. The Fund continues to operate as a going concern.

14 Contingent assets and liabilities and commitments


There are no outstanding contingent assets, liabilities or commitments as at 31 December 2021 and 30 June 2021.

Directors' declaration

In the opinion of the Directors of the Responsible Entity:

- (a) the interim financial statements and notes set out on pages 6 to 17 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Fund's financial position as at 31 December 2021 and of its performance for the half-year ended on that date.
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors of The Trust Company (RE Services) Limited.



Director
The Trust Company (RE Services) Limited

Sydney
21 February 2022

Independent auditor's review report to the Unitholders of Forager Australian Shares Fund

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Forager Australian Shares Fund (the "Fund"), which comprises the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Fund does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the Fund's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants including Independence Standards* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Responsible Entity of the Fund are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Fund's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Rita Da Silva', is written over a light blue horizontal line.

Rita Da Silva
Partner
Sydney
21 February 2022