

FORAGER

INTERNATIONAL SHARES FUND

MONTHLY REPORT APRIL 2024

FORAGER INTERNATIONAL SHARES FUND PERFORMANCE SUMMARY (as at 30 April 2024. Net of all fees and expenses)

	1 month return	3 month return	6 month return	1 year return	3 year return (p.a.)	5 year return (p.a.)	10 year return (p.a.)	Since inception* (p.a.)
International Shares Fund	-2.57%	6.68%	21.98%	22.39%	-1.71%	11.88%	10.65%	12.51%
MSCI AC World Net Index in \$A	-2.94%	5.70%	16.66%	18.88%	9.79%	10.87%	11.90%	13.42%

MSCI AC World Net Index in \$A is an abbreviation of MSCI All Country World Investable Market Index (Net) in Australian dollars. Past performance is not indicative of future performance and the value of your investments can rise or fall. *8 February 2013

The MSCI World and S&P 500 indices finished the month down 3%, with the tech-heavy Nasdaq pulling back 4%. Data showing signs of sticky US inflation was one of the main culprits. The US 10-year government bond yield saw a decent move from 4.2% to 4.7% as a result of this and is now approaching the October 2023 highs. Global stock markets, in contrast and current pullback notwithstanding, remain well above their October 2023 lows.

Over the past few months, we increased the Fund's cash weighting to approximately 8% and shifted the portfolio modestly toward larger, more resilient businesses that should do well in more difficult market environments.

Tesco (LSE:TSCO) is an illustration of the point, and a stock we've added to recently. Like Australian supermarkets, Tesco has seen sales growth boosted by inflation. But that's about where comparisons end. While UK consumers are as prone to complaint as Australian shoppers, Tesco's margins are no higher than pre-pandemic and are less deserving of scrutiny. Tesco has a tiny amount of net debt and owns a whopping amount of property, adding to our safety margin. And it's cheap. Over the past 12 months, the company returned 8% of the current market capitalisation to shareholders via dividends and buybacks. That yield will go up from here. The stock should provide total annual shareholder returns of more than 10% over the medium term and, relatively-speaking, is particularly well-placed to outperform the pack in more difficult markets.

Another example is **Fiserv** (NYSE:FI). Key to its strong first-quarter result was the continued growth of Clover, Fiserv's point of sale and payments system for small and medium businesses. This business segment delivered a second consecutive quarter of 30% revenue growth. It generates about a quarter of the company's overall revenue today and should be 35-40% by 2026. Growth is being fueled by new merchant additions and a higher penetration rate of value-added solutions. Additionally, Fiserv's international expansion efforts are gaining traction, with promising demand for Clover in Germany, the Netherlands, and Argentina, as well as plans for launches in Brazil, Mexico, and the Asia-Pacific region.

Zebra Technologies (NASDAQ:ZBRA) reported good results and raised full year earnings guidance. The company noted that they are seeing an improvement in large retail customer orders after almost two years of spending cut-backs. Management also noted that radio-frequency identification ("RFID") that allows for automatic identification and tracking of tags attached to objects such as clothing or retail goods is set to be a strong growth opportunity for the business over the coming years. Zebra is a meaningful investment for the Fund and the stock has performed well over a weak month for stocks generally.

Finally, the Fund successfully exited a small investment in **Hipgnosis Song Fund** (LSE:SONG), a UK-listed investment company that owns songs and associated musical intellectual rights. A decent portion of the portfolio consisted of songs from well-known artists such as the Red Hot Chili Peppers, Blondie and Shakira. We invested six months ago when Hipgnosis was trading well below the fair value of its underlying assets. This discount closed in April as a bidding war erupted between the US-based royalties fund Concord Music and **Blackstone** (NYSE:BX). While the Fund made money on its investment, we're guilty of taking an insufficient swing and should have profited much more from the outcome.

TOP 5 HOLDINGS (as % of NAV)

Motorpoint Group PLC	(LON:MOTR)	3.8%
Fiserv Inc	(NYSE:FI)	3.8%
APi Group Corp	(NYSE:APG)	3.8%
Linamar Corp	(TSE:LNR)	3.5%
CRH PLC	(NYSE:CRH)	3.5%
Cash		7.8%

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 All Country World Investable Market Index (Net) in Australian Dollars (MSCI AC World Net Index in \$A) over a rolling 5-year period. The Fund's goal is 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

FY	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total Return
2013								-0.26%	-0.62%	2.88%	8.74%	3.47%	14.73%
2014	3.61%	1.11%	-1.26%	4.59%	6.58%	2.82%	1.40%	1.92%	-4.64%	1.85%	1.46%	-0.16%	20.54%
2015	-1.81%	-0.82%	1.47%	-2.93%	2.43%	3.63%	1.33%	3.59%	1.47%	2.84%	4.54%	-2.17%	14.06%
2016	5.61%	-0.29%	-2.07%	2.55%	-3.19%	-2.74%	-5.08%	3.36%	0.09%	3.64%	5.84%	-6.36%	0.44%
2017	4.55%	3.84%	1.91%	0.52%	4.65%	5.55%	-0.63%	-0.13%	2.25%	4.97%	1.69%	-4.25%	27.42%
2018	-0.76%	-0.43%	3.99%	2.31%	1.62%	-2.76%	0.97%	-1.78%	-1.22%	4.64%	0.97%	1.21%	8.81%
2019	-0.55%	1.50%	2.22%	-6.62%	-5.49%	-3.66%	5.11%	5.19%	-4.03%	4.79%	-2.68%	1.85%	-3.31%
2020	0.07%	-1.92%	3.09%	0.95%	4.83%	4.73%	3.62%	-6.03%	-15.53%	9.78%	12.60%	-0.22%	13.74%
2021	1.36%	10.05%	1.63%	2.36%	10.85%	5.98%	2.07%	6.56%	2.20%	8.05%	1.41%	7.75%	78.88%
2022	-4.25%	-0.03%	-3.57%	-1.79%	1.27%	-4.61%	-6.24%	-6.32%	-7.29%	-6.24%	-1.50%	-5.98%	-38.09%
2023	4.46%	0.80%	-5.91%	8.57%	-0.52%	-5.13%	7.00%	1.88%	1.57%	2.04%	1.21%	2.51%	19.01%
2024	3.03%	0.94%	-3.73%	-3.41%	3.59%	8.07%	2.13%	5.38%	3.90%	-2.57%			17.96%

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

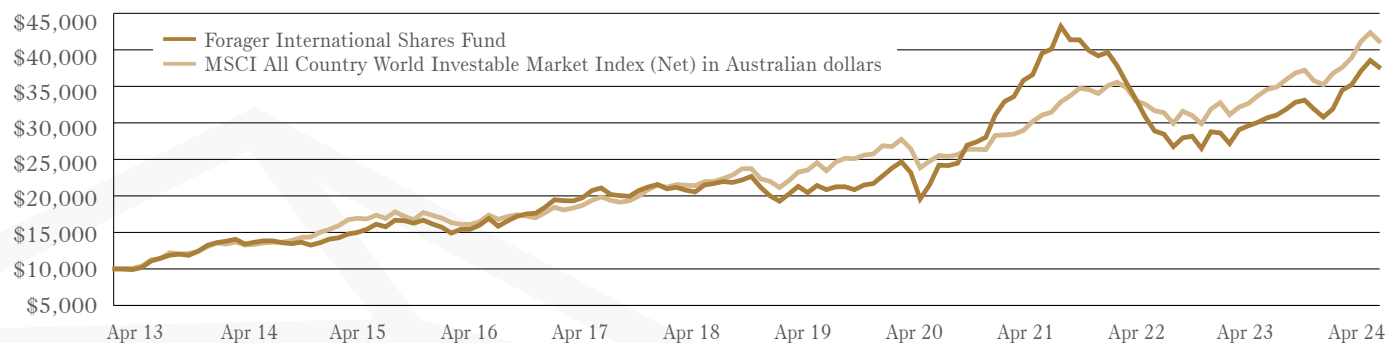
Fund inception	8 February 2013
Minimum investment	\$20,000
Monthly investment	Min. \$1000/mth
Distribution	Annual, 30 June
Applications/Redemption	Daily

UNIT PRICE SUMMARY

As at	30 April 2024
Buy Price	\$1.8371
Redemption Price	\$1.8297
Mid Price	\$1.8334
Portfolio Value	\$219.6 million

The Fund is forward-priced; you will receive the price struck subsequent to the receipt of your application/redemption.

COMPARISON OF \$10,000 INVESTMENT OVER TIME



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

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ABOUT FORAGER

With approximately \$380 million of funds under management and a focus on long-term investing, Forager Funds is a unique Australian asset management company.

Following a strong ten-year track record, Forager is a sustainable business but is nimble enough to invest in smaller listed companies not accessible to many investment managers.

The company is majority owned by staff. Forager's shareholders support the desire to place performance before revenue. That means capping the size of funds before too much money becomes an impediment to performance.

Key investment staff are strongly aligned with investors through co-investment and / or equity in the Forager business.

FUND CHARACTERISTICS

- Concentrated portfolio of global equities
- A combination of large liquid resilient businesses with smaller value based opportunities
- Flexible mandate allows for a wide range of markets
- Investment team with deep pockets of expertise
- Strong focus on managing portfolio risks
- Daily applications and redemptions