



During October, the Fund underperformed the MSCI ACWI IMI (-2.9% vs 0.3%). Continuing a trend of recent months our three oil services stocks continued to cause pain, and numerous of our other large holdings were down a little. Partially offsetting was the significant appreciation in Madison Square Garden Company (see below) and two unnamed European small cap positions (one which will be unmasked at our upcoming Sydney seminar).

October was an eventful month for entertainment holding **Madison Square Garden Company** (NASDAQ:MSG). MSG announced that it would explore splitting itself into two separate, publicly-traded entities. One company would include the real estate portfolio and the MSG Entertainment business, focusing on event production. MSG has yet to determine whether the famous Madison Square Garden arena will end up in that entity, but our guess is that it will. The other company would be significantly larger, owning the sports franchises (Knicks, Rangers and more) and the valuable cable networks.

A separation would enable these rather distinct businesses to allocate capital more sensibly. The entertainment company should look to reinvest cash flow into growth opportunities. We expect the sports company will be more generous in returning cash to shareholders via dividends and buybacks. Splitting these businesses up will shine light on the various components and perhaps help remove the 'conglomerate discount' to the benefit of existing shareholders. It, and the appointment of some high-calibre independent directors to the board, might also be indicative of a more shareholder-friendly approach being taken by management. We welcome the development and look forward to seeing the company execute on this strategy. MSG's share price rose 15% during October.

Google Inc. (NASDAQ:GOOGL) reported disappointing third quarter results. Revenue growth remained strong at 20%, but profit lagged. The company's operating margin declined significantly from previous periods, dropping by over 4%. Mobile traffic continues to grow in importance and the cost-per-click data from the quarter provided further evidence that mobile advertising can be profitable. Whether it ultimately becomes as valuable as desktop search remains an important question mark. There were some results bright spots. The US search business saw accelerating growth and YouTube continued to steal advertising dollars away from the traditional TV market. The share price fell 3% during October.

American Express Company (NYSE:AXP) reported good third quarter results, including double-digit growth in card member spending. The US and Asia were particularly strong and corporate card activity showed a long-awaited resurgence. Unexpectedly, the company made a USD\$700m gain from its ownership stake in Concur Technologies, which will be sold to SAP. The gain will likely be reinvested in marketing, allowing the company to pursue its growth objectives. Earnings per share (EPS) grew 12% and return on equity was an impressive 29%. The only negative was the chief financial officer's announcement that the company will likely issue preferred equity, prompted by a US regulatory review that is encouraging all financial services firms to hold more capital. It is a shame that a company with as sturdy a capital cushion as American Express feels the need to issue more equity, but it doesn't change the investment case. The share price rose 3% during the month.

FACTS

Fund commenced	8 February 2013
Minimum investment	\$20,000
Monthly Investment	Min. \$200/mth
Income distribution	Annual, 30 June
Applications/Redemption	Weekly

UNIT PRICE SUMMARY

Date	31 October 2014
Buy Price	\$1.2654
Redemption Price	\$1.2553
Mid Price	\$1.2604
Portfolio value	64.6m

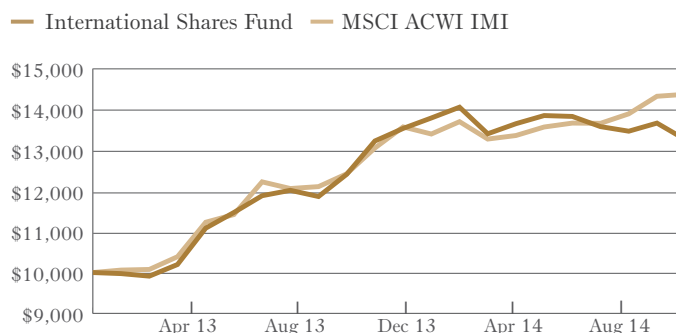
PERFORMANCE

Forager International Shares Fund Performance Summary
(as at 31 October 2014)

	International Shares Fund	MSCI ACWI IMI
1 mth return	-2.94%	0.34%
3 mth return	-2.32%	5.20%
6 mth return	-2.84%	7.56%
1 year return	6.87%	15.69%
Since inception*	17.77%	23.37%

*8 Feb 2013

COMPARISON OF \$10,000 INVESTED IN THE INTERNATIONAL SHARES FUND AND MSCI ACWI IMI



WARNING 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. **DISCLAIMER** Forager Funds Management Pty Ltd operates under AFSL No: 459312. Fundhost Limited (ABN 69 092 517 087, AFSL No: 233 045) as the Responsible Entity is the issuer of the Forager International Shares Fund (ARSN No: 161 843 778) and the Forager Australian Shares Fund (ARSN 139 641 491). You should obtain and consider a copy of the product disclosure statement relating to the Forager International Shares Fund and the Forager Australian Shares Fund before acquiring the financial product. You may obtain a product disclosure statement from Fundhost or download a copy at www.foragerfunds.com. To the extent permitted by law, Fundhost 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.