



The Forager International Shares Fund rose 3.6% over February, underperforming the 5.1% rally in the benchmark index. Underperformance in the big up months is not unexpected, especially with the current large cash weighting of 30%.

American Express Company (NYSE:AXP) has had a rough few months. The company's relationship with Costco Wholesale—where it provides co-branded credit cards—will end come March 2016. It's a big loss. Costco-related spending, both in-store and outside of stores with the co-branded cards, represents 9% of total worldwide spending for Amex. It should hold on to some of that, but the loss highlights how competitive the credit card industry has become. Later in the month, a U.S. District Court ruled against Amex in an antitrust lawsuit brought against it by the U.S. Justice Department. This ruling is likely to lead to greater competitive pressure. Both events will challenge the company over the next few years. But the undemanding 15 price/earnings multiple is adequate compensation and the Fund continues to own Amex shares, which rose 1.1% during February.

AIG (NYSE:AIG) reported its fourth quarter results, the first since reclassifying its business along commercial and consumer lines. The commercial unit increased profit 26% from the previous year, driven by lower reserve charges and a better combined ratio. The consumer unit profit fell 21%, mainly due to the low interest rate environment. Overall, after-tax profit declined 18%, but AIG was still able to grow its book value 13% from the prior year. These results weren't great, and the new CEO opted to present new, less ambitious targets for the future. Hinting at the previous lack of expectation, though, the share price rose 13.2% over the month.

February is the midpoint break in the US basketball season. The downtime provides time for reflection. For fans of the New York Knicks, the NBA's worst team, early season's modest hopes have proved thoroughly unfounded. Thankfully, shares in **The Madison Square Garden Company** (NASDAQ:MSG) do not move in correlation with the Knicks' record. During its second quarter, MSG's cash flow increased 18% across its three main business units. The completed renovation of 'The Garden' is paying off, with more shows and sporting events being hosted. Having attended a Jack White concert recently, our New York staff member can attest to a massive improvement in ambience and atmosphere—\$1bn well spent. And the Knicks? Well there is always next season. Shares in MSG rose 3.4% in February.

Four years ago, newly arrived **Lloyds Banking Group** (LSE:LLOY) CEO António Horta Osório said he wanted to turn the group into a 'low cost, low risk, UK focused bank'. With the release of its results for 2014 and the declaration of a dividend for the first time since the financial crisis, Osório and his team can declare job done.

Out of a total loan book of £520bn, Lloyds has a mere £17bn of legacy problem loans outstanding and has been selling those at a premium to current balance sheet values. Once predominantly dependent on other banks for funding, it now funds the vast majority of its loan book with customer deposits. And its capital levels have almost doubled and are now the highest in the UK and one of the highest in the world.

The forecast looks good for 2015 and, with minimal need to retain significant amounts of future profit, the dividend should rise rapidly from the current token level. The shares trade on a multiple of less than 10 times forecast earnings—a 70% payout ratio, which we think is achievable, would equate to a

7% yield. And there are still some sensible options for growth. That is more likely to be from 2016 onwards but is worth waiting for. Especially from what is now a low-risk bank. The stock rose 7.1% over the month.

FACTS

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

UNIT PRICE SUMMARY

Date	27 February 2015
Buy Price	\$1.4100
Redemption Price	\$1.3988
Mid Price	\$1.4044
Portfolio value	\$73.2m

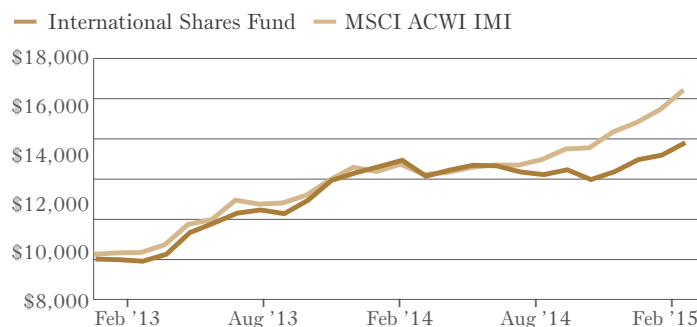
PERFORMANCE

Forager International Shares Fund Performance Summary
(as at 27 February 2015)

	International Shares Fund	MSCI ACWI IMI
1 mth return	3.59%	5.05%
3 mth return	8.78%	11.48%
6 mth return	9.75%	20.52%
1 year return	5.15%	22.22%
2 year return (p.a.)	21.73%	20.89%
Since inception* (p.a.)	20.93%	28.50%

*8 February 2013

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



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