



Over the course of May, the Forager International Shares Fund rose 4.55%, beating the 3.1% increase in the benchmark index. About 2% of the return for both the Fund and index came from the depreciating Australian dollar, the rest from stock returns.

The Fund had numerous winners during the month, including **The Madison Square Garden Company** (NASDAQ:MSG) outlined below, up 6%, and **American International Group** (NYSE:AIG), up 4%. And the Hong Kong small capitalisation stock highlighted in **last month's letter**, having more than doubled during April, kept rocketing. It rose 30% in May and then an additional 28% on the first trading day of June—half the position was sold in early June and the rest will likely be liquidated soon.

But the biggest absolute boost came from the Fund's UK holdings. The UK general election was held on 7 May. At the start of the month, the polls looked tight. As one CFO put it to us, there was a larger than usual divergence between the major parties' visions for the country. More accurately, the City was worried that Ed Miliband's Labour might win.

Surprising most, the Conservatives won easily. The benchmark FTSE100 index rose more than 2% the day after the election, and the UK pound rallied against everything—up more than 2% versus the Australian dollar on the day and more than 4% over the month.

Twelve months ago, the Fund had no investments listed in the UK. Over the following months, **Lloyds Banking Group** (LSE:LLOY), **Betfair plc** (LSE:BET) and smaller stakes in two UK real estate agencies—**Countrywide plc** (LSE:CWD) and **Foxtons Group plc** (LSE:FOXT)—were added to the portfolio. The investment cases for Lloyds and Betfair were outlined in the **September 2014** and **December 2014** quarterly letters respectively. On election day, we were heavily invested in both the UK stockmarket and the Pound.

All four positions were acquired cheaply and had added meaningfully to performance prior to May. All were given a substantial boost by the election result and the lifting of that perceived market kryptonite called 'uncertainty'. Over the month, the stock price of Lloyds rose 13%, Betfair and Countrywide both 14% and Foxtons 29%. The Pound rally added further to these gains. Steve and Gareth met with numerous UK companies and fellow value investors on a hectic London visit later in the month.

The Madison Square Garden Company reported its third quarter results in May, and gave an update on the coming split of its live sports and entertainment assets from its media business (see **October 2014 update**). With the revamped Garden venue now fully operational, MSG was able to maximise sponsorship and ticket revenue, showing major improvement in results from its Entertainment and Sports divisions. The strong debut from the company's new *New York Spring Spectacular* show at Radio City hopefully heralds another perennial moneymaking franchise.

The company provided guidance as to what the financial structures of the split companies might look like—indicating that the regional sports networks in particular can support plenty of debt. In other words, more cash may be returned to shareholders via dividends and share repurchases than the market initially expected. MSG's stock price was up 6% during 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	31 May 2015
Buy Price	\$1.5382
Redemption Price	\$1.5259
Mid Price	\$1.5320
Portfolio value	\$81.6m

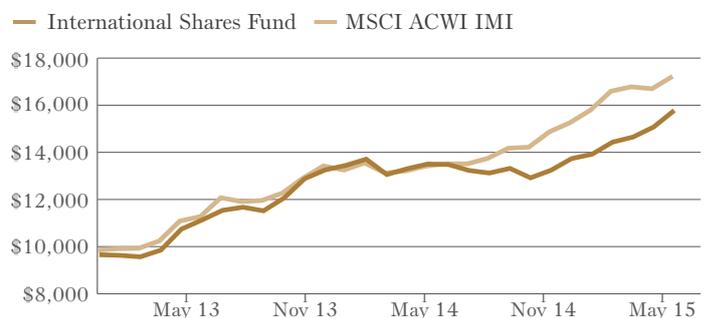
PERFORMANCE

Forager International Shares Fund Performance Summary
(as at 31 May 2015)

	International Shares Fund	MSCI ACWI IMI
1 mth return	4.55%	3.11%
3 mth return	9.09%	3.75%
6 mth return	18.67%	15.66%
1 year return	16.40%	28.02%
2 year return (p.a.)	20.58%	24.35%
Since inception* (p.a.)	23.00%	27.04%

*8 February 2013

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



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