



We asked for more jitters in our June Quarterly report. They arrived in August. US and European stockmarkets experienced their worst monthly declines since 2011, and exaggerated price moves – often within the same day – were common.

Worst depends on the perspective of the observer, of course. For the Forager International Shares Fund, August was one of the best months for deploying capital since its inception in early 2013. The Fund now owns shares in engine manufacturer **Rolls Royce** (LSE:RR) for the first time and **Google** (Nasdaq:GOOG) for the second. We were also able to add to a number of existing holdings and reduce the cash weighting to approximately 12% by month end, the lowest level so far.

**Betfair** (LSE:BET) bucked the trend of falling stock prices thanks to a surprisingly good first quarter profit update and the announcement of a proposed merger with competitor **Paddy Power** (ISE:PLSA).

The equivalent period in 2014 saw the staging of the soccer World Cup, an event which significantly boosts the revenue of gambling companies once every four years. Yet Betfair still managed to report a 15% increase in revenue this year, suggesting it has been able to retain customers acquired during the period and keep them gambling.

Dublin-listed Paddy Power, Betfair's proposed merger partner, is the only competitor matching it for growth. Paddy Power reported its first-half results on the same day, showing a 25% increase in revenue. If the deal goes through, these two companies are going to form a giant of the industry, with combined revenues in excess of £1 billion. Shareholders are also licking their lips at the potential cost savings. Although they will maintain their separate brands, significant savings should arise from a combined marketing budget and reduced overheads.

Betfair's share price has tripled in the little more than a year the Fund has owned it, and as a result more than half of the Fund's original holding has been sold along the way. Although we are big fans of the business model, the rest will have to be sold too if the price continues to rise.

Progress has been slower at Austrian fire truck manufacturer **Rosenbauer** (WBAG:ROS), but the investment thesis is progressing nicely. The company reported its half-year results during August, highlighting 14% revenue growth and an increase of 10% in earnings before interest and tax. More importantly, the company booked more orders than sales and increased its backlog to 836m, almost a full year's revenue.

Saudi Arabia is still the main source of growth for Rosenbauer, but the world's largest market in North America is showing signs of recovery from depressed levels. Rosenbauer's sales in that jurisdiction increased 38% during the half, and management thinks both the overall market and the company's share can increase significantly.

The original purchase price for Rosenbauer shares wasn't screamingly cheap, so we need it to grow for a long time. The early signs are encouraging, though, and we would like to increase the Fund's investment if we get the chance.

The outlook for buying good businesses like Rosenbauer at attractive prices is more accommodating today than it has been for a while. There's a way to go before we are seeing screaming bargains everywhere. In particular, we'd like to be doing a lot

more in the US but still aren't seeing much value there. A few more months like August, however, and the portfolio will be looking positively prospective.

## FACTS

<b>Fund commenced</b>	08 February 2013
<b>Minimum investment</b>	\$20,000
<b>Monthly Investment</b>	Min. \$200/mth
<b>Income distribution</b>	Annual, 30 June
<b>Applications/Redemption</b>	Weekly

## UNIT PRICE SUMMARY

<b>Date</b>	31 August 2015
<b>Buy Price</b>	\$1.5030
<b>Redemption Price</b>	\$1.4955
<b>Mid Price</b>	\$1.4993
<b>Portfolio value</b>	\$85.1m

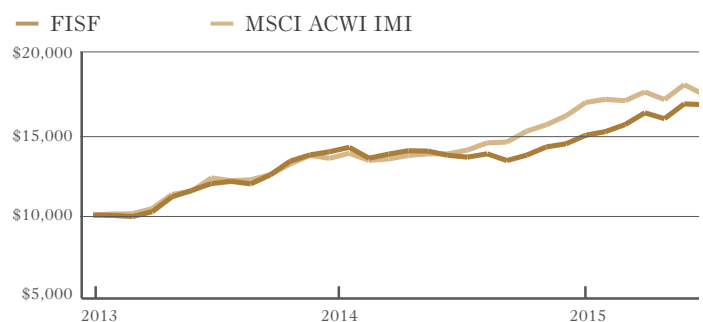
## PERFORMANCE

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

	FISF	MSCI ACWI IMI
1 mth return	-0.29%	-3.36%
3 mth return	3.02%	-0.93%
6 mth return	12.38%	2.78%
1 year return	23.34%	23.87%
2 year return	17.56% p.a.	19.45% p.a.
Since inception*	21.92% p.a.	23.63% p.a.

\*8 Feb 2013

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



Inception 8 Feb 2013

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