

FORAGER

INTERNATIONAL SHARES FUND

MONTHLY REPORT AUGUST 2020

www.foragerfunds.com

PERFORMANCE (Net of all fees and expenses)

FORAGER INTERNATIONAL SHARES FUND PERFORMANCE SUMMARY (as at 31 August 2020)

	1 month return	3 month return	6 month return	1 year return	3 year return (p.a.)	5 year return (p.a.)	Since inception* (p.a.)
International Shares Fund	10.05%	11.29%	16.21%	29.26%	10.54%	10.16%	14.00%
MSCI AC World Net Index in \$A	2.84%	3.34%	-0.22%	5.17%	10.91%	8.92%	13.68%

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 strong returns of the past few months continued, with the Forager International Shares Fund adding another 10% in August alone.

Recent company updates have indicated that those investments made prior to COVID-19's arrival are proving resilient at worst.

Kiwi fashion retailer **Hallenstein Glasson Holdings** (NZSE:HLG) released a trading update, estimating that profit will be just 5% lower than the previous year, despite its entire store network closing for 4-8 weeks. **Ulta Beauty** (Nasdaq:ULTA) has also been dealing with closed stores, in its case more than one thousand of them. Yet the company's results for the three months to the end of August still showed a profit, and recent trading has been encouraging. **Motorpoint's** (LSE:MOTR) car warehouses in the UK have returned to busier than ever and **Norbit** (OB:NORBIT) managed a stronger than expected result thanks to healthy profit margins.

Others managed to accelerate their growth despite the difficult environment.

Celsius (Nasdaq:CELH) posted revenue for its second quarter of 2020 that was 86% higher than the previous year. One of its products is currently the best selling energy drink on Amazon and industry data suggests the third quarter could be even better.

It wasn't just the pre-COVID investments contributing to returns, though. We added a significant number of new investments during the volatility of the past five months and most are already showing solid progress. **Open Lending** (Nasdaq:LPRO), **Fathom** (Nasdaq:FTHM), **APi Group** (NYSE:APG) and **Instone** (XTRA:INS) have all made strong contributions.

Even **Thinksmart** (AIM:TSL) got in on the act, with its share price doubling over the past couple of months. We've been writing about this AIM-listed company's [connection to Australian company Afterpay](#) (ASX:APT) for more than a year, but other investors have only just woken up.

The Fund has now returned almost 30% over the past 12 months, something that would usually invoke caution. But market volatility is the long-term investor's friend and there is still plenty of it around. Investors also remain pessimistic about some sectors of the market so we are still able to acquire businesses at highly attractive prices.

Four key areas were highlighted at our recent [investor roadshow](#). We still consider them highly prospective.

First, we expect a medium-term recovery in travel and tourism-related assets. Recent news suggests an effective vaccine is not too far away and most countries are slowly getting back to a modified form of normal life in any case. The portfolio focus has been high-quality businesses that can navigate and benefit from the inevitable fits and starts.

Second, the portfolio remains exposed to an inevitable recovery in traditional "value" stocks. While rising inflation and interest rates are probably a prerequisite for rapidly rising share prices, most of the companies owned by the Fund are expected to be profitable and pay attractive dividends while we wait.

Third, alongside Thinksmart, there are other investments that we expect to benefit from specific corporate events such as asset sales or demergers. **Dolphin Capital Investors** (AIM:DCI) and **Sony** (TSE:6758) are the most prospective.

Finally, the small-cap universe that has been so fruitful over the past year remains attractive. While a chosen few trade at absurdly high valuations, we are continually finding new opportunities to add to the mix.

You will read about a few of those in the September quarterly report. In the meantime, cross your fingers for more market volatility.

TOP 5 HOLDINGS (as % of NAV)

Blanco Technology Group Plc	(AIM: BLTG)	5.9%
Open Lending Corp	(Nasdaq:LPRO)	5.2%
Celsius Holdings Inc	(Nasdaq:CELH)	4.2%
Motorpoint Group Plc	(LSE:MOTR)	3.8%
Zebra Technologies Corp	(Nasdaq:ZBRA)	3.7%
Cash		4.0%

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%											11.54%

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FACTS

Fund inception	8 February 2013
Minimum investment	\$20,000
Monthly investment	Min. \$200/mth
Distribution	Annual, 30 June
Applications/Redemption	Weekly

UNIT PRICE SUMMARY

As at	31 August 2020
Buy Price	\$1.7537
Redemption Price	\$1.7467
Mid Price	\$1.7502
Portfolio Value	\$177.5m

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

ABOUT FORAGER

With approximately \$315 million of funds under management and a focus on long-term investing, Forager Funds is a unique Australian asset management company.

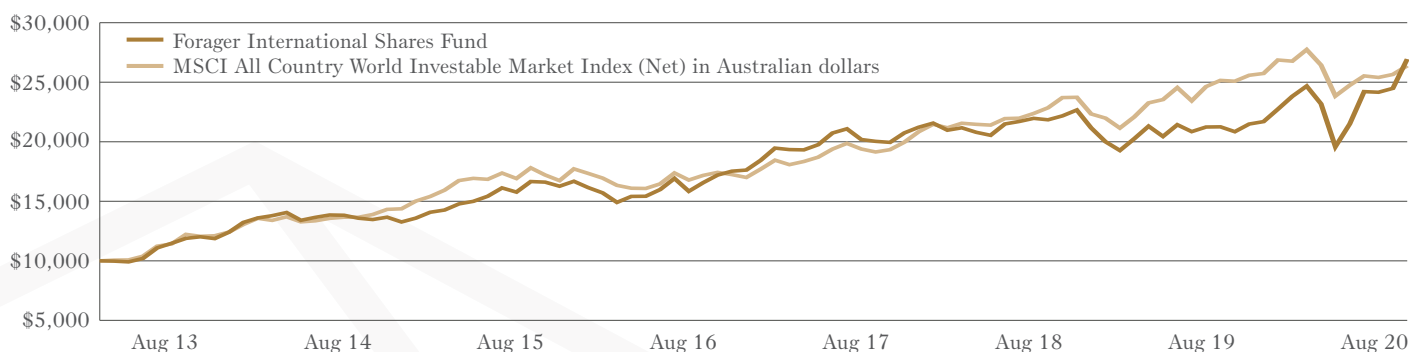
Following a strong ten-year track record, Forager is a sustainable business but is nimble enough to invest in smaller listed companies not accessible to many investment managers.

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
- Investments mainly in small and medium sized businesses
- Flexible mandate allows for a wide range of markets
- Investment team with deep pockets of expertise
- Strong focus on managing portfolio risks
- Potential complement to index or ETF funds
- Weekly applications and redemptions

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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