

FORAGER INTERNATIONAL SHARES FUND

MONTHLY REPORT JANUARY 2023



FORAGER INTERNATIONAL SHARES FUND PERFORMANCE SUMMARY (as at 31 January 2023. Net of all fees and expenses)

	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	7.00%	0.98%	3.98%	-18.09%	5.60%	6.54%	11.28%
MSCI AC World Net Index in \$A	3.33%	0.82%	1.77%	-7.61%	5.05%	8.33%	12.41%

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

Global share markets rose over January, with the MSCI ACWI IMI index up 3.3% in Australian dollars, despite enduring a headwind from a strong Australian currency. The unit price for the Forager International Shares Fund rose 7.0%, with those stocks most brutalised by 2022 finally catching some interest.

By the time **Meta Platforms** (Nasdaq:META) reached its low point in November it had fallen a stunning 74% from the start of 2022. Today, it's up 69% from that low and 24% during January alone.

It's a similar story for other beaten-down portfolio investments. **Open Lending** (NASDAQ:LPRO), a tech company that facilitates loans between lending partners and "near prime" borrowers in the US, fell 70% in 2022. Its share price rose 30% in January. Fellow 2022 losers **Installed Building Products** (NYSE:IBP), **Fathom Holdings** (Nasdaq:FTHM) and **Cryoport** (Nasdaq:CYRX) rose 29%, 26% and 32% for the month.

Over in Europe, **lastminute.com** (SWX:LMN) began the arduous process of reputational recovery from its misuse of public Covid relief funds in Switzerland. In December, shareholders agreed to a clean sweep of the entire board of directors and the appointment of a new CEO. The new board quickly and wisely decided to accept rather than appeal the Swiss State Secretariat for Economic Affairs' decision that it must repay the full CHF29m in relief funds it received over the pandemic.

Flughafen Wien (WBAG:FLU), the owner of Vienna Airport, received a partial takeover offer earlier in 2022. Our dissatisfaction over both process and price was [expressed in a letter to the board in June 2022](#). Later, Austrian regulators investigated the bid which thankfully slowed down the process. While not vetoing the bid itself, the regulator laid down some significant constraints that will prevent IFM from cementing control, including limiting its board representation to 2 seats (out of 10). As expected, the airport's financial results have recovered nicely in the meantime, the board has foreshadowed declaring a dividend for the 2022 financial year and the stock price has moved firmly north of IFM's lowball offer. We expect a low takeup and no great deterioration in the (already terrible) daily liquidity in the stock.

UK used car dealer **Motorpoint** (LSE:MOTR) released a disappointing third-quarter trading update. December quarter sales were down 9% on the same period last year. The near-new

used car market in which Motorpoint operates (cars 0-4 years old) is still dealing with a paucity of inventory caused by hamstringing new car production over the past few years. The company cited falling gross profit per unit and, while undisclosed, we suspect it made a small net loss during the quarter. The company "expects to remain profitable for the full year". The turnaround is dependent on wider UK economic conditions and a normalisation of price and volume in the used car market. It may take a while. A return to year-on-year volume growth in December and January was a small bright spot. Somewhat brighter were the recent disclosures from online-only competitor **Cazoo** (NYSE:CZOO). Desperately needing to plug its cash bleed, the former market darling outlined plans for layoffs and site closures. Contrasting sharply with the immense growth it's been reporting recently, Cazoo now expects to sell significantly fewer used cars in 2023 than 2022. It's a massive waiving of the white flag which should be a benefit to Motorpoint.

While it is nice to see the portfolio performing better after a difficult 2022 calendar year, most of the Fund's investments are yet to release their results for the December period. Share prices will rise and fall with investor sentiment but long-term value is created from profit and cashflow. On that front, we will have more to say after February and March.

TOP 5 HOLDINGS (as % of NAV)

Flutter Entertainment Plc	(LSE:FLTR)	4.8%
Linamar Corp	(TSE: LNR)	3.9%
Blanco Technology Group Plc	(LON:BLTG)	3.8%
Zebra Technologies Corp A	(NASDAQ:ZBRA)	3.7%
Ferguson Plc	(NYSE:FERG)	3.5%
Cash		9.3%

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%	1.63%	2.36%	10.85%	5.98%	2.07%	6.56%	2.20%	8.05%	1.41%	7.75%	78.88%
2022	-4.25%	-0.03%	-3.57%	-1.79%	1.27%	-4.61%	-6.24%	-6.32%	-7.29%	-6.24%	-1.50%	-5.98%	-38.09%
2023	4.46%	0.80%	-5.91%	8.57%	-0.52%	-5.13%	7.00%						8.62%

Past performance is not indicative of future performance and the value of your investments can rise or fall.

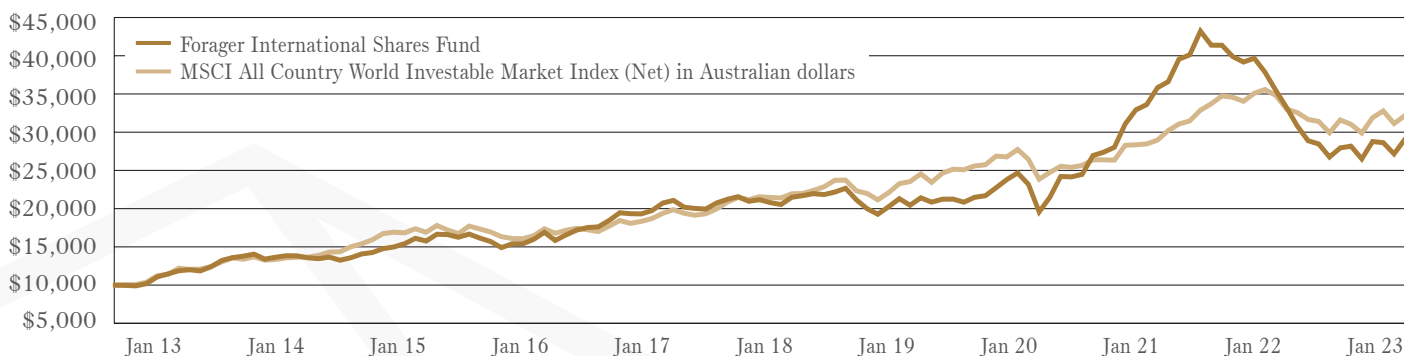
FACTS

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 January 2023
Buy Price	\$1.4215
Redemption Price	\$1.4158
Mid Price	\$1.4186
Portfolio Value	\$187.8 million

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

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.

ABOUT FORAGER

With approximately \$345 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
- A combination of large liquid resilient businesses with smaller value based opportunities
- Flexible mandate allows for a wide range of markets
- Investment team with deep pockets of expertise
- Strong focus on managing portfolio risks
- Weekly applications and redemptions

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