

# FORAGER INTERNATIONAL SHARES FUND

MONTHLY REPORT APRIL 2020

www.foragerfunds.com

## PERFORMANCE (Net of all fees and expenses)

### FORAGER INTERNATIONAL SHARES FUND PERFORMANCE SUMMARY (as at 30 April 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.)
<b>International Shares Fund</b>	9.78%	-12.87%	-0.88%	0.35%	1.22%	6.87%	11.17%
<b>MSCI AC World Net Index in \$A</b>	3.78%	-10.78%	-3.84%	0.82%	8.48%	8.00%	13.36%

Past performance is not indicative of future performance.

\*8 February 2013

With US markets leading the charge, global stockmarkets rebounded sharply in April. The S&P 500 index of US stocks was up 12.7% for the month and the MSCI World IMI up more than 10% in local currency. While a falling Aussie dollar muted the damage of March's falls for Australian investors, its rebound has diminished much of the rally. The Fund's benchmark was up 3.8%. Forager's International Shares Fund was up significantly more than that, driven by the general market recovery and some company-specific news.

Up nearly 50% on the Fund's average purchase price, our recent investment in gambling software business **GAN Ltd** (Nasdaq:GAN) is going well.

The business offers a full service technology platform for online casinos and sports betting companies. It is going gangbusters, despite the cessation of major sports in the US. While sports betting is an important new business 'funnel' for GAN's sportsbook customers, the paydirt is the online casino gaming some punters participate in. Already a compelling offer for bigger casino and sportsbook operators, GAN is seeing increased interest from smaller casino groups—the COVID-19 crisis is accelerating their online plans. Destroyed state-government budgets might also encourage legalisation of online gambling in some states formerly showing hesitancy.

GAN was a geographic orphan—listed on the AIM market in the UK while the bulk of its fast growing business was in the US. In early May the company relisted on the Nasdaq and raised additional equity. Its share price is up again since.

On the last trading day of the month, oil services provider **Gulf Marine Services** (LSE:GMS) received a takeover proposal from major shareholder and competitor, Seafox International. The cash offer of US\$0.09 (£0.074) per share was more than two times the share price when the offer was made. Gulf Marine's Board of Directors has since rejected the proposal and Seafox has since upped their offer to 10p.

KFC restaurants in China are recovering at a faster rate than expected, which is good news for portfolio holding **Yum China** (NYSE:YUMC). Yum China remained profitable in the first quarter of the year, a remarkable achievement given the environment. This was achieved through a combination of redesigning menus, stepping up delivery and takeaway services and cost control. It also helps that the company has close to 300 million digital members, up almost 50% in the last year.

Sales are still below that of 2019, but continue to be on the improve with most stores having now reopened. Yum China's balance sheet remains strong with more than USD\$1.6bn in cash and no borrowings, allowing management to stay focused on the longer term potential of the business.

**Kerry Logistics** (HKSE:636) also reported impressive results, with sales increasing 8% and profits up 12%. This was achieved in a year marred by a trade war and street protests in Hong Kong. The disruption caused by COVID-19 will be an even bigger test, but so far the business is faring better than expected. There has been an increase in demand for its logistic services from the supermarket and pharmaceutical segments of the economy, providing some offset to the significantly weaker volumes in discretionary retail. Local services around Asia are also in higher demand as multinationals are staying safe in their home countries.

**Zebra Technologies** (Nasdaq:ZBRA) posted a strong quarterly result which alleviated investor concerns and demonstrated the company's strengths. Zebra proved the defensive nature of its variable cost base, with profit margins holding up well despite slower revenue growth. More importantly, second quarter guidance came in well above expectations with sales and orders proving resilient. Management signalled their confidence in the business, by using the company's strong balance sheet to purchase 2% of the total shares outstanding during the March quarter.

### TOP 5 HOLDINGS (as % of NAV)

<b>Blanco Technology Group Plc</b>	(AIM:BLTG)	6.4%
<b>Gan Plc</b>	(AIM:GAN)	6.0%
<b>Zebra Technologies Corp</b>	(Nasdaq:ZBRA)	5.0%
<b>Flughafen Wien AG</b>	(WBAG:FLU)	4.1%
<b>CDW Corporation</b>	(Nasdaq:CDW)	4.0%
<b>Cash</b>		3.4%

## 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 Index 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<sup>^</sup>.

### FACTS

<b>Fund inception</b>	8 February 2013
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<b>Minimum investment</b>	\$20,000
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<b>Monthly investment</b>	Min. \$200/mth
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<b>Distribution</b>	Annual, 30 June
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<b>Applications/Redemption</b>	Weekly
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### UNIT PRICE SUMMARY

<b>As at</b>	30 April 2020
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<b>Buy Price</b>	\$1.5575
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<b>Redemption Price</b>	\$1.5512
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<b>Mid Price</b>	\$1.5544
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<b>Portfolio Value</b>	\$150.7m
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The Fund is forward-priced; you will receive the price struck subsequent to the receipt of your application/redemption.

## ABOUT FORAGER

With approximately \$250 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 INVESTED IN THE FORAGER INTERNATIONAL SHARES FUND VS MSCI AC WORLD NET INDEX IN \$A



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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