

# FORAGER

# INTERNATIONAL SHARES FUND

MONTHLY REPORT APRIL 2021

www.foragerfunds.com

## FORAGER INTERNATIONAL SHARES FUND PERFORMANCE SUMMARY (as at 30 April 2021. 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.)
<b>International Shares Fund</b>	8.05%	17.68%	41.09%	83.93%	22.53%	19.86%	18.19%
<b>MSCI AC World Net Index in \$A</b>	2.88%	9.15%	17.94%	25.53%	12.28%	13.54%	14.77%

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

April was another big month, with Fund returns of 8.05% compared to a 2.88% increase in the MSCI AC World Net Index in \$A.

It's been an encouraging start to the year globally, as a number of countries reopen after strict COVID-induced lockdowns. More than 50% of Israel's population, and a much higher proportion of vulnerable people, have been fully vaccinated against the virus. Bars, restaurants and beaches are back to normal. Great news for businesses that have been struggling for the past year. The UK is a step behind on the same path. Early data indicates that retail sales are up, bookings for hotels and restaurants are increasing and companies are hiring new staff. The Fund is exposed to the reopening of the UK economy through investments in companies like **Lloyds** (LSE:LLOY), **Card Factory plc** (LSE:CARD), **Motorpoint** (LSE:MOTR) and **lastminute.com** (SWX:LMN).

Lloyds recently reported results for the quarter ended 31 March. Results were better than market expectations, largely due to an unwind of provisions taken during lockdown. Management reversed these provisions based on improved economic conditions and continued low levels of defaults. The UK regulator has prevented banks from making dividend payments for more than 12 months now, but a resumption is looking likely alongside the half year results in July. Lloyds has plenty of excess capital to distribute to shareholders if permitted.

Social media giants **Facebook** (NASDAQ:FB), **Snap** (NYSE:SNAP), **Pinterest** (NYSE:PINS) and **Twitter** (NYSE:TWTR) all reported first quarter results in April. Facebook's 48% revenue growth obliterated expectations. Snap's reported 280 million daily active users were more than four million users ahead of what analysts were estimating. Both stocks rose when results were announced. The Fund's social media investments didn't fare as well.

Pinterest reported some phenomenal growth, with ad sales up 78% in the first quarter and guidance for more than 100% growth over the next three months. Monthly active users increased 30%, but most of the growth came from an increase in revenue per user.

That is something Pinterest has struggled with historically and a key part of our investment thesis. However, management also indicated that users in the US could decline sequentially next quarter as people spend more time outside their homes. This was the focus of most news and weighed on the share price. On a positive note, the company noted strength in younger Pinterest users and increased engagement from this demographic. An important factor for future growth.

After a blockbuster end to 2020 and an impressive analyst day in February, the market expected more from Twitter's first quarter results than the company delivered. The stock sold off more than 10%. But the results weren't bad. The number of daily users grew 20% over the same quarter last year, with user growth likely to slow closer to 10% for the rest of 2021 before picking up in 2022. Revenue increased 28% and the outlook is for at least 25% revenue growth over the remainder of this year. Profit margins were low, but that's typical for the first quarter. Management guided revenue growth to outpace cost growth over the full year. In line with our investment thesis, the company has (finally) been delivering new user products and experiences at a hectic pace, and that should translate into financial results over time. But, to quote CFO Ned Segal, "it's hard to measure a 3-year strategy 70 days in". Patience will be required.

## TOP 5 HOLDINGS (as % of NAV)

<b>Currently Undisclosed</b>		5.5%
<b>Whole Earth Brands Inc</b>	(NASDAQ:FREE)	5.4%
<b>Currently Undisclosed</b>		4.9%
<b>Neogames SA</b>	(NASDAQ:NGMS)	4.3%
<b>Blanco Technology Group Plc</b>	(AIM:BLTG)	4.1%
<b>Cash</b>		6.5%

**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%			63.71%

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**FACTS**

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

**UNIT PRICE SUMMARY**

<b>As at</b>	30 April 2021
<b>Buy Price</b>	\$2.2875
<b>Redemption Price</b>	\$2.2784
<b>Mid Price</b>	\$2.2830
<b>Portfolio Value</b>	\$256.4m

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

**ABOUT FORAGER**

With approximately \$450 million of funds under management and a focus on long-term investing, Forager Funds is a unique Australian asset management company.

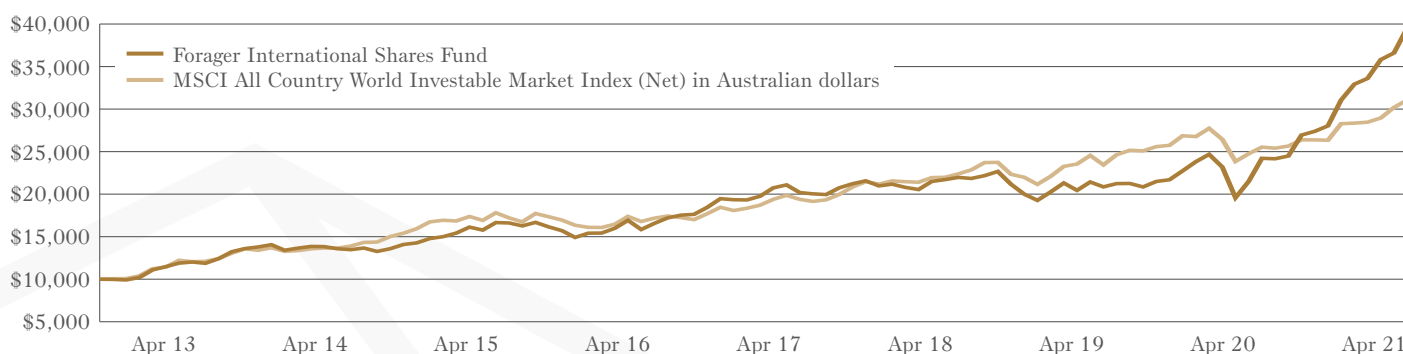
Following a strong ten-year track record, Forager is a sustainable business but is nimble enough to invest in smaller listed companies not accessible to many investment managers.

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

**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.

**WARNING** The information given by Forager Funds Management is general information only and is not intended to be advice. You should therefore consider whether the information is appropriate to your needs before acting on it, seeking advice from a financial adviser or stockbroker as necessary. This report may contain some forward-looking statements which reflect the expectations of Forager Funds Management about the future prospects of companies held within the portfolios of the funds. While Forager Funds Management considers its expectations to be based on reasonable grounds, there is no guarantee that those expectations will be met. **DISCLAIMER** Forager Funds Management Pty Ltd operates under AFSL No: 459312. Fundhost Limited (ABN 69 092 517 087, AFSL No: 233045) is the responsible entity and the issuer of the Forager International Shares Fund (ARSN No: 161 843 778). You should obtain and consider a copy of the product disclosure statement relating to the Forager International Shares Fund before acquiring the financial product. You may obtain a product disclosure statement from Fundhost Limited or download a copy at [www.foragerfunds.com](http://www.foragerfunds.com). To the extent permitted by law, Fundhost and Forager Funds Management Pty Limited, its employees, consultants, advisers, officers and authorised representatives are not liable for any loss or damage arising as a result of reliance placed on the contents of this document. This investment objective is not a forecast and returns are not guaranteed. Although the MSCI AC World Net Index in \$A benchmark represents the available investment universe for the Fund, the Portfolio will represent a very small proportion of those available investments and the Fund's results may vary from the benchmark.