

FORAGER INTERNATIONAL SHARES FUND

MONTHLY REPORT JULY 2020

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PERFORMANCE (Net of all fees and expenses)

FORAGER INTERNATIONAL SHARES FUND PERFORMANCE SUMMARY (as at 31 July 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	1.36%	13.88%	-0.77%	15.20%	6.91%	8.01%	12.72%
MSCI AC World Net Index in \$A	0.99%	3.66%	-7.51%	1.98%	10.25%	7.58%	13.42%

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

Used car dealership **Motorpoint** (LSE:MOTR) reported its results for the full year ended 31 March 2020. It had been on track to report sales growth for the year, but Covid-19 disrupted the last three weeks of March, normally the most important sales month. So full year sales fell 3.8% and profit fell 15%, no surprise given the circumstances. While the company furloughed some employees, the IT team was kept on in full, and much of the online and phone sales team was brought back before demand dictated. Motorpoint started offering home delivery sales in May, and have delivered more than 2,000 cars in 10 weeks, an impressive result. Dealerships reopened in June and sales since have been well above usual for this time of year, although some of that will be catch-up demand after the shut down. The company acquired land for its 14th and 15th sites over the year as it looks to accelerate into the recovery. We're pleased the company got through this testing period without a dilutive capital raising.

Blanco (LSE:BLTG) provided a trading update for its year ended 30 June, with sales up 9% to £33.4m and adjusted operating profit up 14% to £4m. The sales and profit growth all came in the first half, with the second half disappointing versus management expectations of just a few months ago. It's no surprise, though, given Blanco's sales team has been grounded for months and customers globally went through their own shutdowns. Most of the damage was done in April and May. June was apparently a great month, with customers moving forward on business that had been delayed earlier. Blanco achieved Advanced Technology Partner status with **Amazon Web Services** (AWS) in December 2019. During July, Blanco's services were included on the AWS marketplace platform for the first time, which should significantly increase product awareness among customers migrating their systems to the cloud.

Zebra Technologies (Nasdaq:ZBRA), reported its results for the quarter ended 27 June 2020. The global leader in inventory management and tracking fared slightly better than expected, with sales and earnings down 13% and 19% relative to the prior year. Many clients have been dealing with their own crises in the short term, but the company benefits from eCommerce growth, which has only accelerated due to COVID-19. Zebra's management think contact-free solutions like buy online/pickup in-store are here to stay.

While small and medium sized businesses have been disproportionately hit by the current macroeconomic environment, Zebra has a strong backlog of orders going into the next quarter, driven by a higher proportion of orders from larger customers. Management expects sales to improve sequentially, with revenue expected to be down only 3-7% compared to the prior year.

Zebra also announced a small acquisition in July, purchasing Reflexis Systems for US\$575m. Reflexis provides software, already sold alongside Zebra products, that is used to achieve improvements in customer engagement, staff productivity and retention. This acquisition should bring long-term cost savings, improved profitability and strong recurring revenue to Zebra's business.

We took some profits during the month, selling our stake in music streaming subscription business **Spotify** (Nasdaq:SPOT). While the business has been performing well and we're excited about the company's growth prospects, the rest of the market is too. Spotify's share price has increased more than 70% since our purchase, and we no longer felt we were being adequately compensated for the risks involved.

A number of other strong performers have been trimmed, with the capacity used to add new investments to the portfolio. We'll talk about those in a future report.

TOP 5 HOLDINGS (as % of NAV)

Celsius Holdings Inc	(Nasdaq:CELH)	6.6%
Blanco Technology Group Plc	(AIM: BLTG)	6.0%
Open Lending Corp	(Nasdaq:LPRO)	4.9%
Zebra Technologies Corp	(Nasdaq:ZBRA)	4.1%
CDW Corporation	(Nasdaq:CDW)	3.9%
Cash		2.2%

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[^].

FACTS

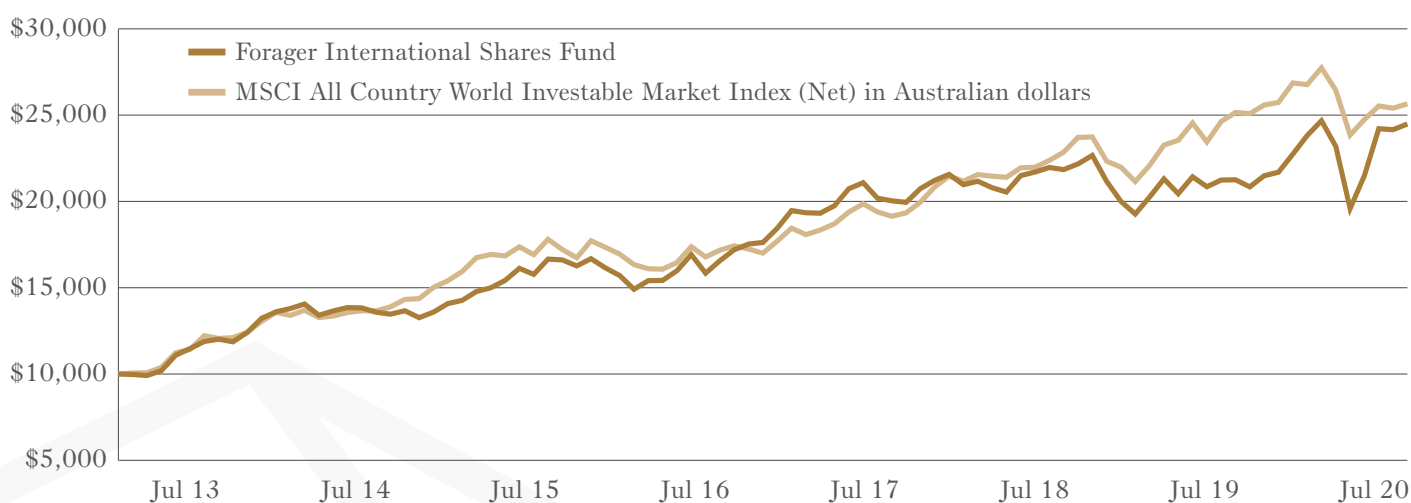
Fund inception	8 February 2013
Minimum investment	\$20,000
Monthly investment	Min. \$200/mth
Distribution	Annual, 30 June
Applications/Redemption	Weekly

UNIT PRICE SUMMARY

As at	31 July 2020
Buy Price	\$1.5936
Redemption Price	\$1.5872
Mid Price	\$1.5904
Portfolio Value	\$161.5m

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.

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ABOUT FORAGER

With approximately \$285 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