

FORAGER

INTERNATIONAL SHARES FUND

MONTHLY REPORT JANUARY 2022

www.foragerfunds.com

FORAGER INTERNATIONAL SHARES FUND PERFORMANCE SUMMARY (as at 31 January 2022. 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	-6.24%	-9.43%	-14.25%	5.58%	20.55%	12.90%	15.14%
MSCI AC World Net Index in \$A	-2.16%	2.27%	3.26%	22.28%	16.37%	14.00%	14.89%

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 unit price for the Forager International Shares Fund fell 6.2% over the month, as the late 2021 small-cap sell-off became a rout in January.

The Russell 2000 Index of US small companies fell 9.7% for the month, leaving it 17% off its November highs. Under the surface, it has been even more tumultuous than that. According to investment bank JP Morgan, half of the stocks on that index—that's one thousand companies—have suffered share price falls of more than a third from their two 52-week highs.

From the highs of 30 June last year to the end of January, the Fund has suffered a 17.9% decline. Like the Russell 2000 Index, a significant number of individual stocks have fallen. For example, the share price of one of our investments, online real estate agent **Fathom Holdings** (NASDAQ:FTHM), soared from \$10 to \$50 in the nine months after its June 2020 IPO and has since crashed back to \$14 again. In the 18 months that it has been listed, the business has more than doubled in size and, in our opinion, has plenty of growth ahead of it. It seems a more attractive investment today than when we first bought the shares.

This sort of stock price volatility hasn't been limited to just one stock. Now, large swathes of the portfolio, including new and old investments, are significantly more attractively priced than they were seven months ago.

As outlined in our [December 2021 Quarterly Report](#) and recent [International Shares Fund webinar](#), the significant selling of last financial year's best performers clearly wasn't enough. With the benefit of hindsight, we see that we should have sold the lot.

In September last year, we were lamenting that fact. But by the end of January, lament turned into excitement as the selling, in many cases, went far beyond our valuations of the underlying businesses.

One small stock to buck the trend was UK-listed **Blanco Technologies** (AIM:BLTG). The share price was up for the month thanks to a positive trading update. In the sort of impenetrable English that English companies specialise in, Blanco told

shareholders that it has experienced "strong revenue growth" that was "above the board's expectations". What those expectations were, we are left to guess. Our best stab is that its rates of growth are closer to our loftier expectations than the board's or the market's, and that's why the share price rose. We continue to expect many more years of the same.

More of the same is expected elsewhere, too. With share prices dramatically lower and offering plenty of upside to our valuations, the accuracy of those valuations becomes even more paramount. With many US companies providing 2022 guidance alongside their next earnings announcement, February is going to be a very important month for firming up our estimates.

The Fund is relatively concentrated and, focused on smaller companies, meaningful falls in the unit price are not uncommon. There have been five retracements of more than 10% in the Fund's nine-year history and you should expect more in the future. They should not just be tolerated but welcomed. Volatility is what provides us great long-term investing opportunities (as an example, we've just invested in energy drink company **Celsius** (NASDAQ:CELH) for the third time in two years).

We hope to get back to a more concentrated portfolio of our best ideas over the coming months. Some good results and further volatility could give us that opportunity.

TOP 5 HOLDINGS (as % of NAV)

Meta Platforms Inc	(NASDAQ:FB)	4.6%
Blanco Technology Group Plc	(AIM:BLTG)	4.4%
Flutter Entertainment Plc	(LSE:FLTR)	4.3%
Motorpoint Group Plc	(LSE:MOTR)	4.1%
Lastminute.com NV	(SWX:LMN)	3.9%
Cash		5.6%

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%						-17.89%

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

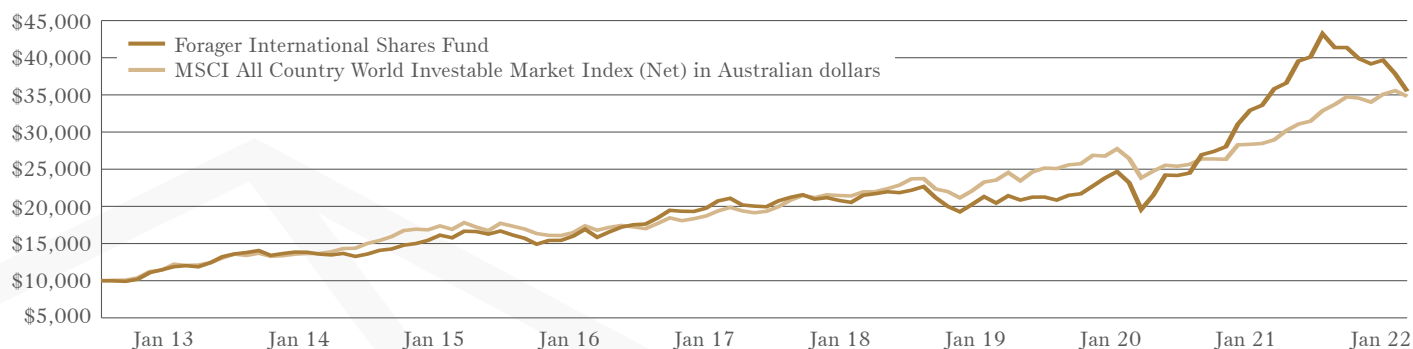
FACTS

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 2022
Buy Price	\$1.7355
Redemption Price	\$1.7285
Mid Price	\$1.7320
Portfolio Value	\$233.4 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 \$438.5 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

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 or continue to hold the financial product. You may obtain a product disclosure statement from Fundhost Limited or download a copy at www.foragerfunds.com. The International Shares Fund Target Market Determination can be found at <https://fundhost.com.au/fund/forager-international-shares-fund/>. 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.