The strong rise in the unit price in May was more the work of Australian dollar weakness than any brilliance on our part, although it has highlighted the strong portfolio appreciation over the past few months. No new positions were taken, and a little trimming left the Fund with a cash weighting of almost 13%. It was a month for working on the watch list.

Sabre Corp. (Nasdaq:SABR) is firing on all cylinders. Outlined in our December 2015 letter, Sabre provides technology products and services to airlines, hotels and travel agents.

Its first quarter saw strong growth in both main business segments. The Travel Network business, the company's booking platform for travel agents, increased market share in all regions and grew revenue 23%, thanks to robust travel bookings and a new acquisition in Asia. The Airline and Hospitality Solutions division saw revenue grow 16%, with new customers added to its airline reservations system and the rollout of a new central reservations program for the Wyndham Hotel Group.

Strong free cash flow is mostly being invested back into the business. Listening to management discuss the result, we lost count of the number of new products in development. But that's the point — Sabre's leadership position gives it unmatched scale and industry knowledge which it can pour into creating the best programs on the market. Having displayed an impressive ability to win contracts, we are hopeful that these new investments will sustain growth for years yet.

Unlike Sabre, the upside case for **Harley Davidson, Inc.** (NYSE:HOG) is not one of underappreciated growth but of a reversal of the out tide. In five of the six quarters between 1 July 2014 and 31 December 2015, revenue in the main motorcycle division has fallen in comparison with the previous period.

Strong retail bike sales in Europe and Asia combined with positive sales in North America to reverse the tide in the first quarter of this year, with revenue growth of 4%.

Market share losses in the US, a measly 0.5%, proved far lower than some analysts' earlier prognostications. Pessimism centred on new competition coming from Indian Motorcycle. Harley is busy launching a number of new models targeting younger, urban riders. We are encouraged by management's response to changing market preferences and increased competition. But one result does not make a trend. Hope for more.

Macroeconomic conditions for German DIY retailers are pretty good. High immigration, including one million recent refugees, are reversing previous population decline. There's also something of a boom in house prices (at least by German standards) and renovations. The key missing piece is wages growth, but the overall backdrop is decent.

So why was **Hornbach Baumarkt** (DB:HBM) one of the few German stocks not to skyrocket in recent years? Sales growth has actually been healthy. Put this one down to our underestimating of German retailers' ability to club each other over the head relentlessly. We thought operating profit margins might rise from our initial investment in 2013. They have instead contracted — in the latest full year result to below 3%. And that is flattered by Hornbach's operations elsewhere in Europe; the home market of Germany operated at a loss.

The stock remains cheap, arguably below liquidation value. But it will remain cheap so as long as competitors are prepared to compete aggressively on price, while continually rolling out new stores in an oversaturated market that's not growing significantly. In the meantime, here's hoping Mittelstand workers get a good pay rise soon.

FACTS

Fund commenced	8 February 2013
Minimum investment	$20,000
Monthly investment	Min. $200/mth
Income distribution	Annual, 30 June
Applications/Redemption	Weekly

UNIT PRICE SUMMARY

Date	31 May 2016
Buy Price	$1.5310
Redemption Price	$1.5234
Mid Price	$1.5272
Portfolio Value	$94.7m

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

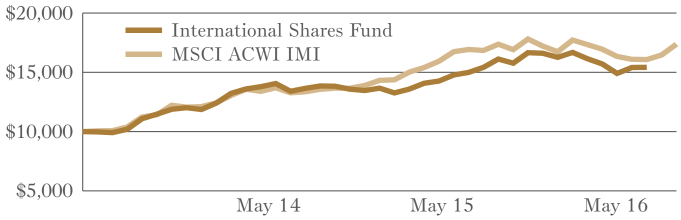
PERFORMANCE

Forager International Shares Fund Performance Summary
(as at 31 May 2016)

	International Shares Fund	MSCI ACWI IMI
1 month return	5.84%	5.56%
3 month return	9.79%	7.95%
6 month return	4.77%	0.21%
1 year return	4.94%	0.04%
2 year return	10.52% p.a.	13.17% p.a.
3 year return	15.12% p.a.	15.65% p.a.
Since inception*	17.22% p.a.	18.17% p.a.

*8 February 2013

COMPARISON OF $10,000 INVESTED IN INTERNATIONAL SHARES FUND VS MSCI ACWI IMI



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