

FORAGER

INTERNATIONAL SHARES FUND

MONTHLY REPORT MAY 2021

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FORAGER INTERNATIONAL SHARES FUND PERFORMANCE SUMMARY (as at 31 May 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.)
International Shares Fund	1.41%	11.98%	29.08%	65.64%	22.71%	18.84%	18.19%
MSCI AC World Net Index in \$A	1.28%	8.66%	11.25%	23.24%	12.70%	12.61%	14.79%

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 Forager International Shares Fund returned 1.4% this month, slightly ahead of the MSCI AC World Net Index in Australian dollars. Some of the Fund's new undisclosed investments have contributed significantly to performance over the past couple of months. These will be discussed in detail in the June Quarterly Report.

A number of existing investments reported results throughout May.

Canadian manufacturing conglomerate **Linamar** (TSX:LNR) has been in the portfolio for almost 3 years. This family-controlled company prides itself on advanced manufacturing capabilities and applies those skills across farm equipment, construction equipment and the automobile industry. All end markets were suffering prior to COVID-19, and were hit even harder by the subsequent global slowdown. The environment is getting rapidly better in 2021 and 2022 is shaping up as a bumper year.

Its first quarter showed a profit of C\$2.41 per share, more than double what it made the prior year (for context, the share price is roughly C\$80). Despite ongoing supply chain issues, most acutely a desperate lack of computer chips for the auto sector, the company expects "solid growth" for 2021. Linamar keeps increasing its market share and has won so much business on new electric vehicle programs that shareholders should be little concerned by the potential phasing out of the internal combustion engine over the coming decades. Even in difficult recent years, it generated prodigious amounts of cash. Debt funding taken on to acquire its agricultural business, MacDon, is almost fully paid off.

This business is priced like your typical cyclical auto parts supplier. Our view of the company is a high return on capital, family-run business with lots of growth ahead of it. Yes, it will be cyclical. But there's nothing wrong with that.

Energy drink company **Celsius** (NASDAQ:CELH) returned to the portfolio after a substantial pull back in its share price. While the share price was falling from \$70 in January to \$43 in April, industry data was suggesting the company's sales growth was accelerating. We re-invested in the company prior to its first quarter results, which franked the industry data and our decision.

Revenue was 78% higher than the same quarter the previous year. In the all important North American market, growth was 101%. According to Nielsen data, it has accelerated since and Celsius recently overtook RedBull as the number two energy drink on Amazon.

The share price hit all time highs again in late May and in early June it upgraded its auditor to Ernst and Young, removing one of our governance concerns. The Fund's best performer of 2020 is contributing again in 2021.

Homewares retailer **Bed Bath & Beyond** (NASDAQ:BBBY) announced a partnership with **DoorDash** (NYSE:DASH) this month. This collaboration will allow Bed Bath & Beyond customers to purchase items online and have them delivered on the same day in more than 3,000 ZIP codes throughout the US. It is not yet clear how this delivery option will impact the company's profitability. However it's indicative that management is now focused on strategic actions rather than simply putting out fires, as can be the case in the early stages of a turnaround. In addition, CFO and Treasurer Gustavo Arnal purchased \$509,000 worth of shares at an average price of \$25.45 in mid April. Paraphrasing famed investor Peter Lynch, company insiders sell for many reasons, but they buy for only one. Mr Arnal is clearly confident in Bed Bath & Beyond's future prospects.

TOP 5 HOLDINGS (as % of NAV)

Whole Earth Brands Inc	(NASDAQ:FREE)	5.1%
Neogames SA	(NASDAQ:NGMS)	4.9%
Currently Undisclosed		4.7%
Blanco Technology Group Plc	(AIM:BLTG)	4.0%
Twitter Inc	(NYSE:TWTR)	3.4%
Cash		6.2%

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.

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%		66.01%

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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 May 2021
Buy Price	\$2.3198
Redemption Price	\$2.3105
Mid Price	\$2.3151
Portfolio Value	\$263.5m

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

ABOUT FORAGER

With approximately \$470 million of funds under management and a focus on long-term investing, Forager Funds is a unique Australian asset management company.

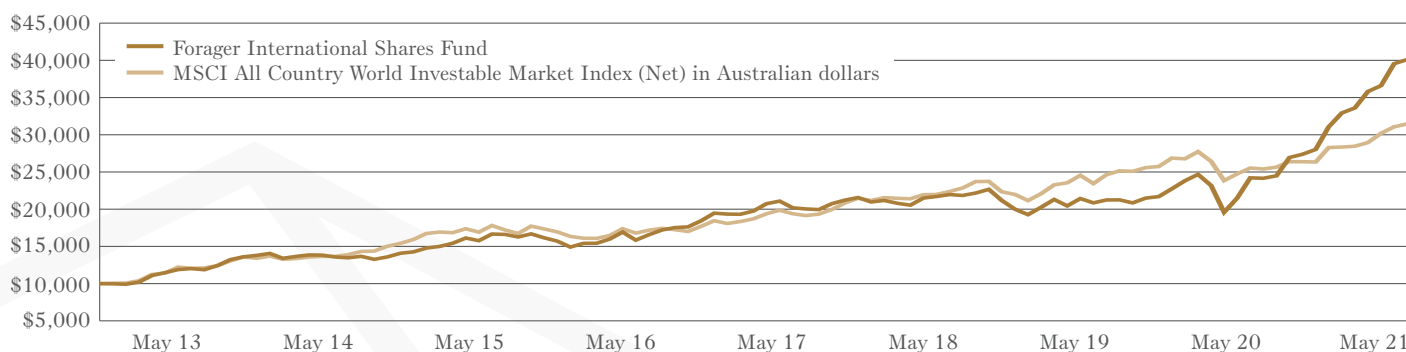
Following a strong ten-year track record, Forager is a sustainable business but is nimble enough to invest in smaller listed companies not accessible to many investment managers.

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. 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.