

INTERNATIONAL
SHARES FUNDMONTHLY REPORT NOVEMBER 2020 www.foragerfunds.com

FORAGER INTERNATIONAL SHARES FUND PERFORMANCE SUMMARY (as at 30 November 2020. 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	10.85%	15.31%	28.33%	36.63%	12.94%	13.98%	15.61%
MSCI AC World Net Index in \$A	7.37%	7.20%	10.77%	5.27%	9.63%	10.28%	14.23%

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

A slate of positive vaccine news sent global sharemarkets higher in November, with the MSCI World Index surging more than 7% in Australian dollars. We outlined four key themes for 2021 in our [July 2020 roadshow](#), including a travel recovery, a general value recovery, some highly appealing small growth stocks and a collection of special situations. All four themes contributed in November.

The total Fund return for the month was 10.85%, taking the calendar year to date return to a touch over 30%, after all fees and expenses.

Travel and traditional value stocks were beneficiaries as investors shifted from the perceived safety of expensive work from home winners to recovery stocks. **Lloyds Bank** (LSE:LLOY), **Wizz Air** (LSE:WIZZ), **Skywest** (Nasdaq:SKYW) and **Flughafen Wien** (WBAG:FLU) are just a few of a long list of strong performers.

Despite November (finally) being a month where growth stocks were on the nose, some of our small companies delivered better-than-expected returns.

It wasn't all good news. **eGain** (Nasdaq:EGAN) provided a disappointing update. While its third quarter results were good, the company announced that it had lost two larger clients currently using its customer engagement software. There are plenty of new customers coming on board, too, but the loss has us and others worried about the long-term likelihood of hanging on to them. The stock fell almost 30% in November and gave up all of our gains since purchase.

That was more than offset with some stellar results reported elsewhere.

It was a huge month for online luxury platform **Farfetch Limited** (NYSE:FTCH). In the first few days, after some speculation, Farfetch announced a joint venture in China with **Alibaba Group** (NYSE:BABA) and **Compagnie Financière Richemont** (SWX:CFR). The partnership should significantly expand the platform's reach in China, as well as serving as an endorsement from two big players in eCommerce and luxury. An impressive set of results followed just a week later. Consumers spent 66% more on the platform than they did one year ago, and profitability continued to improve, eclipsing most people's expectations. Farfetch's share price increased 94% throughout the month as a result.

Energy drink company **Celsius** (Nasdaq:CELH), which has seen its share price rise fivefold over the past 12 months, keeps delivering results that justify the optimism. Revenue for the September quarter was 60% higher than the previous year in its key North American segment. Recent Nielsen data suggest the fourth quarter might be even better. Profit margins and cash generation are both heading in the right direction and, while we have taken a lot of profit off the table, the chances of this stock justifying our most optimistic assumptions are increasing by the day.

Used car retailer **Motorpoint** (LSE:MOTR) is another small business showing evidence that it is going to be a winner. First half sales were down 27%, unsurprising when COVID-19 closed all of its sites for 2 months. The company didn't sit on its hands during shutdown, developing a home delivery offering by May. More than 40% of first half sales were online, chiefly click-and-collect, but by September 8% of total sales came from home delivery.

Dealerships reopened in June and pent up demand, strong used car prices and incremental online orders made for a gusty tailwind. Earnings per share for the half rose 10% (revenue, remember, was down 27%). This was accentuated by government support and an unusually strong pricing environment. Margins will come down over time. But the company has sailed through the pandemic. Adding more physical sites and increasing its online presence, Motorpoint will grow for years yet.

And finally, in the special situations category, **Oriental Watch** (HK:0398) grabbed the baton from **Thinksmart** (AIM:TSL), which has done much of the lifting for this group in 2020. Oriental Watch is a premium watch retailer (mostly Rolex) in Hong Kong, China, Macau and Taiwan. The Fund acquired stock 18 months ago when it was a genuine Ben Graham bargain, trading at a sharp discount to net working capital, mainly cash and inventory. The market further ignored significant value in its property portfolio. Paid to wait via a double-digit dividend yield, we participated in November's buy-back offer, selling almost a third of our holding at prices more than 50% above our purchase price. Interim results came out during November, citing a difficult environment in Hong Kong (due to COVID-19) more than offset by boom times in China. Overall, sales "slightly increased" (managements' words) by 16.4% versus the same half last year.

TOP 5 HOLDINGS (as % of NAV)

Blanco Technology Group Plc	(AIM:BLTG)	4.6%
Keysight Technologies Inc	(NYSE:KEYS)	3.6%
Zebra Technologies Corp	(Nasdaq:ZBRA)	3.5%
Motorpoint Group Plc	(AIM:MOTR)	3.5%
Whole Earth Brands Inc	(Nasdaq:FREE)	3.4%
Cash		8.1%

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%								28.62%

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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	30 November 2020
Buy Price	\$2.0222
Redemption Price	\$2.0141
Mid Price	\$2.0181
Portfolio Value	\$203.1m

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

ABOUT FORAGER

With approximately \$380 million of funds under management and a focus on long-term investing, Forager Funds is a unique Australian asset management company.

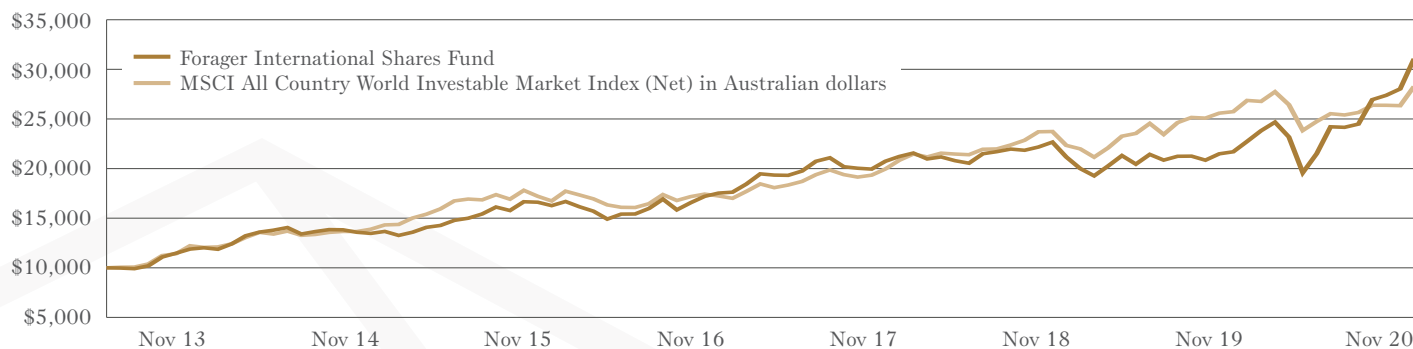
Following a strong ten-year track record, Forager is a sustainable business but is nimble enough to invest in smaller listed companies not accessible to many investment managers.

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

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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