FORAGER

INTERNATIONAL SHARES FUND

MONTHLY REPORT APRIL 2022 www.foragerfunds.com

FORAGER INTERNATIONAL SHARES FUND PERFORMANCE SUMMARY (as at 30 April 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%	-18.57%	-26.25%	-26.95%	10.48%	6.86%	12.18%
MSCI AC World Net Index in $A	-2.72%	-9.00%	-6.94%	1.94%	8.87%	10.31%	13.31%

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

Global stock markets continued to fall in April. By month's end, the Forager International Shares Fund was 6.2% lower, against an index that was down 2.7%. It was also a busy time of stock-specific news—most of it positive, at least in contrast to the Fund's performance.

Social media, in particular, made headlines. At the end of March, the world's richest person—Elon Musk—made some cryptic tweets about free speech on the **Twitter** (NYSE:TWTR) platform. By early April, he disclosed a 9% stake in the company. And by mid-month, he placed a bid for the entire company at $54.20 per share, which the Twitter board soon agreed to.

Twitter has been a frustrating investment for the Fund. We see it as the most important media asset in the world. We also went in, eyes wide open, to the warts that prevented any of that immense inherent value manifesting for shareholders. There are few companies with such a gaping gulf between fair value based on today's management and execution, and what the value of business would be under ideal management and execution. Perhaps we were naive to expect even a partial closure of that gap. Musk's bid is a fair price for Twitter as it looks today.

On one hand, we're relieved to have had a problem taken off our hands for a decent premium (and at a time when opportunities elsewhere abound). Turnarounds and excessive dilution through stock-based compensation are now Musk's problems.

But on the other hand, we're also disappointed that Twitter's board and management team couldn't do more over recent years to extract value for shareholders from this immensely important asset. And now they're passing the baton without securing much for old owners for all that unrealised potential. The Fund made a little money on this stock, but should have made a lot more. While free speech is the stated aim of Musk's bid, we think he will add meaningfully to his fortune thanks to Twitter.

Meta Platforms (NASDAQ:FB)—formerly known as Facebook—reported decent results for the first quarter, rallying almost 20%. Advertising sales increased 6%, which was within the guided range, but the market clearly expected worse. Geopolitical issues are negatively impacting both users and advertising spend for the business. It is also still facing headwinds from Apple's privacy changes and increasing competition for consumers. TikTok isn't going away anytime soon. But Meta is learning to adapt, as it has done many times in the past.

The type of content users see on their feeds is changing. For instance, Instagram's Tiktok rip-off, Reels, now makes up 20% of time spent on the app. Meta is increasingly using artificial intelligence to select relevant content based on user preferences, rather than just showing posts from followed accounts. This is helping with engagement. But perhaps most important was Mark Zuckerberg's clarification that continued investment in the Metaverse would be contingent on the increasing profitability of its advertising business.

Our view remains that this is one of the world's best businesses. Investor sentiment has swung from overly optimistic to wildly pessimistic. At its April lows, Meta's share price was just 13 times last year's earnings. While we had no idea it was going to trade so low, we continue to believe our modest expectations at the time of purchase were justified and have added to the investment while it is deeply out of favour.

Across the pond, both of the Fund's UK stalwarts reported pleasing results.

Sales at UK grocery retailer **Tesco** (LSE:TSCO) were up 2.5% to £54.8 billion, representing an 8.3% increase over the past two years. This is higher than industry sales growth, with Tesco's overall market share increasing over the period. Cost inflation is an issue for grocery retailers. However, Tesco is continuing to generate lots of cash and return it to shareholders. A final dividend of 7.7 pence per share brings the total dividend for the year to 10.9 pence—a 4% yield at the current share price. Management has also committed to buying back £750 million of stock before April 2023.

Lloyds (LSE:LLOY) reported pre-tax profits of £1.6 billion for the first-quarter—down 14% compared to last year, but ahead of market expectations. The UK retail bank was a beneficiary of rising interest rates and growth in mortgages, which helped offset a £177 million provision taken against potential loan losses as a result of inflationary pressures. This trend is expected to continue throughout the financial year, with Lloyds increasing its expected revenue from interest rate payments. Via dividends and buybacks, the company returned 10% of its market capitalisation to shareholders last year and is generating more than enough profits to keep doing the same.

TOP 5 HOLDINGS (as % of NAV)

Lastminute.com NV	**(SWX:LMN)**	4.7%
Blancco Technology Group Plc	**(AIM:BLTG)**	4.4%
Zeta Global Holdings Corp-A	**(NYSE:ZETA)**	4.0%
Motorpoint Group Plc	**(LSE:MOTR)**	3.7%
Flutter Entertainment Plc	**(LSE:FLTR)**	3.5%
Cash		7.7%

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%	-6.32%	-7.29%	-6.24%			**-33.14%**

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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 April 2022
Buy Price	$1.4131
Redemption Price	$1.4075
Mid Price	$1.4103
Portfolio Value	$193.5 million

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

ABOUT FORAGER

With approximately $370 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.

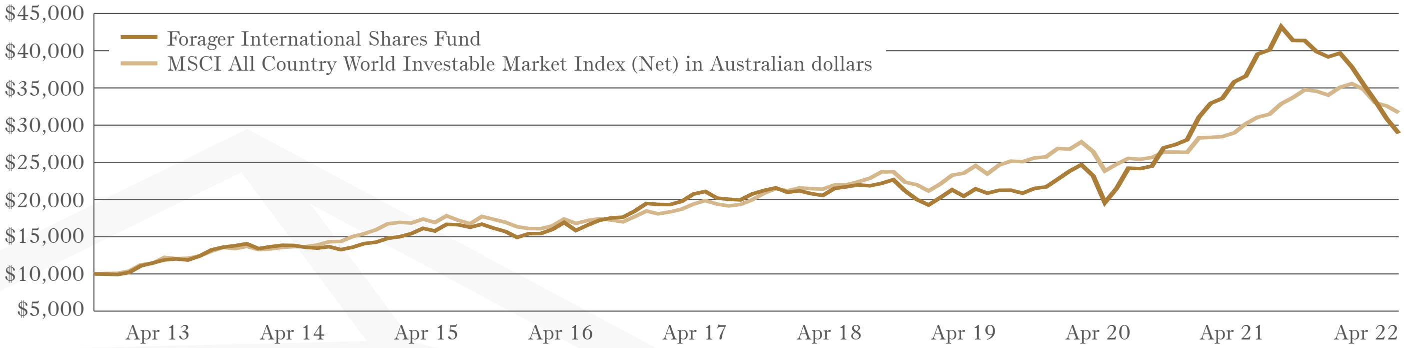
The company is majority owned by staff. Forager's shareholders support the desire to place performance before revenue. That means capping the size of funds before too much money becomes an impediment to performance.

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.