



The Forager Wholesale Value Fund's unit price appreciated 0.8% in January, 2.2% less than the benchmark All Ordinaries Accumulation Index.

The Fund was assisted by a meaningful drop in the Australian dollar, with its largest investment **RNY Property Trust** (RNY) rising 8% in January (RNY owns a portfolio of US office properties). It wasn't enough to match the wider market, though. Yield starved investors, rightfully concerned about the potential for further interest rate cuts, have been pushing the likes of **Telstra** (TLS) and the big banks to record highs. While we don't own these large capitalisation stocks, we are very well placed for a lower dollar, low interest rates and a weak Australian economy. That should become more obvious to the market as the Fund's less closely watched stocks report their half- or full-year results during February.

ThinkSmart (TSM) announced the finalisation of its large off-market buyback (we expressed our concerns about this transaction in the **November Monthly Update**). The Fund's shares were opportunistically tendered at a price of \$0.42, the upper end of the range provided by the board and about 25% above the market price in the weeks prior. Somewhat surprisingly, the board accepted the bid at this price even though they had to scale it back to two thirds of the shares tendered. The Fund still has one third of its original holding and the company may still delist or move its listing to the UK but it has been an excellent investment come what may now.

Plummeting share prices of mining services stocks might lead you to think otherwise, but they are not all going bust. Not yet, anyway. All three of the Australian fund's mining services stocks reported news during January. For two of them, it was positive.

Hughes Drilling (HDX) announced two new contract wins. The first, a three year contract with options to extend for a further two years, is with Glencore at its recently reopened Collinsville coal mine in Queensland. The second is a short-term contract with **BHP Billiton** (BHP) at its Mount Arthur coal mine in NSW. Both will use existing equipment and they increase the company's utilisation rate to an estimated 88%, a level at which it should be nicely profitable.

The Fund's shining light in the space, **Brierty** (BYL), announced a significant new road contract with Main Roads Western Australia. The \$69m worth of work guarantees a significant increase in revenue this financial year and provides a nice platform for the 2016 financial year as well. Most of the order book is now outside resources, although the WA government's own finances are taking a hefty knock which may hinder the future allocation of work.

The non-shining light is **Macmahon Holdings** (MAH). The company announced the resignation of its CEO and Managing Director, Ross Carroll. His temporary replacement, Chairman Jim Walker, didn't provide much in the way of rationale but you don't sack your CEO when things are going swimmingly. Presumably Carroll's \$1.1m base salary was a problem for a company that now has a market capitalisation of \$71m, but we're worried there is more bad news to come. Macmahon's share price fell 21% in January and is now down 59% since its healthy full-year results announcement in August. Comparatively, Hughes Drilling was up 10% on very small volumes and Brierty rose 13%.

FACTS

| | |
|--------------------------------|------------------|
| Fund commenced | 2 September 2004 |
| Minimum investment | \$10,000 |
| Income distribution | Quarterly |
| Applications/Redemption | Weekly |

UNIT PRICE SUMMARY

| | |
|-------------------------|-----------------|
| Date | 31 January 2015 |
| Buy Price | \$1.3930 |
| Redemption Price | \$1.3860 |
| Mid Price | \$1.3895 |
| Portfolio value | \$23.7m |

PERFORMANCE

Forager Wholesale Value Fund Performance Summary (as at 31 January 2015)

| | Wholesale Value Fund | All Ords. Accum. Index |
|------------------|----------------------|------------------------|
| 1 mth return | 0.79% | 3.03% |
| 3 mth return | 0.19% | 1.66% |
| 6 mth return | 0.09% | 0.85% |
| 1 year return | 1.67% | 11.28% |
| 2 year return | 16.78% | 11.00% |
| 3 year return | 19.64% | 13.50% |
| Since inception* | 7.30% | 8.75% |

*2 September 2004

COMPARISON OF \$10,000 INVESTED IN WHOLESALE VALUE FUND VS ASX ALL ORDINARIES ACCUM INDEX



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. **DISCLAIMER** Forager Funds Management Pty Ltd operates under AFSL No: 459312. Macro Capital Limited (ABN 14 145 321 928, AFSL No 392401) as the Responsible Entity is the issuer of the Forager Wholesale Value Fund (ARSN 110 619 488). You should obtain and consider a copy of the product disclosure statement relating to the Forager Wholesale Value Fund before acquiring the financial product. You may obtain a product disclosure statement from Macro Capital or download a copy at www.macrofunds.com.au. To the extent permitted by law, Macro Capital 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.