



The Wholesale Value Fund's unit price fell 2.1% in April, a little worse than the All Ordinaries Accumulation Index which fell 1.5%.

Falling share prices have been a rare thing lately. Related trends of the past year, namely lower interest rates, a weakening Australian currency and lower commodity prices, also reversed course during April.

Against expectations, the Reserve Bank of Australia decided not to pull the trigger on a further rate cut. The relative strength of interest rates is a major driver of currency valuation, and with the prospect of higher US rates also appearing a less imminent, the Australian dollar rallied 4% to US\$0.79. The Fund's investment in New York tri-state office space, RNY Property Trust (RNY) suffered accordingly. Its unit price fell 7% to finish the month at \$0.33. We still view a lower \$A as likely, as does the Reserve Bank, but a booming property market is impeding further rate cuts at the moment.

More surprisingly, perhaps, the iron ore price rebounded 16% from its mid-month low of US\$47 per tonne apparently because of bullish posturing from the Chinese government on economic stimulus. That's not a recovery we have much confidence in. Even if demand for iron ore could keep growing (we think it will struggle to stay at current levels), the market is overwhelmed by dramatic increases in supply. This will likely take a decade and a many mine closures to resolve.

We are more optimistic on the outlook for oil, a commodity for which demand is less volatile and the prospect of low-cost supply expansion is remote. The Australian Fund now has an investment in MMA Offshore (MRM), a supplier of marine services to the offshore oil industry, which should benefit from higher oil prices.

Another investment with exposure to the oil industry is Coffey International (COF). Coffey provides geotechnical consulting services, basically the scientific analysis of what's under the ground, to a range of sectors, including the oil sands industry in Canada.

With the oil price so low that's not a great business to be in, and the downturn in mining has also stung, such that Coffey has been through a string of strategic reviews and cost cutting. There is a decent amount of debt and the share price has been in the doldrums, typified by a 14% fall in April to \$0.155. That presents an opportunity. Work has already dried up in resources so there's not much left to lose, and the remaining work is in more promising sectors like transport and infrastructure.

Aside from geosciences, Coffey also has a business which implements social development programs in emerging countries, on behalf of donor countries like the United States. That's a quality business with recurring work, and we like the US currency exposure.

Investors seem to have thrown in the towel in frustration, and Coffey trades at just five times earnings assuming operating margins of just 3%. It should be able to manage far better. The recovery may take some patience but should be worth the wait.

Mining contractor Macmahon Holdings (MAH) has had a tough year, and its share price too drifted 12% lower to 4.3c through April. Right after the end of month, however, it reported

some rare good news. A claim against a former client has been resolved and Macmahon will receive \$19m cash as settlement. That's a significant boost when the market capitalisation is just \$54m, and it sure doesn't harm the prospects of a lender review that is currently taking place.

FACTS

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

UNIT PRICE SUMMARY

Date	30 April 2015
Buy Price	\$1.3753
Redemption Price	\$1.3685
Mid Price	\$1.3719
Portfolio value	\$22.6m

PERFORMANCE

Forager Wholesale Value Fund Performance Summary
(as at 30 April 2015)

	Wholesale Value Fund	All Ords. Accum. Index
1 mth return	-2.12%	-1.47%
3 mth return	2.27%	5.39%
6 mth return	2.08%	7.14%
1 year return	10.16%	10.16%
2 year return (p.a.)	12.63%	10.29%
3 year return (p.a.)	16.87%	13.74%
Since inception* (p.a.)	7.35%	9.07%

*2 September 2004

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



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