



The Forager Wholesale Value Fund had an excellent month in May, returning 4.2%, mostly due to the performance of **Service Stream** (SSM). The benchmark ASX All Ordinaries Accumulation Index gained 0.6% in comparison.

After five years of poor performance, Service Stream seems to be recuperating. The telecommunications and utilities contractor recently announced that earnings in the June 2015 half year will exceed the preceding half.

Next year should be better. In addition to recent contract renewals with Telstra and Vodafone, the company signed a new \$50m metering contract with a subsidiary of **AGL Energy** (AGL). None of this is extraordinary, but minor news has a big impact where a company's shares are priced for disaster. Service Stream's share price rose 51% in May to \$0.325.

Sticking with utilities and telecommunications, **Hansen Technologies** (HSN) announced the acquisition of Denmark based TeleBilling. The acquisition was small, but it looks like another good one for this serial acquirer. TeleBilling will add useful functionality to Hansen's existing billing software and, with some top-tier customers to provide references, allow it to sell more services to existing clients.

Despite a pristine balance sheet, Hansen chose to issue new shares rather than borrow to fund the purchase. The \$2.17 offer price was only slightly below the market price at the time. However, given our view that the acquisition increases the value of the company, we decided to participate in the offer on behalf of Fund investors. That's proved well founded with Hansen shares finishing the month 19% above the offer price at \$2.59.

Eye specialist **Vision Eye Institute** (VEI) announced the departure of chief executive Brett Coverdale and the sale of its clinics on the Gold Coast. The sale to the clinics' practising doctors was for a pittance, a tacit recognition that these doctors could simply take their services elsewhere. Earnings will be lost from these clinics and the nearby Southport Day Surgery where **Ramsay Healthcare** (RHC) will take control when Vision's lease expires at the end of year.

The loss of the Gold Coast business, whilst highlighting fragility in Vision's business model, was expected and the alignment with doctors is stronger in the rest of the business. Punting the conservative and miserly Coverdale, however, signals a stronger intent by Vision's Board to forge new sources of revenue which aren't as reliant on the support of doctors.

That would be fantastic. But opportunities don't usually appear just because you need them. We are concerned the board may overpay for an acquisition or fund a risky expansion. Vision shares remained steady in May at \$0.705.

Lastly for the month, contract miner **Macmahon** (MAH) announced a 30-day extension to the lender review currently taking place following the loss of a key contract. That's mediocre news – not a strong endorsement of the company's future nor a sign that the banks are desperate to have their money back.

Macmahon is stuck in limbo until the review is finished and has little chance of finding much needed work to replace lost contracts. A small contract in New Zealand is also going to finish early. Despite these problems, the settlement of a client dispute in Macmahon's favour saw the share price move to 5 cents, 16% higher for the month.

## FACTS

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

## UNIT PRICE SUMMARY

<b>Date</b>	31 May 2015
<b>Buy Price</b>	\$1.4332
<b>Redemption Price</b>	\$1.4260
<b>Mid Price</b>	\$1.4296
<b>Portfolio value</b>	\$23.3m

## PERFORMANCE

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

	Wholesale Value Fund	All Ords. Accum. Index
1 mth return	4.20%	0.58%
3 mth return	5.67%	-0.93%
6 mth return	6.32%	11.32%
1 year return	13.32%	10.12%
2 year return (p.a.)	13.56%	13.12%
3 year return (p.a.)	20.09%	16.71%
Since inception* (p.a.)	7.70%	9.06%

\*2 September 2004

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



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