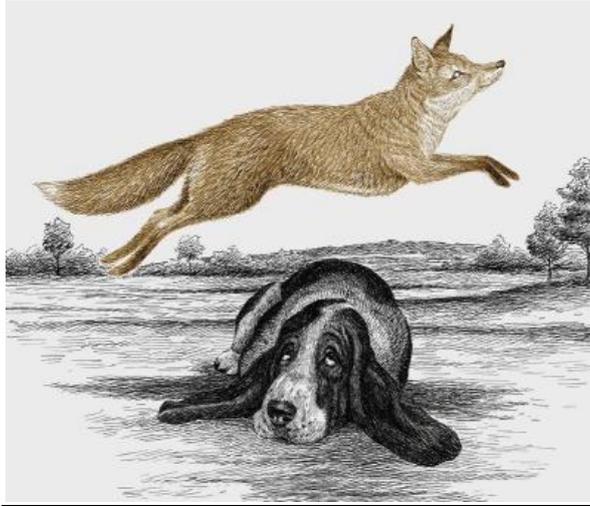


Quick Brown Fox Asset Management



Monthly Report – November 2014

The fund had a disappointing month in November down 3.81%. This was slightly below the broader market and in line with the small ords.

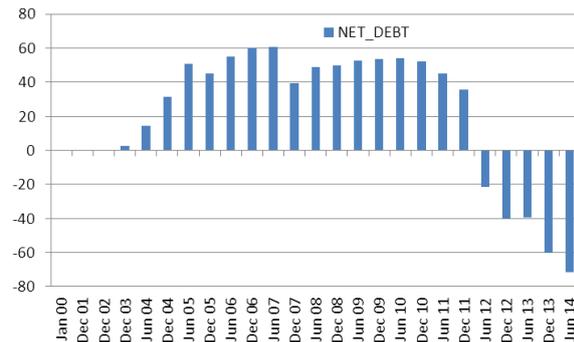
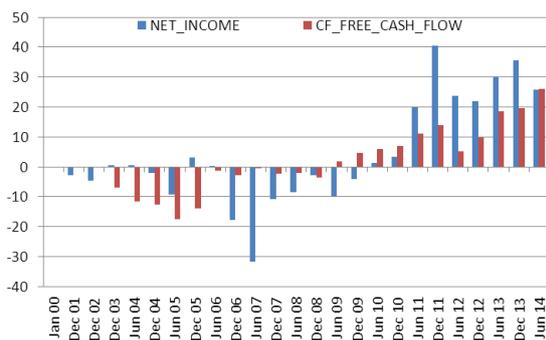
| | 1 month | 3 months | Since Inception |
|--------------|---------|----------|-----------------|
| QBFAM | -3.81% | -2.10% | 1.85% |
| XAOAI | -3.20% | -4.66% | 0.34% |
| XSOAI | -3.81% | -9.57% | -2.91% |

Since Inception the fund has outperformed both the broader market and the Small Ords whilst experiencing significantly lower drawdowns.

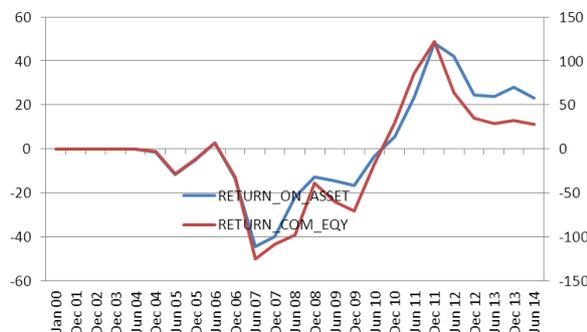
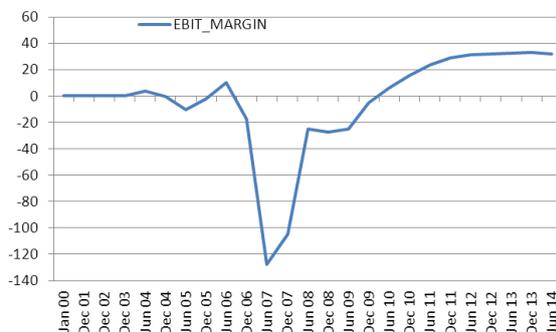


The main detractor for the month was **Ainsworth Game Technology (AGI)**. We purchased AGI after its August result. The market was disappointed by the domestic earnings going backwards. At its AGM in November the company provided guidance of flat earnings in the first half (when compared to the second half of FY14). The share price fell 26% over the course of November.

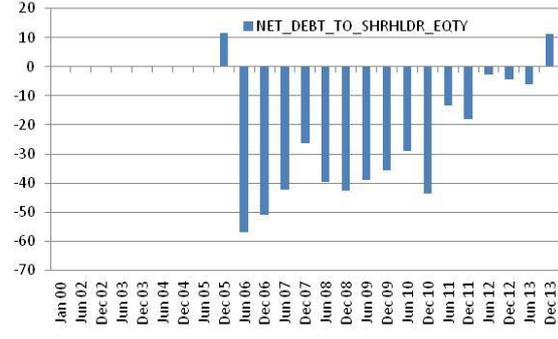
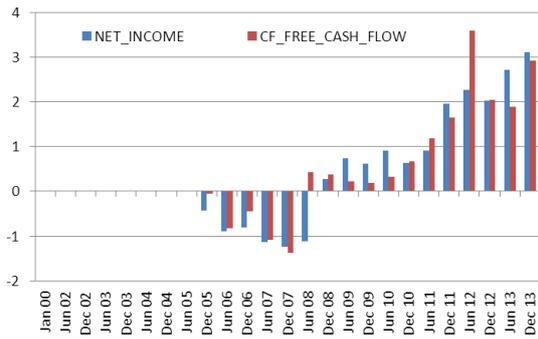
We retained our position in the company. Whilst the market is disappointed with the short term outlook we see a company with a strong balance sheet (net \$70m cash) and a strong offshore expansion programme. The valuation is compelling and if the company was to see a strong second half (which is possible due to the seasonality in US earnings) then we could see a significant rebound. The earnings picture below may be flattening out but the company still has a bright future.



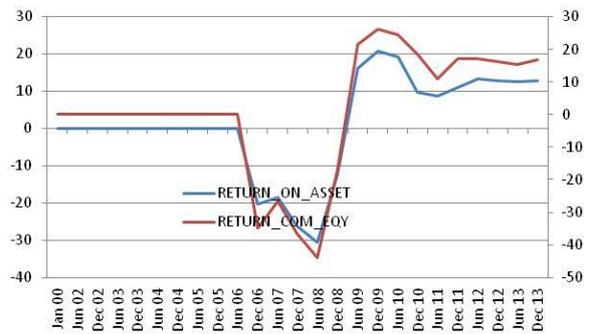
Margins have been stable and returns on capital are strong. The cash on the balance sheet is being used currently to build a new US facility which in turn should provide strong returns.



The fund initiated one new position during the month - BigAir Group. BigAir is a telecommunications company focused on providing fixed wireless broadband solutions for businesses and campus environments. It was listed in 2005 and after a period of establishment started to make consistent profits. The last few years has seen the company enter a new phase as an acquirer of bolt on businesses. This has utilised the strong balance sheet and has seen the company continue to grow earnings.



Margins are consistent and returns are solid. The recent acquisition of Oriel Technologies is potentially a game changer with a potential revenue increase of 50% but with minimal profit. The uplift in earnings from moving Oriel towards BigAir's margin will be significant.



The Portfolio

The fund is currently invested in 11 positions and retains a cash balance of 26.5%. The fund exited its position in Vision Eye Institute during the month after management undertook a capital raising to fund future acquisitions. This is a strategy that has failed for them in the past.

