

Quick Brown Fox Asset Management

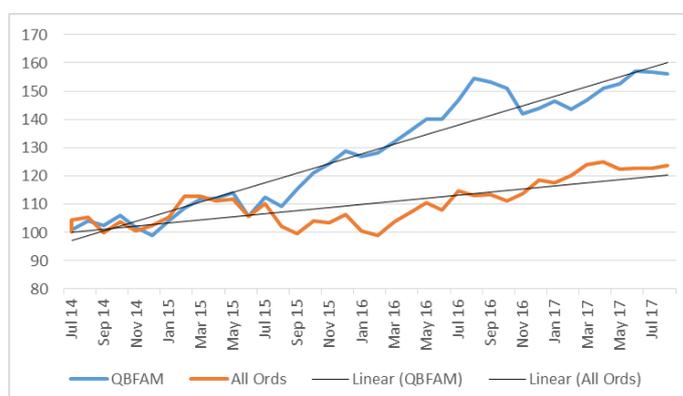


Monthly Report – August 2017

August brings reporting season in Australia with a majority of ASX companies announcing their results for the 2017 financial year. Whilst the market has broadly tracked sideways since mid-May, the volatility in individual names and the divergence amongst sectors has been high. Strength in the resource sector (Materials +4.2%, Energy +3.0%) on commodity price rallies offset falls in the Financials (-2.9%) and Telcos (-9.7%). Telco weakness was driven by Telstra down 10.5% as the company announced a dividend cut for next year. In addition, Vocus fell 33.8% as KKR walked away from their potential takeover bid. Banks weighed on financials as CBA fell 9.5% on the AUSTRAC allegations and insurers fell with soft results with IAG down 3.9%, QBE down 11.9% and Suncorp down 8.8%.

	1 month	3 months	6 months	1 year	2 year (annualised)	Since Inception (annualised)
QBFAM	-0.3%	2.4%	8.9%	1.1%	19.7%	15.1%
All Ords	0.8%	1.3%	2.6%	8.9%	9.8%	7.0%
Small Ords	2.7%	5.1%	4.9%	2.7%	14.0%	7.8%

Over the longer term, the fund maintains a strong lead over the market.



Note: All returns are pre fees and unaudited. The fund is not currently available for external investment. To access our investment strategy please contact [Tamim Asset Management](#).

Portfolio News

The portfolio had a mixed month in terms of results. On the positive side, **Altium** and **Veris** provided strong updates whilst on the negative side **Hansen Technologies** and **Trade Me** gave slight disappointments. Overall, the portfolio finished down marginally.

Altium (+13.1%) had one of the standout results over August with revenue up 18% and Earnings per share up 21%. The company's sales grew strongly in the 2nd half driven by a rebound in momentum in the US. China also continues to be a source of growth for the company with revenue up 26% in the region. The company is already the dominant software used in the Chinese market, however a majority of users do not currently pay for the service. The company describes itself more as a debt collector in the region as it converts users from non-paying to paying.

Veris (+24.1%) reported solid growth in surveying revenues in the 2nd half. Whilst the result was messy, the strategy of creating a national surveying business is well advanced and the company is well positioned to see earnings growth over the next two years as infrastructure work grows and they realise efficiency gains.

Hansen Technologies (-16.0%) reported a result in line with guidance with earnings down on the previous year. The major drag on the result was a strengthening Australian dollar which reduced revenue by \$8.7m. Organic growth also slowed during the year. Next year will see a return to growth primarily due to the recent acquisition of Enoro. One of the key medium term drivers will be the cross sell opportunities of the analytics software the company gained as a part of that transaction.

Trade Me (-17.6%) reported a strong result for the year in line with previous guidance. However, what disappointed the market was the guidance for increased expense growth and capital expenditure over the next year to see off the threat of Facebook marketplace and the potential of Amazon entering the New Zealand market. Whilst competition is increasing in the General Items division, the remaining parts of the business continue to perform well.

The Portfolio

The fund is currently invested in 17 companies. The cash level is currently 42.7%. The top five positions are shown below. Cash levels moved higher over the month as we were a net seller. We exited one position in the IT services space whilst adding a position in an industrial company exposed to infrastructure construction.

GTK	6.8%
DTL	6.0%
ALU	5.9%
MLB	4.7%
DDR	4.1%
Other Positions	29.9%
Cash	42.7%

Sector Positioning

The fund maintains a strong overweight to the IT sector with other exposures in Healthcare, REITs, Financials, Consumer Discretionary, Telcos and Industrials.

