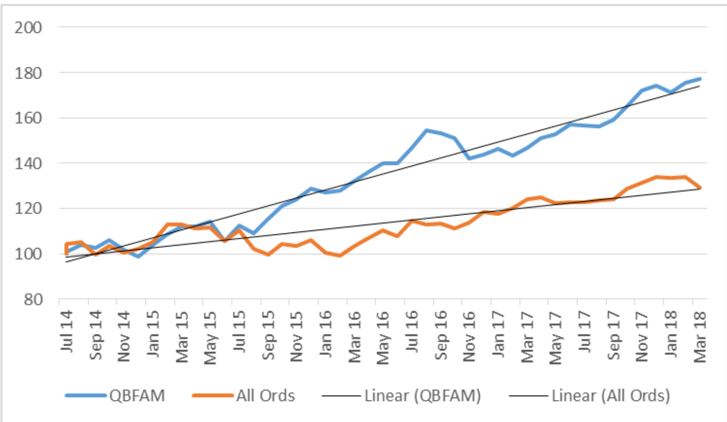
Quick Brown Fox Asset Management

Monthly Report – March 2018

The first quarter of 2018 was not an easy one with share markets down across the world. The S&P500 suffered its first quarterly drop since 2015 and the ASX followed suit. The ASX had a particularly tough month in March, falling 3.5%. Despite this our portfolio finished in positive territory for both the month (+0.95%) and the quarter (+1.73%). During March, we had positive news from Gentrack (+4.8%), AxsessToday (+7.6%) and Veris (+25.9%). Despite the pullback in the overall, it remains our opinion that quality companies remain expensive and cheaper companies have issues. It really is a case of "Good stock, not cheap. Cheap stock, not good." As a result we have focused on identifying companies trading on reasonable valuations with potential upside from identifiable catalysts whether it is forecast earnings growth, potential acquisitions or of some other nature. It was these types of catalysts that enabled the portfolio to significantly outperform over the last month.

	1 month	3 months	6 months	1 year	2 year (annualised)	Since Inception (annualised)
						1-Jul-14
QBFAM	0.9%	1.7%	11.4%	20.9%	15.9%	16.5%
All Ords	-3.5%	-3.7%	4.2%	3.6%	11.3%	6.9%
Small Ords	-2.3%	-2.8%	10.5%	14.4%	14.0%	9.6%

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

As mentioned above the key reason for our outperformance in March was stock specific news with three of holdings (including our largest two positions) announcing positive news.

Gentrack (+4.8%) announced they had signed E.ON on as a customer. The signing of E.ON follows the announcement in December that they had signed up Npower. These are two of the "big six" energy retailers in the UK and the signing of both a significant step up for Gentrack as well as a great nod for the quality of their product. It is very rare in the billing software space for companies to win business off competitors. Typically the cost of implementing a new system is high and the process is complex. As a result, growth for these software companies typically comes from deregulation and the signing of new entrants. Despite this, Gentrack has signed up two major customers from competitor SAP over the course of the last four months.

AxsessToday (+7.6%) announced the establishment of a $200m securitisation warehouse facility. The facility will reduce the companies borrowing costs and also fund the growth in their receivables book. This announcement followed on from an impressive first half result in February which included an upgrade to full year earnings expectations. The company has taken market share away from competitors buoyed by a superior IT platform that has enabled much faster loan approvals as well as providing suppliers with the ability to white label finance products.

Veris (+25.9%) announced the acquisition of Elton Consulting, an urban planning business based in Sydney. The company has spent recent years undertaking a roll up strategy of surveying businesses. In the process, management has created the first national surveying company. As part of the overall strategy, the company has been looking to enter the urban / town planning field and through Elton Consulting they found an acquisition that ticked all the boxes. The acquisition was funded via existing cash and debt facilities and will provide meaningful upside to FY19 earnings.

The Portfolio

The fund is currently invested in 21 companies. The cash level is currently 40.6% (up slightly from 40.0%). We trimmed our positions in AxsessToday and CSL whilst adding to positions in Trade Me and Bravura Solutions. In addition we took up our rights in the Paragon Healthcare rights issue, increasing our weight to the company.

GTK	8.8%
AXL	5.1%
HSN	4.1%
DDR	4.1%
TME	3.4%
Other Positions	33.7%
Cash	40.6%

Sector Positioning

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