

**Quick Brown Fox Asset Management**

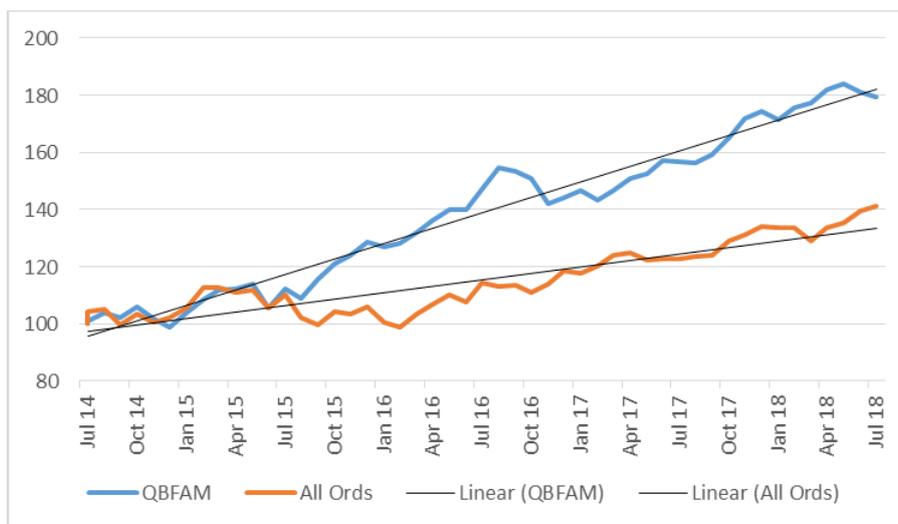


**Monthly Report – July 2018**

The Australian equity market continued to push higher in July. Similar to July the return was driven primarily by the large end of town. Telcos (+7.9%) were the best performing sector driven by a rebound in Telstra shares (+8.4%) off a very low level. The Small Ordinaries underperformed and actually fell by 1.0% as commodity prices fell and a number of IT stocks gave back recent gains. A number of the small miners saw their share prices hit on the back of quarterly which saw rising energy costs on the back of rising oil prices and a lower Australian dollar. The portfolio fell 0.9% over the month with the main drag being the continued falls in SRG (-9.6%) and GCS (-5.6%). Whilst the market has been caught by surprise and has reacted negatively to the merger, we continue to believe that a strong medium term value proposition exists.

	1 month	3 months	6 months	1 year	2 year (annualised)	Since Inception (annualised) 1-Jul-14
<b>QBFAM</b>	-0.9%	-1.3%	4.7%	14.5%	10.5%	15.4%
<b>All Ords</b>	1.2%	5.7%	5.7%	14.9%	10.7%	8.7%
<b>Small Ords</b>	-1.0%	3.7%	4.2%	22.6%	9.8%	10.5%

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

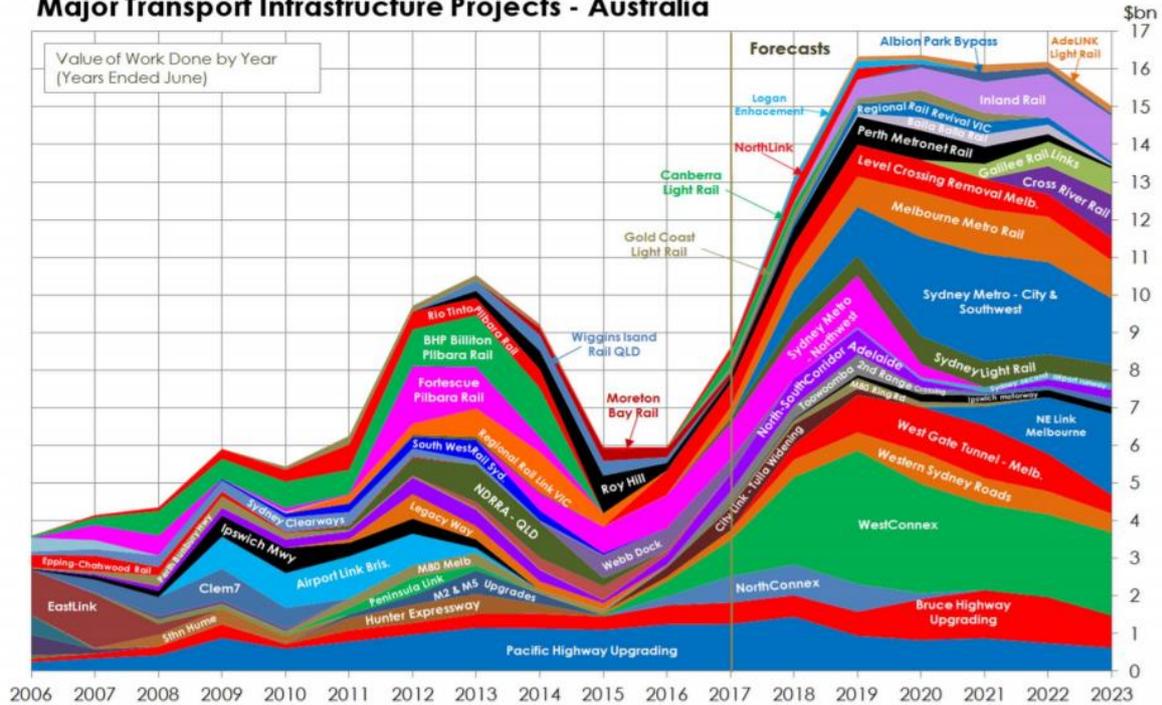


*Note: All returns are pre fees and unaudited. The fund is not currently available for external investment. To access our investment strategy please contact [Tamim Asset Management](#).*

## Portfolio News

**Cimic (+14.3%)** was a recent addition to the portfolio and announced a strong first half result. The result was 3-4% ahead of consensus at all levels and cash flow generation was strong. Mining and construction were the key growth drivers. Mining profit before tax rose 24% and construction rose 11%. We believe that Cimic will be one of the key beneficiaries of the coming infrastructure with the company continuing to highlight the level of major projects coming.

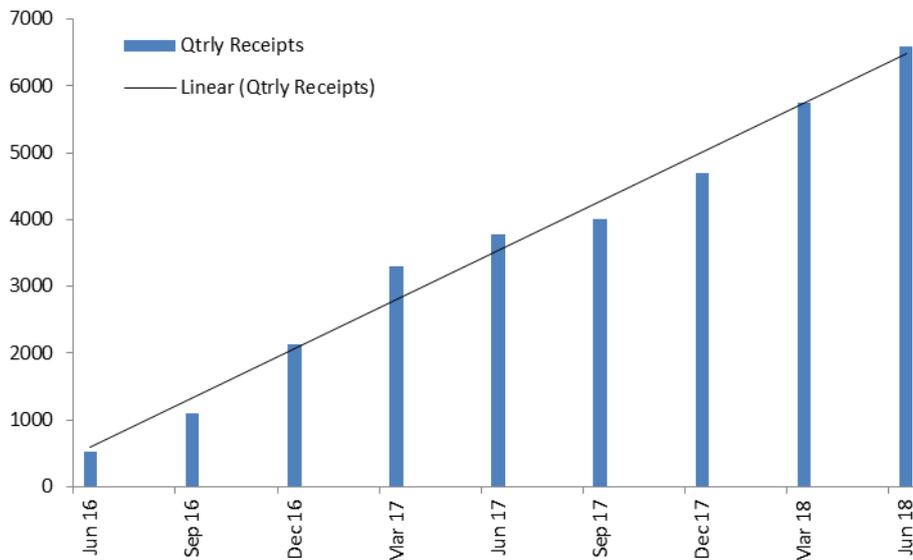
### Major Transport Infrastructure Projects - Australia



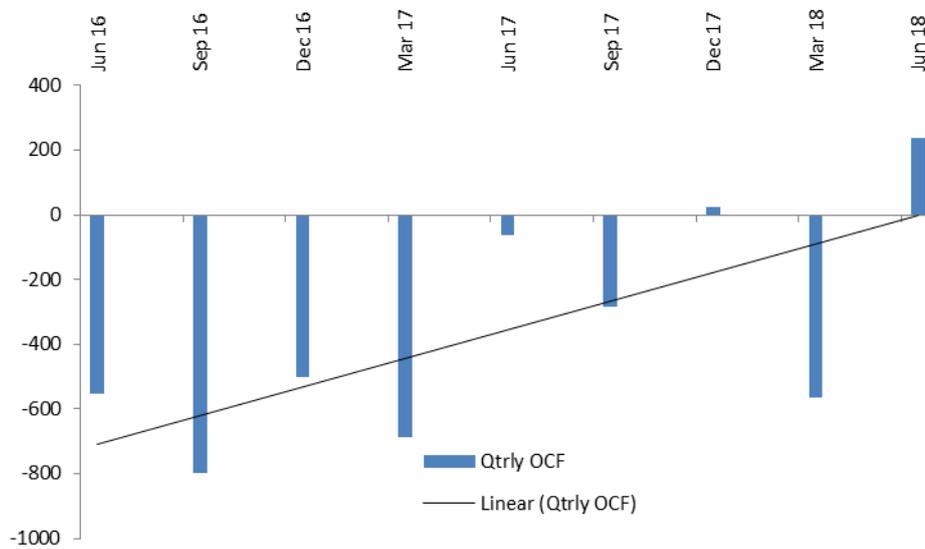
Source: Macromonitor – Australian Construction Outlook Overview, June 2018

In addition Cimic has around \$3.5bn of financial flexibility to make an acquisition and boost earnings.

**Locality Planning Energy (+17.6%)** announced yet another strong quarterly result with company receipts growing. In fact receipts have grown 12 fold since the company's backdoor listing back in 2016.



On the back of this growth, the company has reached breakeven at its operating cashflow line. Two of the last three quarters have been positive. The company is making significant strides and with a long growth pipeline ahead of it, we feel it is significantly undervalued with a 2-3 year view.



Aside from SRG and GCS, the other disappointment in the portfolio was Horizon Oil (-10.0%) which saw its share price hit on the back of action from the Papua New Guinea government to potentially remove one of its exploration licences. The company does not believe the government has a legal right to do so, however we have taken the conservative route and locked in some of the profits that we were sitting on.

### The Portfolio

The fund is currently invested in 22 companies. The cash level is currently 43.9% (up from 41.6%). We trimmed our positions in Horizon Oil & Gas and Data #3 whilst selling out of Integrated Research. We added to existing positions in Locality Planning Energy and Global Construction Services. We also added a new position in the IT space.

SKI	6.0%
SRG	4.4%
TME	4.2%
DDR	4.1%
GTK	4.0%
Other Position	33.5%
Cash	43.9%

### Sector Positioning

The fund maintains a strong overweight to the IT sector with other exposures in Industrials, Healthcare, Utilities, Consumer Discretionary, Financials, Energy and REITs. Our IT weight has been falling in recent times whilst we have been adding to Industrials (with an Infrastructure focus) and Utilities.

