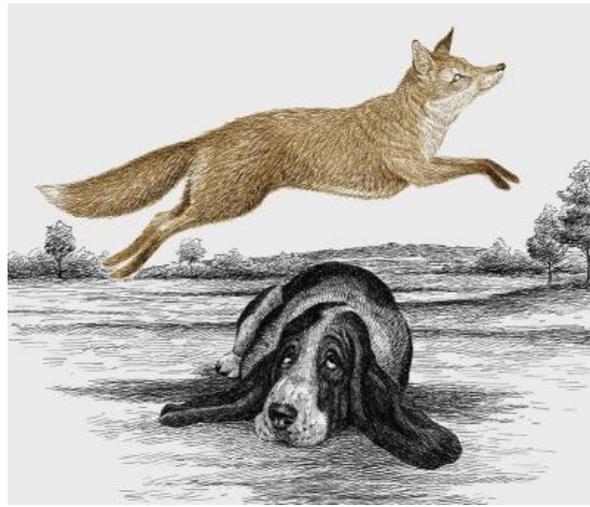


## Quick Brown Fox Asset Management

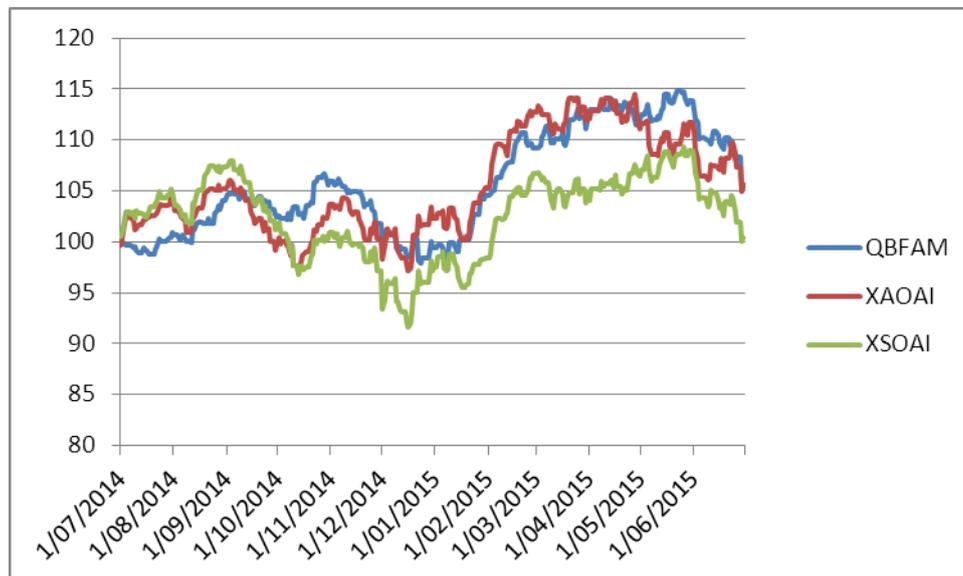


### Monthly Report – June 2015

Markets tumbled in June as Greece continued its standoff with its creditors. At the time of writing the world is awaiting the country's hastily called referendum on whether to accept the current offer. The fund had a tough month with the selloff in the market broad based.

	1 month	3 months	6 months	1 year	Since Inception
<b>QBFAM</b>	-7.43%	-5.67%	6.73%	5.27%	<i>1-Jul-14</i> 5.27%
<b>XAOAI</b>	-5.40%	-6.25%	3.32%	5.67%	5.67%
<b>XSOAI</b>	-7.77%	-4.04%	2.97%	0.44%	0.44%

With the first year in the book the fund has performed in line with the broader market and ahead of the small cap index.

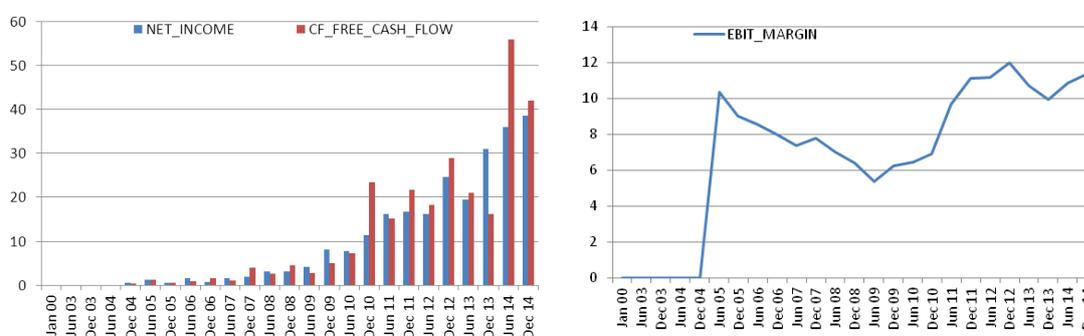


## The Year in Review

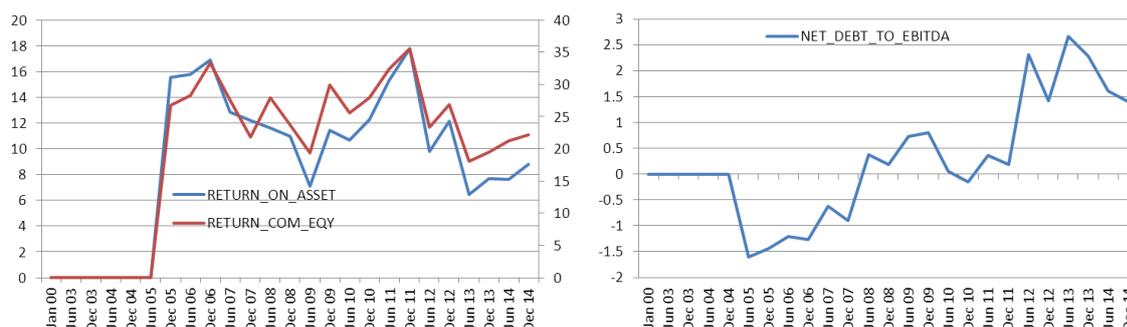
With FY15 in the books it seems appropriate to reflect on what worked well and what didn't. The funds two best performers were M2 Group and Hansen Technologies whilst the mistakes we made were RXP Services and Slater and Gordon. The mistakes were acknowledge and the fund moved on, took at the loss and looked for better places to deploy our capital.

### M2 Group

M2 Group was one of the first positions the fund invested in. The company was first listed in 2005 with a \$14.4m market cap and has grown to be a \$2bn company. Profit growth has been incredibly strong primarily through smart acquisitions. The first major acquisition the company made was opportunistic in that they bought Commander Communications out of receivership in 2009. From there they moved more into the consumer side with the acquisitions of Dodo and Primus. Consumer now make up 67% of their revenue. More recently they have expanded into New Zealand with the acquisition of the third largest Telco Callplus.



Profits have grown and margins have expanded as the company has expanded its presence and gained scale. Return on Equity is high at over 20% whilst Debt has risen but this is backed solidly by earnings.

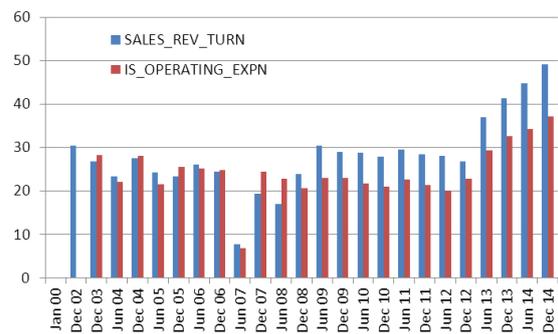
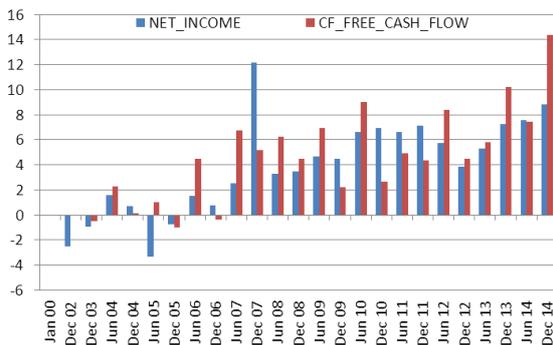


M2 was acquired at approximately 13x FY14 earnings. FY15 has seen profits grow in excess of 15% and the stock has related to 17x. Despite this M2 remains one of our higher conviction positions as FY16 will continue to see strong growth with the integration of CallPlus.

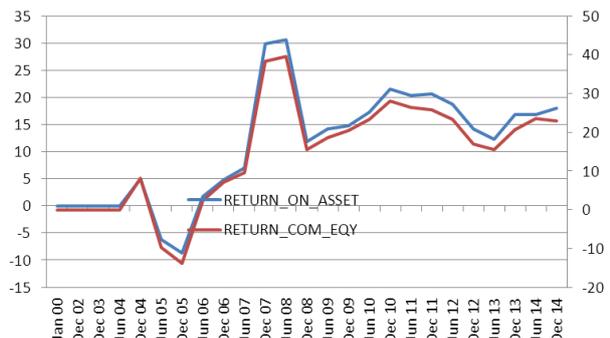
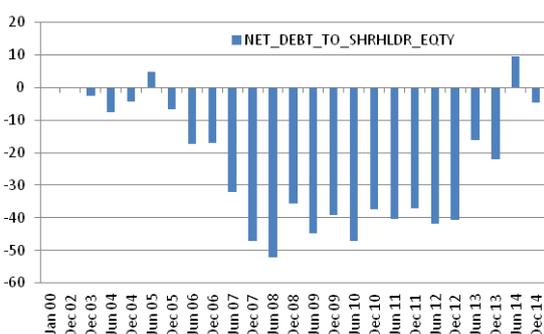


### Hansen Technologies

Hansen Technologies is a software company that provides billing solutions for Utilities and Telcos. The company listed back in 2000 but it wasn't until 2007 that they became consistently profitable. Profitability came about through the sale of several non-core assets.



In the last 18-24 months the business has really come into its own with consistent revenue growth through new contracts and selective offshore acquisitions. The balance sheet has been utilised on the back of increasing earnings and has led to the growth profile in the near term looking very strong. The fund purchased its stake at 15.5x forward earnings which is not overly demanding for the current growth profile. The company looks to have a very strong future.



The fund purchased its position in December and the rise has been phenomenal. This has meant the fund has trimmed its position quite aggressively. While we still hold a position the valuation is starting to appear stretched (now 22x FY15 and 19x FY16) and the company will have to deliver in FY16.



### The Portfolio

The fund is currently invested in 12 positions and retains a cash balance of 19.8%. The fund took advantage of the weakness to increase our positions in Trade Me Group, Gentrack Group and Webjet. We reduced our positions in Ainsworth Game Technology and Hansen Technologies.

