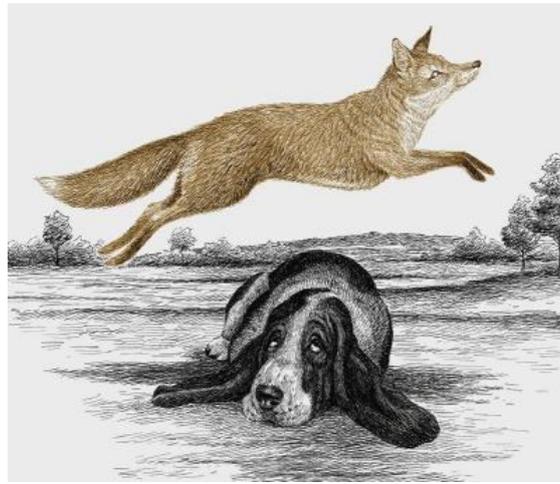


Quick Brown Fox Asset Management

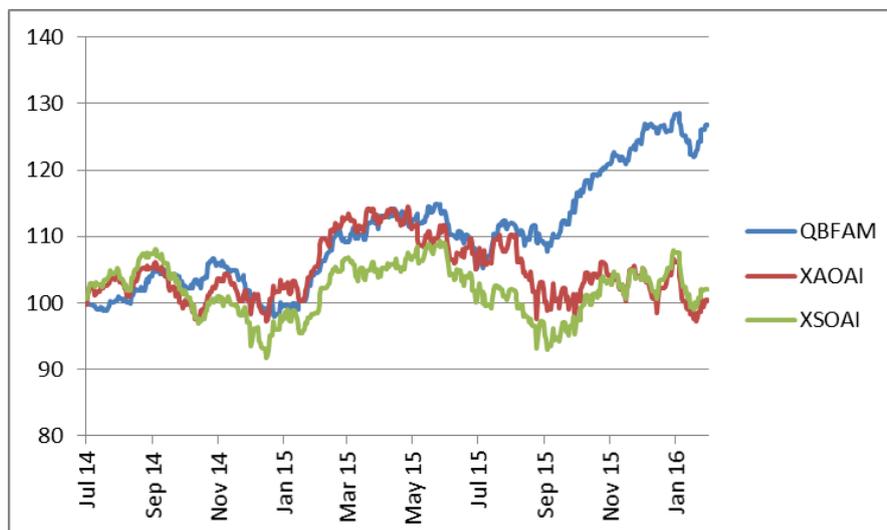


Monthly Report – January 2016

Volatility arrived with a vengeance to start the new year. Concern over the Chinese economy, as well as the currency and associated capital flows hit global markets hard. The ASX finished the month down 5.38%. The fund held up well considering the market environment dropping by just 1.31% and remains up 22.13% over the last 12 months against a market that was down.

	1 month	3 months	6 months	1 year	Since Inception
					<i>1-Jul-14</i>
QBFAM	-1.31%	4.80%	13.10%	22.13%	26.98%
XAOAI	-5.38%	-3.54%	-8.82%	-4.69%	0.43%
XSOAI	-5.11%	-1.38%	-0.04%	3.59%	1.98%

One of the benefits of our approach is that we don't have to be fully invested. As a result when the market sells off we have cash that we are able to deploy. During the month of January we took advantage of the market movements to add one new position and to increase our stake in two existing positions.

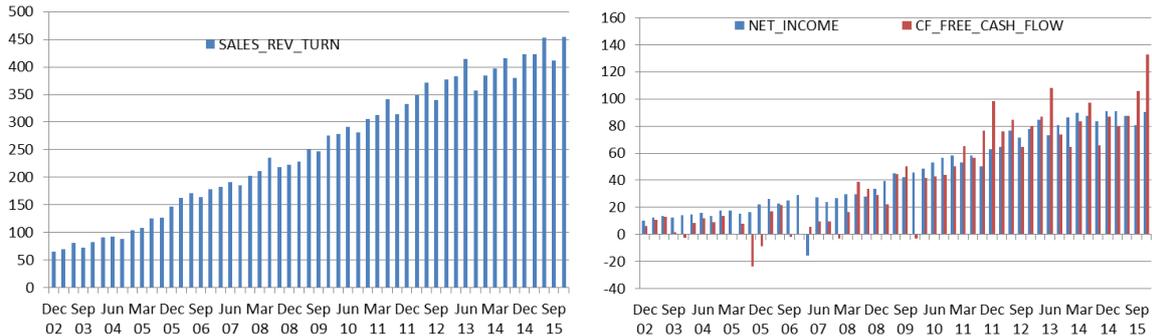


New Position

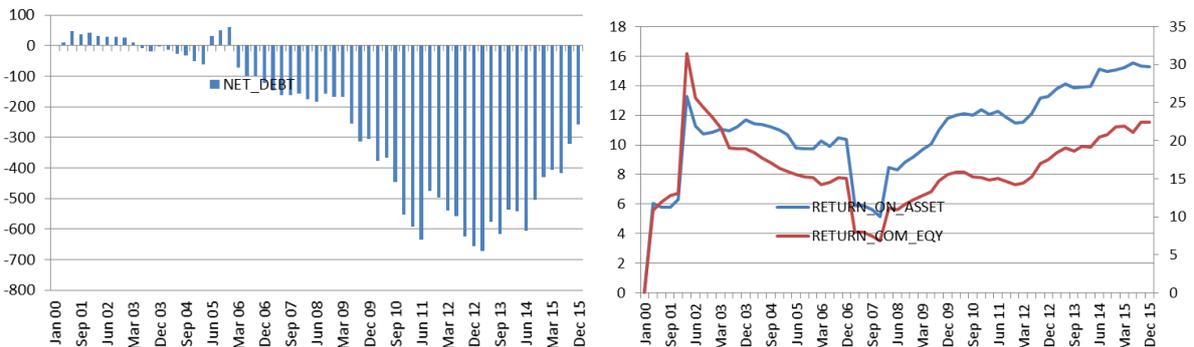
ResMed

ResMed is one of the world's leading designer and manufacturer of medical devices associated with the treatment of respiratory disorders. Along with Respironics (owned by Phillips) they enjoy a strong market position. The introduction of take home testing in the last decade has meant that diagnosis of these conditions has increased significantly. As a result ResMed have benefitted.

Sales have risen strongly and as a result profits and cashflow have followed suit:



Cash has built up and then utilised in capital management, leading to higher returns on capital:



The stock traded down after its September Quarter report with a decline in margins over the previous year giving investors concern. The decline in margins was due to a rising USD and product mix. With the product mix component likely to stabilise and strong US sales likely to partially offset the currency impact, we thought these fears were overdone. After a selloff in December from \$8.30 to \$7.20 the company was trading at sub 20x whilst eps were expected to grow above 10% for the foreseeable future underpinned by sales growth and share buybacks. As a result we started to build a position and will look to accumulate on future weakness.

The Portfolio

The fund is currently invested in 15 positions and retains a cash balance of 27%. The cash balance is down from 32% at the end of December after the purchase of ResMed. The fund also exited its position in PTM whilst adding to ICS and IMF.

