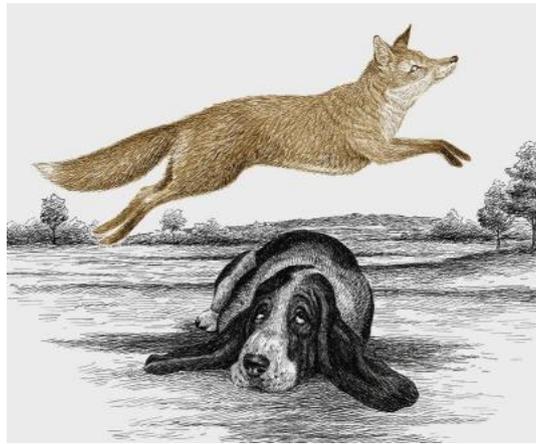


Quick Brown Fox Asset Management

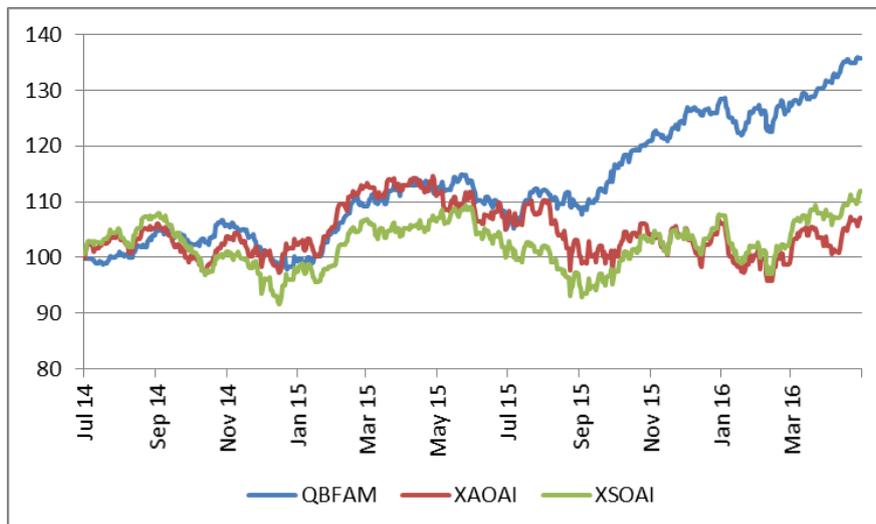


Monthly Report – April 2016

Resources continued to run in April on the back of renewed optimism around the Chinese economy as well as a huge flood of liquidity into the futures market. On one day during the month more Rebar Steel contracts were traded in China than is produced in the entire year whilst on another day enough Cotton contracts traded to make enough jeans for the entire Chinese population. These trends are scary and we'd suggest likely to reverse at some stage this year. Nevertheless, they pushed the market higher for the month, the fund was up broadly in line with the benchmark, +2.92%.

	1 month	3 months	6 months	1 year	Since Inception
QBFAM	2.92%	7.08%	12.23%	21.33%	35.98% <i>1-Jul-14</i>
XAOAI	3.24%	6.54%	2.76%	-3.66%	7.00%
XSOAI	3.04%	9.70%	8.19%	5.13%	11.87%

The fund continues to trend upwards following the strong returns last year.

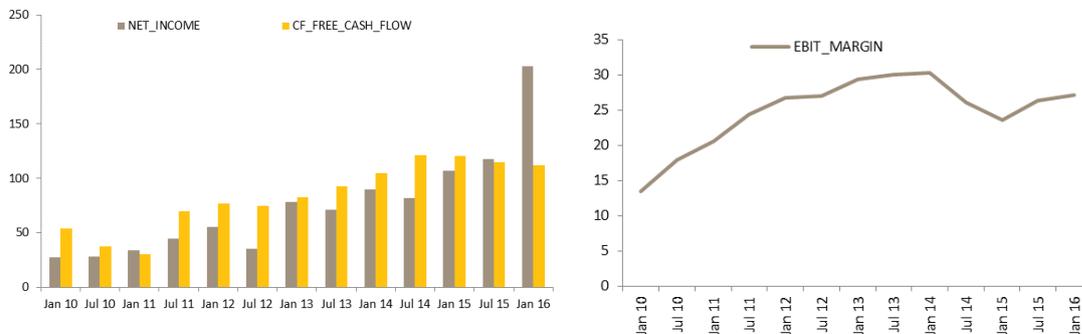


New Positions

TPG Telecom

TPG is one of the highest quality businesses on the ASX. It has grown strongly in recent years building a strong infrastructure position and gaining market share within both the retail customer base and the corporate market. The recent result showed potential upside yet to come from the iiNet acquisition where EBITDA margins are running much lower than TPGs (22% vs 38%) as well as from the Vodafone Joint Venture. This JV has the potential makes TPG into a meaningful player in the mobile space through infrastructure.

Whilst the valuation doesn't appear overly attractive on a PE basis at 23x, the Price to Free Cash Flow looks more reasonable at 19x. With the possibility of high double digit growth over the next few years, the valuation can be justified. As a result we were happy to initiate a position on the back of the high quality recent result with the option of increasing it to a larger position if the share price was to weaken.

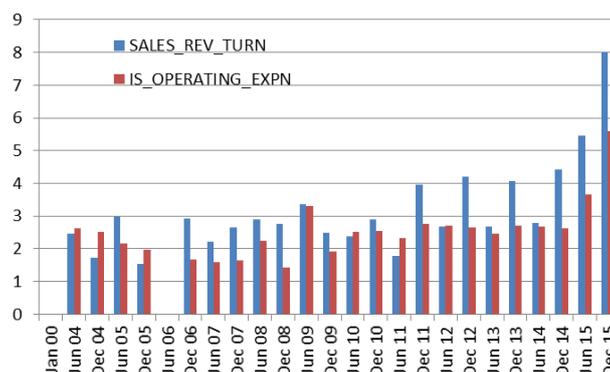


Prophecy International

Prophecy is a software company. It has two key products:

- 1) Snare which monitors and diagnoses security issues across IT platforms.
- 2) E-mite is a user interface platform for IT system management

Snare was acquired in 2011 and E-mite was acquired in August 2015. The combination of the two has led to a significant increase in sales with current guidance pointing to \$12m revenue in the 2nd half. This has flowed through to profit with EBITDA projected to hit \$8.9m this year. With a market cap of less than \$100m the run rate EBITDA from the second half and the exponential growth in sales makes the valuation compelling.



The Portfolio

The fund is currently invested in 15 positions and retains a cash balance of 29%. The cash balance is down from 34% at the end of December after introducing the two positions above. We reduced our positions in WEB, VOC and HSN during the month on the back of strong runs.

