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Dear Investor,

The following parable is one that is worth remembering during a maturing bull market that includes potential manias such as Bitcoin.

I don't know who wrote it so can't provide credit where credit is due but it tells a simple and rather tragic tale...

A lot of monkeys lived near a village.

One day a merchant came to the village to buy the monkeys!

He announced that he will buy the monkeys @ \$100 each.

The villagers thought that this man is mad.

How can somebody buy stray monkeys at \$100?

Still, a few people caught monkeys and gave them to the merchant and he gave \$100 for each.

This news spread like wildfire and people caught lots of monkeys and sold them to the merchant.

After a few days, the merchant announced that he will now buy monkeys @ \$200 each The villagers ran around to catch the remaining monkeys!

They sold the remaining monkeys @ \$200 each.

Then the merchant announced that he will buy monkeys @ \$500!

The villagers start to lose sleep!

They caught six or seven monkeys, which was all that was left and got \$500 each.

The villagers were waiting anxiously for the next announcement.

Then the merchant announced that he is going home for week. And when he returns he will buy monkeys @ \$1000 each!

He asked his sole employee to take care of the monkeys until his return.

The merchant went home.

The villagers were sad, as there were no more monkeys left for them to sell for \$1000 each.

Then the employee told them that he will secretly sell them some monkeys @ \$700 each.

This news spread like fire.

Since the merchant buys monkey @ \$1000 each, now there's a \$300 profit.

The next day, villagers made a queue near the monkey cage.

The employee sold all the monkeys at \$700 each.

The rich bought in big lots. The poor borrowed money and also bought!

The villagers took care of their monkeys & waited for the merchant to return.

But nobody came!

Then they ran to the employee but he had left too!

The villagers realize that they have bought the monkeys @ \$700 each and now are unable to sell them!

Is Bitcoin the next monkey business?

I never tire (as many will attest) of the Warren Buffett saying... "If you've been playing poker for half an hour and you still don't know who the patsy is, you're the patsy."

"There is no training, classroom or otherwise, that can prepare you for trading the last third of a move, whether it's the end of a bull market or the end of a bear market."

Paul Tudor Jones

There is never a more important time to remember this saying. **We are in a market where sound value opportunities will surface but the temptation will be to jump on the fast moving, high flying concept stocks, full of promise and potential but short on reality.** I will be disciplined during this potentially irrational time and despite the risk of missing profits, my first rule will remain, “avoid losing money.”

I go into 2018 very optimistic about the future of the HAM fund. The last 3 years have been profitable but I want more for my investors in the future. We will turn over more rocks and be slightly more aggressive in the capital allocation process and a little less patient with under performing stocks.

Good luck to everyone in 2018.

Please don't hesitate to contact us to discuss any potential investment in the fund.

Performance of founder's units to 30 Nov 2017:

Period	*Fund	ASX 300 Accumulation	Outperformance
1 Month	2.35%	2.09%	0.49%
3 Months %	5.57%	7.98%	-2.17%
6 Months %	11.77%	8.85%	3.16%
1 Year %	8.61%	12.18%	-3.33%
Since inception (Nov 2014) p/a *	8.07%	8.62%	-0.46%

Fund Size \$13m *Assumes reinvestment of distributions.

Good investing,
Nigel Littlewood
5th Jan 2018

Note: Harness Asset Management Small Companies Value Fund (the Fund) own shares in the stocks mentioned above as at 30 Nov 2017. The above is in no way intended as financial advice, nor any recommendation by the manager of the fund.

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