



AUSTRALIAN EQUITIES CONCENTRATED PORTFOLIO

DECEMBER 2019

INVESTMENT PROFILE

The Quest Australian Equities Concentrated Portfolio is a Separately Managed Account (SMA), actively managed by Quest Asset Partners Pty Limited. Our objective is to outperform the S&P/ASX300 Accumulation Index. The SMA structure allows the investor to retain beneficial ownership of securities via a custodian while maximising transactional visibility. A unit trust is unable to provide this level of visibility.

DECEMBER SUMMARY

December was a good month for our portfolio with further returns above the benchmark. The Quest portfolio eased modestly while ASX 300 accumulation index fell by 2%.

The Quest annual result has been excellent with many stocks in our portfolio delivering above market returns in recent months. There has been success in large, mid and small cap stocks. The lack of poor performing investments reflects well on our process and team.

The result has again been a significant out performance of the benchmark over the year.

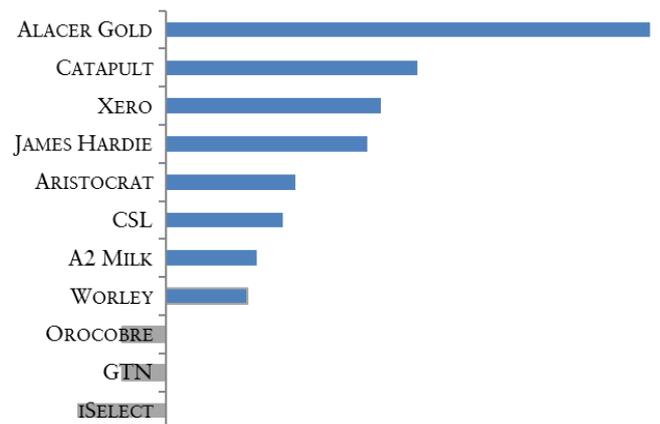
The Quest twelve month return pre fees is now 31% compared to the market return of 23.8%.

A number of solid performances were delivered in the month including the listing of our pre IPO investment in **Carbon Revolution**. The stock has had a robust debut well above the pre IPO price. The performance was excluded in November figures and now appears below in the December numbers below. Investors should note that given the size of the return for pre-IPO investors, portfolio performance will vary between platforms as not all platforms allow pre-IPO investments. Further detail over leaf.

KEY PORTFOLIO FEATURES

Inception	9 February 2005
Investment Universe	ASX listed
No. of holdings	32 now, maximum 35
Quest AUM	\$1.26 billion
Strategy AUM	\$83 million
Investment Horizon	3 – 5 years
Investment S.trategy	Fundamental with a key focus on business quality and free cash flow
Derivatives/Shorting	Nil
Lonsec Rating	Reviewed and Rated by Lonsec.

BEST PERFORMERS OF 2019



PERFORMANCE

BEFORE FEES AND TAX (PAST PERFORMANCE IS NO GUARANTEE OF FUTURE PERFORMANCE)

To 31 December 2019	1 month	3 months	1 year	3 years*	5 years*	10 years*	Since inception*
Quest Aust. Equities Concentrated**	-0.2%	7.7%	31.0%	14.7%	13.0%	10.4%	12.1%
ASX 300 Accumulation Index	-2.0%	0.7%	23.8%	10.3%	9.1%	7.8%	7.8%
Value added	1.8%	7.0%	7.3%	4.4%	4.0%	2.6%	4.3%

*per annum

**Preliminary unaudited returns



PORTFOLIO ACTIVITY

Our best absolute performers were **GTN** up 18%, **Carbon Revolution** up over 40% above the listing price of late November, **Reece** up 11%, **Magellan** up 8%, **Mineral Resources** up 6% and **Orocobre** up 5%.

Catapult shares eased 28% in December after a big run up in November. It would seem that someone got a little carried away last month. The current price of \$1.60 is well above our \$1.10 entry point.

High performance automobile wheel manufacturer **Carbon Revolution** listed in late November. The code is CBR. Some Quest portfolios were pre IPO investors in Carbon Revolution Convertible Notes back in April. These Notes have now converted to shares. The shares boomed on debut closing up 32% on listing price on day 1. The performance of Carbon Revolution has been included in the December figures. Quest portfolios that are mandated to invest at a pre IPO level have a cost base per share of \$1.52. Other funds have stock at the float price of \$2.60. Carbon is trading now at \$3.91. This has been a good pre IPO investment for our client base with some funds doubling the investment in less than a year. We have another pre IPO investment being mortgage disrupter **Lendi**.

Alacer Gold is a regular in this monthly after bursting ahead by over 200% this year.

Quest sold our **Westpac** holding in October. Our only bank is now **CBA**. We rate CBA higher than the other banks due to a strong capital position, IT

capability, level of deposit funding and a younger client base. The reduction in our bank position along with a number of strong performers has resulted in a very good year for our investors.

Cash at the end of October was approximately 4%.

FACT OF THE MONTH

Avengers End Game has become the highest grossing movie ever with USD\$2.8 billion in sales in only 11 days.

Our readers may not realise that this is the fourth in a series of Avengers movies and is the 22nd film in the Marvel Cinematic Universe, known as the MCU. Avatar took 47 days to achieve the same sales revenue. The success suggests MCU productions will continue to roll out more holiday fodder in 2020.

THE QUEST PROCESS

The Quest team invest to make an above average return. We pay little heed to any index.

We research investments from the ground up and invest based on our assessed valuation. We seek minimum 15% upside.

A Quest portfolio includes known names such as **CSL** and **RIO** and **James Hardie**. We also look to add value outside of the major stocks, recent examples being **Prospa, Alacer Gold, Catapult, Opticomm, Carbon Revolution** and pre IPO bank disrupter **Lendi**.

The portfolio typically carries a number of mid and smaller cap stocks where we believe our experience in this field gives us an advantage.

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