

Ex 20 Portfolio Update February 2021

With February 2020 marking the market peak before COVID hit, it is roughly 12 months since the world's markets first transmitted the impact of the pandemic. In those 12 months the broader Australian market has delivered a +7.1% return, a remarkable result given the turmoil.

February 2021 was a reasonable month for the market, particularly for some of the largest stocks and especially the banks. The Ex20 benchmark was more subdued finishing marginally ahead +0.1% for the month.

The Quest Ex20 portfolio returned +0.8% for February.

Over the past 12 months, the Quest portfolio delivered +28.8%. The benchmark return for the same period was +7.4%.

Reporting season was one of the strongest on record in terms of growth. Many companies performed better at the top line than would have been expected during the depths of COVID. With strong cost savings realised, reported profits were sharply higher. A good portion of these strong reporters, however, underperformed as share prices had run strongly coming into the results. The Quest portfolio had a good reporting season with around 40% of those companies reporting meeting our expectations prior to the result. Pleasingly, almost 50% exceeded our expectations, due to a combination of buoyant end-market demand and deft company management. We note that a portion of our holdings did not report in February.

We had a handful of disappointments. Nuix was the most notable with its maiden result not meeting the market's expectations. We decided to exit this position and move on. Profits were banked on this investment, with previous sales made close to the highs. Altium was also exited, in similar circumstances.

Our best performers were a mix of vaccine re-openers: Corporate Travel (+22%), Vista Group (+21%), Atomos (+19%), Credit Corp (+12%), Ramsay (+5%); resource stocks Mineral Resources (+13%), IGO (+10%) and Marley Spoon (+24%). Marley bucked the trend of a share price fall accompanying the announcement of strong COVID-assisted profits. The difference appears to be Marley's forecast of 25-30% growth for 2021. This contrasts with many other companies not prepared to provide guidance given they will cycle the very strong growth of 2020.

Portfolio Features

Inception	5 January 2017
Benchmark	S&P/ASX300 ex 20 Index
No. of holdings	20 - 40
Typical cash weight	3 - 10%
Investment horizon	3 - 5 years
Portfolio Manager	Troy Cairns
How to invest	Mason Stevens Platform Xplore Wealth Platform

Drivers of Performance – FEB 2021

POSITIVE

Marley Spoon, Corporate Travel, Atomos, Vista Group, Mineral Resources, Credit Corp, IGO, Ramsay

NEGATIVE

Nuix, Kogan, Carbon Revolution, Clover Corp, Cyclopharm

Current Portfolio

Total holdings	40
Non-benchmark holdings	13
Tracking error	8.0%
Active share	84%
Stock specific risk	73% of active risk
Earnings growth (1yr fwd)	16% pa
ROE	12.1%
Beta	1.1
P/E (1yr fwd)	26.1x
Dividend yield (1yr fwd)	2.6%

Source: Bloomberg (some stocks excluded)

Performance*

To 28 February 2020	1month	3months	6months	1yr	2yrs (p.a)	3yrs (p.a)	Inception (p.a)
Quest Ex-20 Aust Equities	+0.8%	-1.8%	+7.3%	+28.8%	+21.8%	+15.7%	+17.8%
ASX300 Acc. ex ASX20 index	+0.1%	-1.1%	+6.7%	+7.4%	+7.5%	+6.6%	+8.6%
Value added	+0.7%	-0.7%	+0.6%	+21.4%	+14.3%	+9.1%	+9.2%

*Returns after fees based on the Mason Steven platform model portfolio (note: performance fees, where applicable, are deducted six monthly following the June and Dec periods)
Past performance is no guarantee of future performance. Individual returns will differ for investors, depending when the initial investment was established and the timing of any additional investments or redemptions. Inception date 5 January 2017.



Investment Profile

The Quest Ex-20 Portfolio is a Separately Managed Account (SMA), actively managed by Quest Asset Partners. The Portfolio comprises between 20 and 40 securities and aims to outperform the S&P/ASX 300 index excluding the 20 largest companies. The Portfolio will have significant exposure to mid and small-capitalised stocks benefiting from our proven investment process and experience with smaller companies.

The assessment of business quality is fundamental to the Quest investment process. We aim to identify companies that can deliver good returns on invested capital and sustain those returns through time. Quest has a long track record of investment performance leveraging this process.

The portfolio will typically have a bias to companies with growth characteristics (revenue, earnings and return on equity) and can be expected to have significant exposure to companies not in the benchmark. Both these exposures will vary through time as opportunities arise.

Portfolio risk is actively managed with a focus on capital preservation.

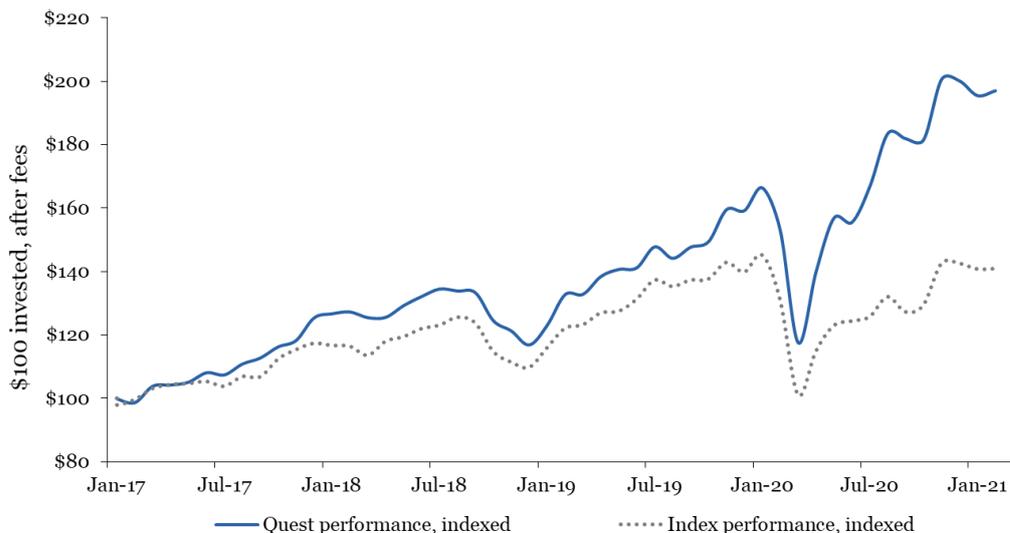
Portfolio Holdings

LARGE CAP	
Amcor	Cochlear
James Hardie	Ramsay Healthcare
Sydney Airport	
MID CAP	
Aventus Group	Bingo
Credit Corp	Corporate Travel
Kogan	Mineral Resources
Nine Entertainment	Steadfast
SMALL CAP	
AFG Group	Atomos
Carbon Revolution	Catapult
Maas Group	Marley Spoon

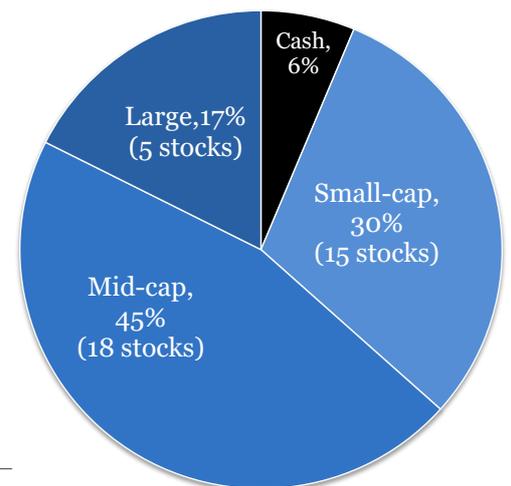
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Portfolio Returns



Portfolio 28 February 2020



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