

QUEST EX-20 AUSTRALIAN EQUITIES PORTFOLIO

MONTHLY PORTFOLIO REPORT JUNE 2020

PERFORMANCE*

To 30 June 2020	1month	6months	1yr	3yrs (p.a)	Inception (p.a)
Quest Ex-20 Australian Equities	-0.9%	-2.3%	+10.2%	+12.9%	+13.8%
ASX300 Acc. ex ASX20 index	+1.2%	-11.1%	-5.3%	+5.7%	+6.1%
Value added	-2.1%	+8.8%	+15.4%	+7.2%	+7.7%

*After fees (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.

June delivered another positive month, with the market up +2.4%. The ex20 benchmark index came in slightly lower +1.2%, as larger stocks outperformed smaller stocks during the month. The Quest portfolio returned -0.9%, which is lower than the benchmark mainly due performance fee paid during the period.

The biggest portfolio movers during June were Marley Spoon (+68%), Kogan (KGN +31%), Cleanaway (+13%), Mineral Resources (+13%) and Domain (+9%). Offsetting these were stocks giving back some strong recent gains: Catapult (-21%), Mesoblast (-19%) and Carbon Revolution (-15%).

FINANCIAL YEAR IN REVIEW

The investment challenges of the last 12 months are well known to investors: a solid market rising to a euphoric peak on 20 Feb 2020 (+11% from June 19), followed by a COVID ravaging. The chart on the right shows the journey for the Australian market.

We are very pleased how the Quest portfolio performed through this period, posting a healthy positive +10.2% return (after fees). This compares a loss of -5.3% for the benchmark. This equates to +15.4% outperformance over the last year.

Whilst we strive to outperform, we also worry about preserving capital when markets turn nasty. Our clients will know we harvest profits from time to time. We believe selling discipline is as important as finding new investments. We aim to keep portfolio risk in check, balancing the risks and returns embedded within the portfolio. Posting a positive return during such a difficult period is therefore a satisfying outcome. It means that any client investing \$100 one year ago would have now have \$110.20 (after fees) compared to a loss and \$94.70 if invested in the index. The chart bottom right illustrates this.

The table (top right) shows stocks contributing to the one-year performance, good and bad. Coming into COVID, the portfolio was in good shape to weather a storm. Business quality was at a high and we had avoided high debt companies. During COVID we re-shaped further, jettisoning holdings where the path out appeared tough (eg Sydney Airport, Dexus, Serko, Nine, Worley). We invested all our cash during March, seeking out COVID 'beneficiaries' (Ansell, Kogan, Amcor, Marley Spoon, Mesoblast), increasing our Gold stocks (Alacer the standout) and buying high quality companies at knock-down prices (eg Goodman, REA, Altium, Domain, Ramsay, Steadfast). Despite the good recent run and the COVID challenges ahead, we remain positive and see value in the quality portfolio assembled.

DRIVERS OF PERFORMANCE 12 MONTHS TO 30 JUNE 2020

POSITIVE

Kogan, Alacer Gold, James Hardie, Marley Spoon, Xero, Opticomm, Mineral Resources, Evolution Mining, Pinnacle Investments, Mesoblast, Bravura, Domino's, Magellan, Catapult, Cleanaway, Altium

NEGATIVE

Prospra, Worley, Carbon Revolution, iSelect, Bingo, Aventus Group

AUSTRALIAN MARKET - S&P / ASX300 INDEX



PORTFOLIO RETURNS



PORTFOLIO CHARACTERISTICS

Holdings	36
Stock specific risk	56% of active risk
Factor risk	44% of active risk
Major factor risks:	
<i>Overweight</i>	<i>IT/Telecom</i>
<i>Underweight</i>	<i>Value, Size, Energy</i>
Active share	84%

SIGNIFICANT PORTFOLIO HOLDINGS

LARGE CAP

Ancor	Aristocrat
Goodman Group	James Hardie
Magellan	Ramsay Healthcare
Realestate.com	Xero

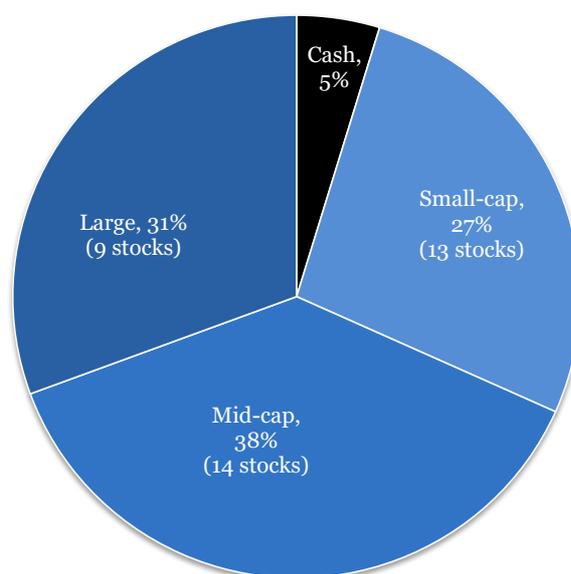
MID CAP

Alacer Gold	Altium
Ansell	Aventus Group
Bravura	Cleanaway
Credit Corp	Kogan
Mesoblast	Mineral Resources
Saracen	Steadfast

SMALL CAP

Australian Finance Group	Carbon Revolution
Catapult	OptiComm
Orocobre	Marley Spoon

PORTFOLIO AT 30 JUNE 2020



PORTFOLIO STRATEGY

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 Quest's 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.

Disclaimer

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PORTFOLIO FEATURES

Inception	5 January 2017
Benchmark	S&P/ASX300 ex S&P/ASX20 Index
No of holdings	20 - 40
Typical cash weight	3 - 10%
Investment horizon	3 - 5 years
Portfolio Manager	Troy Cairns
How to invest	Via the Mason Stevens Platform or the Xplore Wealth Platform