

EX 20 PORTFOLIO UPDATE MAY 2021

The market continued to push higher in May, with the benchmark up 0.4%. The broader market was up 2.3% as larger stocks outperformed small and mid-cap companies.

The Quest Ex20 portfolio was down 0.5% in May, which lagged the benchmark.

Inflation continues to be a key focus for markets. Fears of inflation are understandable when commodities such as iron ore, crude oil and timber have more than doubled in the last year. Agricultural prices are on the move as well. Importers are reporting price pressure and delivery delays. Whether this inflation proves transient or ongoing remains to be seen.

During May strength in financials stocks drove the market whilst technology stocks generally lagged. This was a continuation of the broader trend in recent months of value stocks outperforming growth stocks as bond rates move higher and the economy absorbs substantial government stimulus. We continue to be focused on bottom-up stock picking and our long-term returns will be primarily driven by stock specific exposures rather than any macroeconomic thematic.

Our best performers in May were Immutep (+52%) following positive trial data, MLG (+34%) which had a strong IPO debut and AI Media (+18%) after announcing a capital raising to fund an acquisition. The acquisition of EEG looks prospective and we used the opportunity to re-establish a position in the company. ALS (+17%) was also strong after reporting its FY21 result which showed encouraging geochemistry sample volumes.

Our biggest drag was again Carbon Revolution (-26%) who reduced FY21 guidance as one of their customers paused vehicle production due to the global semi-conductor chip shortage. The long-term outlook remains unchanged but the ramp up in production has taken longer than expected. Other laggards included Monadelphous (-22%), Clover (-18%) and Fisher & Paykel Healthcare (-17%).

May was a relatively active month on the trading front. We banked healthy profits in MLG, after its strong listing, and Bingo following the takeover bid from MIRA. We also exited SO4, Superloop and Clover. The proceeds from these sales were used to fund new positions in Resmed and Carsales, which have both contributed positively since purchase.

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 – MAY 2021

POSITIVE

Maas Group, Immutep, Corporate Travel, AI Media, ALS Ltd, Resmed, MLG Oz

NEGATIVE

Carbon Revolution, Monadelphous, Vista, Clover, Fisher & Paykel Healthcare, Marley Spoon, Ramsay Healthcare

CURRENT PORTFOLIO

Total holdings	38
Non-benchmark holdings	11
Tracking error	6.1%
Active share	82%
Stock specific risk	72% of active risk
Earnings growth (1yr fwd)	44% pa
ROE	11.4%
Beta	1.1
P/E (1yr fwd)	25.7x
Dividend yield (1yr fwd)	2.3%

Source: Bloomberg (some stocks excluded)

PERFORMANCE*

To 31 May 2021	1month	3months	6months	1yr	2yrs (p.a)	3yrs (p.a)	Inception (p.a)
Quest Ex-20 Aust Equities	-0.5%	+8.9%	+6.9%	+36.8%	+23.5%	+18.4%	+18.9%
ASX300 Acc. ex ASX20 index	+0.4%	+6.9%	+5.7%	+22.6%	+8.7%	+8.0%	+9.8%
Value added	-0.9%	+2.0%	+1.2%	+14.2%	+14.8%	+10.4%	+9.1%

*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.

SAMPLE PORTFOLIO HOLDINGS

LARGE CAP	
Fisher & Paykel Healthcare	Resmed
James Hardie	Xero
MID CAP	
Aventus Group	Corporate Travel
Steadfast	Mineral Resources
SMALL CAP	
Catapult	Maas Group
Marley Spoon	Vista Group

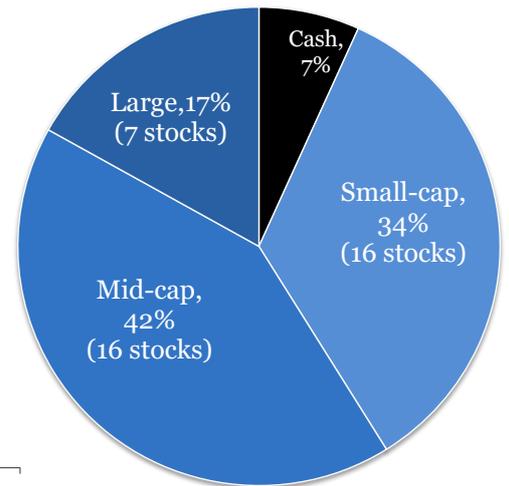
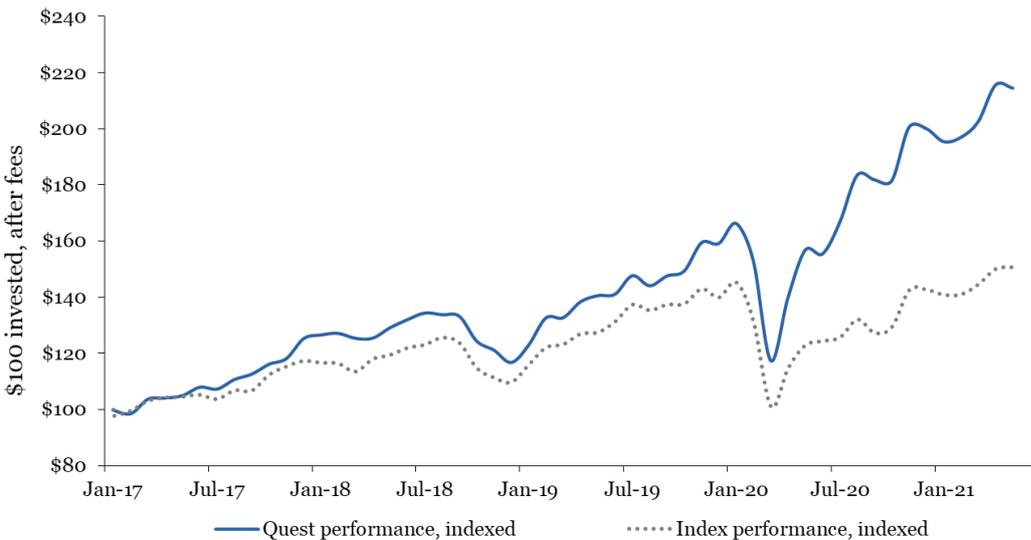
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PORTFOLIO RETURNS

PORTFOLIO 31 MAY 2021



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