

# QUEST EX-20 AUSTRALIAN EQUITIES PORTFOLIO

## MONTHLY PORTFOLIO REPORT APRIL 2020

### PERFORMANCE\*

To 30 April 2020	1month	6months	1yr	3yrs (p.a)	Inception (p.a)
Quest Ex-20 Australian Equities	+19.1%	-6.3%	+1.1%	+10.3%	+10.7%
ASX300 Acc. ex ASX20 index	+13.5%	-16.6%	-9.6%	+3.3%	+4.3%
Value added	+5.6%	+10.3%	10.7%	+7.0%	+6.4%

\*After fees (note: performance fees, where applicable, are deducted six monthly: June and Dec)

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.

### PORTFOLIO UPDATE

April delivered much needed relief for investors, globally. The Australian market rallied sharply, delivering a total return of +9.0%. This regained around half of the losses incurred in March. The driver was the trillions of dollars in stimulus packages unleashed by Federal Governments and Central Banks across the world.

The Quest portfolio performed very well during April, delivering a strong +19.1% return. This compares favourably with the Ex20 benchmark +13.5%, which itself was significantly higher than the broader market return.

Mesoblast (MSB +142%) and Kogan (KGN +49%) were two high performers, both perceived as beneficiaries from COVID. As noted previously, we've owned KGN since February. A recent trading update shows online sales continue to surge due to lockdown. April sales grew +100% and EBITDA +200% compared to 12 months ago. We remain positive, as a portion of those customers new to Kogan will return, delivering significant long-term value.

MSB is an opportunity we have been circling for some time. FDA approval is imminent for their stem cell therapy to treat children with steroid refractory GHVD, a group that has a dreadful 90% mortality rate. MSB also has a range of other prospective trials on foot with data expected, near term. We invested early April at \$1.78. The stock caught on fire as MSB highlighted the potential to re-purpose its cells to treat critically ill COVID patients. The FDA fast-tracked clearance for a 300 patient clinical trial and expectations are high for a meaningful outcome. Data is due in a matter of months. In our minds, a valuation in excess of \$3.00 can be justified prior to any success in the COVID trial. MSB finished the month at \$3.36 with an equity raising following in May.

Other strong performers included Catapult (+61%), as sports teams contemplate returning to competition; Alacer Gold (+52%), gold being favoured given the actions of central banks; Serko (+43%), a travel stock; and Pinnacle (+40%), a fund manager.

Given the speed of the rebound, we remain cautious. COVID does not look under control in the US with the Gov't facing an enormous challenge balancing this fact with desperate calls by many to re-open the economy. We continue to be mindful of portfolio risk in this environment, trimming recent strong performers.

### DRIVERS OF PERFORMANCE – APRIL 2020

#### POSITIVE

Mesoblast, Kogan, Catapult, Alacer Gold, Pinnacle Investment, Evolution Mining, Bravura, Altium, Serko, Steadfast

#### NEGATIVE

Opticomm, Dexus, Sonic Healthcare, Goodman Group, Amcor, Vista

### SIGNIFICANT PORTFOLIO HOLDINGS

#### LARGE CAP

Amcor	Aristocrat
Goodman Group	James Hardie
Ramsay Healthcare	

#### MID CAP

Altium	Cleanaway
Evolution Mining	Lend Lease
Magellan	Mesoblast
Mineral Resources	Realestate.com
Steadfast	Xero

#### SMALL CAP

Alacer Gold	Bravura
Carbon Revolution	Catapult
Clover Corp	Kogan
OptiComm	Orocobre

## PORTFOLIO CHARACTERISTICS

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Holdings	33
Stock specific risk	62% of active risk
Factor risk	38% of active risk
Major factor risks:	
Underweight	Value, Size, Energy
Overweight	IT/Telecom, Gold
Active share	82%

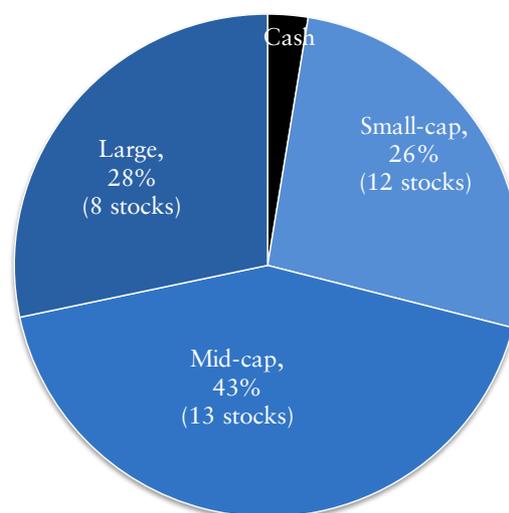
Source: MSCI

## TOP ACTIVE POSITIONS AS AT 30 APRIL 2020

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Goodman Group  
Ramsay Healthcare  
Cleanaway  
Ancor  
James Hardie  
Vista Group  
Mesoblast

## PORTFOLIO AS AT 30 APRIL 2020



## PORTFOLIO STRATEGY

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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

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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