

QUEST EX-20 AUSTRALIAN EQUITIES PORTFOLIO

MONTHLY PORTFOLIO REPORT AUGUST 2020



PERFORMANCE*

To 31 August 2020	1month	6months	1yr	3yrs (p.a)	Inception (p.a)
Quest Ex-20 Australian Equities	+10.0%	+20.0%	+27.3%	+18.3%	+18.1%
ASX300 Acc. ex ASX20 index	+5.0%	+0.7%	-2.4%	+7.3%	+7.9%
Value added	+5.0%	+19.3%	+29.7%	+11.0	+10.2%

*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.

PORTFOLIO UPDATE

August was very strong with the Quest portfolio delivering 10.0% for the month. This significantly exceeded the Ex20 benchmark return of 5.0%. Small and mid-cap stocks were notably stronger than larger companies with the broader ASX300 delivering a lower 3.1% return.

The portfolio has returned 27.3% over the last 12months. This compares very favourably to the benchmark at -2.4%.

It was a busy month with companies reporting full year earnings, allowing the market to assess the extent of the COVID damage. The results were largely academic as the market is a forward-looking beast. Despite companies being reluctant to give much in the way of guidance, businesses appear to be in better shape than perhaps expected. This relates, in part, to the massive structural change brought on by COVID, delivering more flexibility and lower costs to operations.

The portfolio fared well during reporting with around half of our companies beating prior expectations. The biggest movers amongst this group were People Infrastructure (PPE +42%) and Hansen Technologies (HSN +41%) both of which were added to the portfolio in recent months. Catapult (CAT +37%), Vista Group (VGL +35%), Kogan (KGN +25%) and Cleanaway (CWY +23%) also responded very well.

The biggest movers were however 4D medical (4DX +103%) and Kazia Therapeutics (KZA +96%). We committed in July to the IPO of 4DX; an early-stage medical imaging company embraced by the market, popping +118% on day-one trading. Kazia is a very interesting biotech pursuing approval for a brain cancer treatment. Trial results and progress with the FDA is driving interest and the stock price moved to over \$1.00. Our holding was established via an equity raising at \$0.40 in April this year. Although further funding will be required, the return prospects remain good, given the potential for a corporate deal. Dragging during the month were gold stocks Alacer (AQQ -13%) & Saracen (SAR -13%) along with Orocobre (ORE -13%).

We were again active during the month. Profits were taken on exits of Mesoblast, Realestate.com.au, Bravura and Gold Road Resources. We also trimmed Ansell, Cleanaway, Catapult and Amcor. Proceeds were recycled back to quality names that remain depressed due to COVID, but with the potential to re-rate with time. We also took a small stake in the IPO of Ai Media which is due to list next month. We remain positive and fully invested with a small cash balance.

DRIVERS OF PERFORMANCE – AUG 2020

POSITIVE

Kogan, Catapult, Kazia Therapeutics, Vista Group, 4D Medical, Hansen Technologies, People Infrastructure, Cleanaway, Aventus Group, Altium

NEGATIVE

Alacer Gold, Orocobre, Saracen Minerals

SIGNIFICANT PORTFOLIO HOLDINGS

LARGE CAP

A2 Milk	Amcor
Goodman Group	James Hardie
Magellan	Ramsay Healthcare
Sydney Airport	Xero

MID CAP

Alacer Gold	Altium
ALS Group	Aventus Group
Dexus Group	Credit Corp
Kogan	Steadfast

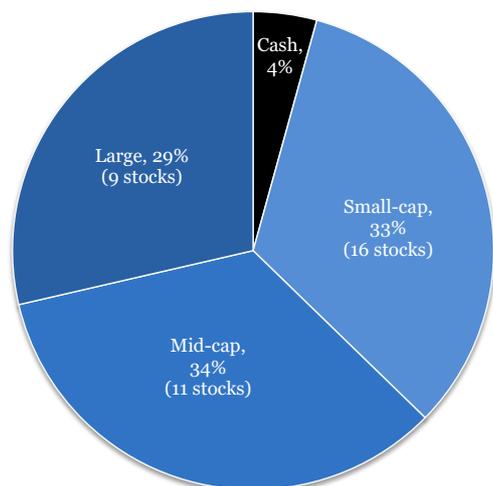
SMALL CAP

Atomos	Carbon Revolution
Catapult	Clover Corp
OptiComm	Orocobre
Marley Spoon	Vista Group

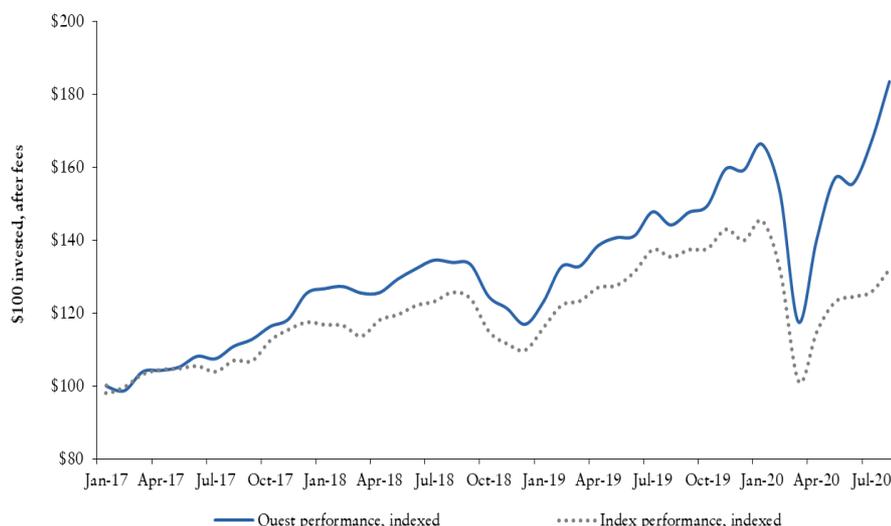
PORTFOLIO CHARACTERISTICS

Holdings	36
Stock specific risk	54% of active risk
Factor risk	46% of active risk
Major factor risks:	
<i>Overweight</i>	<i>IT/Telecom</i>
<i>Underweight</i>	<i>Value, Size, Precious metals</i>
Active share	82%

PORTFOLIO 31 AUGUST 2020



PORTFOLIO RETURNS



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.

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

Disclaimer

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