

EX 20 PORTFOLIO UPDATE JANUARY 2021

Whilst the broader market made modest progress during January (ASX300 index up 0.3%) the benchmark Ex20 index retreated -1.3%. Mid-cap and smaller stocks did not fare as well as some larger companies in the market, particularly the banks.

The Quest Ex20 portfolio returned -2.3% lagging the benchmark return by 1.0%.

The Australian economy continues to beat expectations coming out of COVID. The RBA remains steadfast in its commitment to keep interest rates near zero until 2024, at the earliest. It has added more fuel by expanding its quantitative easing, partly in response to the high AUD dollar. Not surprisingly assets prices continue to be well supported, with residential property looking increasingly punchy. However, long bond yields continue to move higher which is worrying for equity valuations.

This backdrop, together with the ongoing tension between the good news on vaccines set against further outbreaks of COVID, is resulting in considerable noise in the market. Investors are struggling to accurately price the outlook over the next six to twelve months. The upcoming February reporting season may not help matters as we expect the extraordinary COVID affected results may further muddy the waters.

Some past strong performers reversed course during January: Atomos (-11%), Maas Group (-9%), Mineral Resources (-8%), Marley Spoon (-6%). Other laggards included Vista Group (-12%) which faded following the November vaccine news, gold/metals miner Aurelia Metals (-15%) and Catapult (-10%).

Our best stocks were a mixed bag of domestic exposures and resource stocks. Recent addition Bingo (+32%) bounced on the news of a potential takeover. Resource plays Salt Lake Potash (+27%) and Orocobre (+12%) both re-rated and AFG (+4%) continued to benefit from the buoyant mortgage market. Nuix (+11%) also pushed higher following the IPO last month.

We took advantage of recent strength to trim Nuix, Credit Corp and Orocobre at excellent prices. We established a new holding in Cyclopharm via a placement at \$2.60. The company raised \$30 million to capitalise on its expected FDA approval allowing it to finally market its well-established nuclear imaging device in the US. We also committed to the upcoming IPO of Airtasker which lists in March.

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
AFSL:	279207

DRIVERS OF PERFORMANCE – JAN 2021

POSITIVE

Bingo, Nuix, Salt Lake Potash, Orocobre, AFG, ALS, Hansen, Ramsay, Cochlear

NEGATIVE

Atomos, Aurelia Metals, Vista Group, Maas Group, Altium, Goodman, Magellan, Catapult, Mineral Resources

CURRENT PORTFOLIO

Total holdings	40
Non-benchmark holdings	15
Tracking error	6.6%
Active share	85%
Stock specific risk	65% of active risk
Earnings growth (1yr fwd)	17.3% pa
ROE	12.1%
Beta	0.97
P/E (1yr fwd)	27.6x
Dividend yield (1yr fwd)	2.3%

PERFORMANCE*

To 31 January 2020	1month	3months	6months	1yr	2yrs (p.a)	3yrs (p.a)	Inception (p.a)
Quest Ex-20 Aust Equities	-2.3%	+7.6%	+17.1%	+17.5%	+26.1%	+15.6%	+17.9%
ASX300 Acc. ex ASX20 index	-1.3%	+8.8%	+12.0%	-3.1%	+10.2%	+6.5%	+8.8%
Value added	-1.0%	-1.2%	+5.1%	+20.6%	+15.9%	+9.1%	+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.

PORTFOLIO HOLDINGS

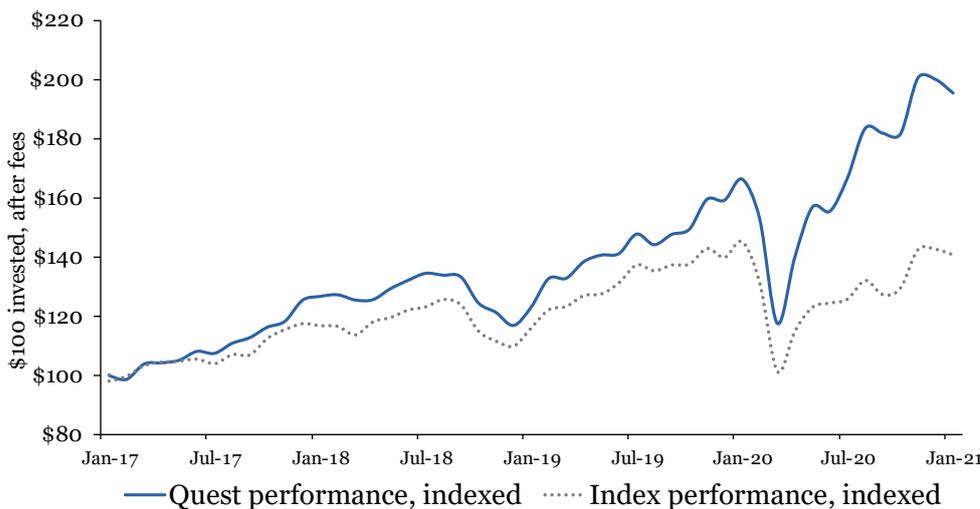
LARGE CAP	
Cochlear	Goodman Group
James Hardie	Magellan
Ramsay Healthcare	Sydney Airport
MID CAP	
Aventus Group	Bingo
Credit Corp	Corporate Travel
Kogan	Mineral Resources
Nuix	Steadfast
SMALL CAP	
AFG Group	Atomos
Carbon Revolution	Catapult
Maas Group	Marley Spoon

CONTACT THE MANAGERS

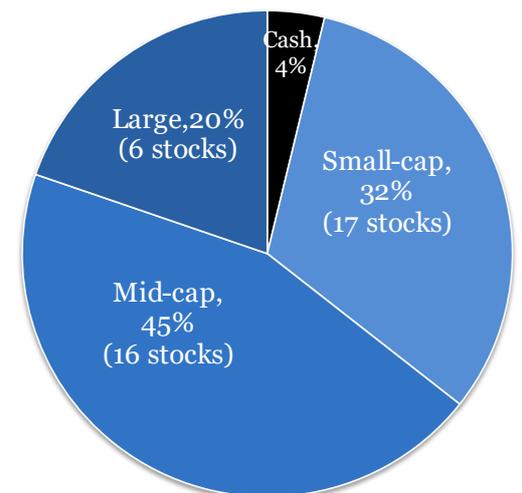
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PORTFOLIO RETURNS



PORTFOLIO 31 JANUARY 2020



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