

EX 20 PORTFOLIO UPDATE MARCH 2021

March closed out a solid month with the market moving higher. Pleasingly small and mid-companies did better than larger cap stocks, reversing the recent trend. The Ex20 benchmark was up +2.6% for the month, slightly better than the broader market index.

The Quest Ex20 portfolio returned +2.9%, ahead of the benchmark.

The COVID low point for the market was 23 March 2020. The market returns since have been stellar. The Quest Ex20 portfolio returned 72% over the past 12 months. The benchmark return for the same period was +43%.

Airtasker (+62%) was our strongest performer during the month. In a spectacular IPO debut, Airtasker grabbed the attention of fast money in the market. Trading volumes in the first week were enormous, with the dollar value traded on some days exceeding that of CSL, the biggest stock in the market! We committed to the IPO in January at a price of \$0.65. The stock closed at \$1.05 day one and \$1.75 the next day. We chose to take profits given these extraordinary prices.

Other strong stocks were Clover (+46%) recovering from recent trading challenges, Hansen (+38%) following its good interim result, Maas Group (+22%), People Infrastructure (+20%), Kazia (+20%) and Vista (+19%). Xero (+10%) was also a good performer. We re-established a position at close to recent lows in early March when tech stocks were being shunned. You may recall we exited Xero late last year.

Strugglers included Marley Spoon (-21%), Kogan (-13%) Atomos (-11%) and IGO (-11%). We remain positive about each over the medium term. Marley should continue to post good quarterly growth given the recent momentum. Similarly, Atomos looks well placed and will benefit as COVID recedes. As noted previously, we expect Kogan to benefit over time from the large number of customers acquired during COVID, despite the current challenge of clearing late inventory from last year.

In addition to Xero, new holdings were established in Fisher and Paykel Healthcare, Breville and Fletcher Building and we added to Sydney Airport. These investments were funded by exits in Airtasker, Hansen and CSR. We also committed to the upcoming IPO of MLG Oz Limited which lists in April.

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 – MARCH 2021

POSITIVE

Airtasker, Hansen Technologies, Clover Corp, Maas Group, Vista Group, People Infrastructure, Kazia Therapeutics, Xero, Catapult

NEGATIVE

Marley Spoon, Atomos, Kogan, IGO, Bingo, Monadelphous, Australian Finance Group, Corporate Travel, Steadfast

CURRENT PORTFOLIO

Total holdings	39
Non-benchmark holdings	13
Tracking error	7.0%
Active share	83%
Stock specific risk	67% of active risk
Earnings growth (1yr fwd)	44% pa
ROE	9.1%
Beta	1.0
P/E (1yr fwd)	24.8x
Dividend yield (1yr fwd)	2.5%

Source: Bloomberg (some stocks excluded)

PERFORMANCE*

To 31 March 2021	1month	3months	6months	1yr	2yrs (p.a)	3yrs (p.a)	Inception (p.a)
Quest Ex-20 Aust Equities	+2.9%	+1.3%	+11.4%	+72.4%	+23.5%	17.3%	+18.1%
ASX300 Acc. ex ASX20 index	+2.6%	+1.4%	+13.6%	+43.1%	+8.3%	+8.4%	+9.1%
Value added	+0.3%	-0.1%	-2.2%	+29.3%	+15.2%	+8.9%	+9.0%

*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	
Amcor	Fisher & Paykel Healthcare
James Hardie	Ramsay Healthcare
Sydney Airport	Xero

MID CAP	
Aventus Group	Bingo
Credit Corp	Corporate Travel
Kogan	Mineral Resources
Nine Entertainment	Steadfast

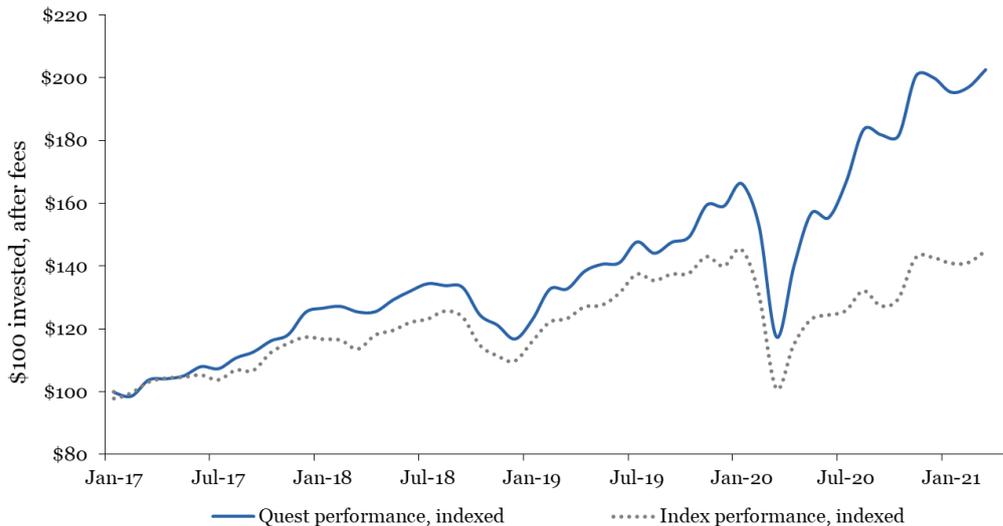
SMALL CAP	
AFG Group	Atomos
Carbon Revolution	Catapult
Maas Group	Marley Spoon

CONTACT THE MANAGERS

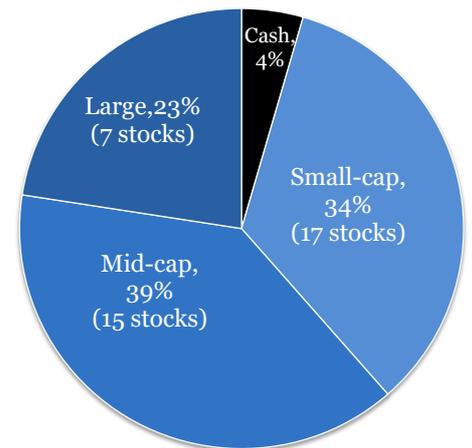
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PORTFOLIO RETURNS



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