

QUEST EX-20 AUSTRALIAN EQUITIES PORTFOLIO

MONTHLY PORTFOLIO REPORT SEPTEMBER 2020



PERFORMANCE*

To 30 September 2020	1month	3months	6months	1yr	3yrs (p.a)	Inception (p.a)
Quest Ex-20 Australian Equities	-0.9%	+17.0%	+54.7%	+23.2%	+17.3%	+17.4%
ASX300 Acc. ex ASX20 index	-3.6%	+2.3%	+25.9%	-7.4%	+6.0%	+6.7%
Value added	+2.7%	+14.7%	+28.8%	+30.5%	+11.3%	+10.7%

*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

September delivered the first monthly market fall since the dramatic dive in March. The market was weighed down by COVID resurgence concerns, Brexit, the US fiscal cliff and the preoccupation with the US election. Locally, the trajectory showed steady improvement as Victorian case numbers fell and the easing of travel restrictions became a possibility.

The Quest portfolio was down -0.9% during September, compared to the more meaningful benchmark fall of -3.6%. Over the last 12 months the Quest portfolio returned +23.2%, after fees. This equates to 30.5% outperformance compared to the benchmark which fell -7.4% over the same period.

The biggest movers in the portfolio were Carbon Revolution (+61%), Atomos (+24%) and Australian Finance Group (+15%), all continuing to regain ground given increasing optimism about the recovery from COVID. Opticomm (+18%) was driven higher as Uniti Wireless and Aware Super (formerly First State Super) battled it out for control via competing takeover bids. Opticomm has been an excellent investment following our participation in the IPO at \$2.00 in August 2019. The stock closed the month at \$6.03.

The poor performers were Marley Spoon (-20%), as it reversed some of the strong recent gains, Credit Corp (-11%) and Steadfast (-11%). We remain positive about each of these holdings with current prices trading below our valuations.

At the end of the month Kazia Therapeutics announced it was raising \$25m to fund its upcoming Phase III registration trial, a move we support.

With the US elections dominating the headlines the market noise continues. We look forward to a resolution in November and, like most, are not fearful of a Democrat win given the likelihood of more fiscal stimulus. The biggest risk remains a Trump contested election, an ugly outcome for markets. Beyond the November election we are encouraged domestically by the measures announced in the recent budget and we continue to set the portfolio for an ongoing but selective recovery.

We continue to see value in the market. Recent portfolio moves include adding to our holdings in Magellan, A2 Milk, Sydney Airport, Cochlear and Corporate Travel Management. These investments were funded by trimming Mineral Resources, Goodman Group and Australian Finance Group along with exits in Amcor, Ansell and Cleanaway, banking some excellent gains.

DRIVERS OF PERFORMANCE – SEPT 2020

POSITIVE

Carbon Revolution, Atomos, Opticomm, Australian Finance Group, Corporate Travel Management, People Infrastructure, Service Stream, James Hardie

NEGATIVE

Marley Spoon, Credit Corp, Steadfast, Mineral Resources, A2 Milk, Superloop

SIGNIFICANT PORTFOLIO HOLDINGS

LARGE CAP

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

MID CAP

Altium	ALS Group
Aventus Group	Credit Corp
Kogan	Steadfast

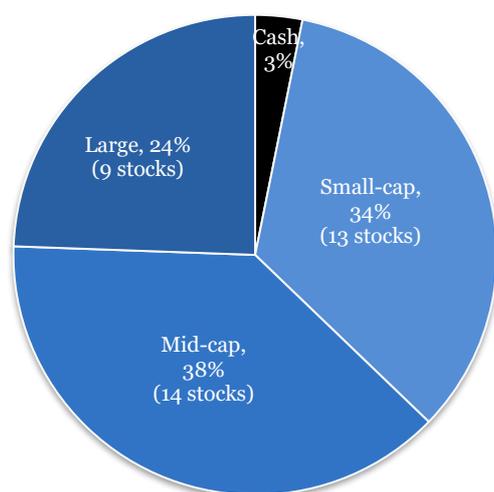
SMALL CAP

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

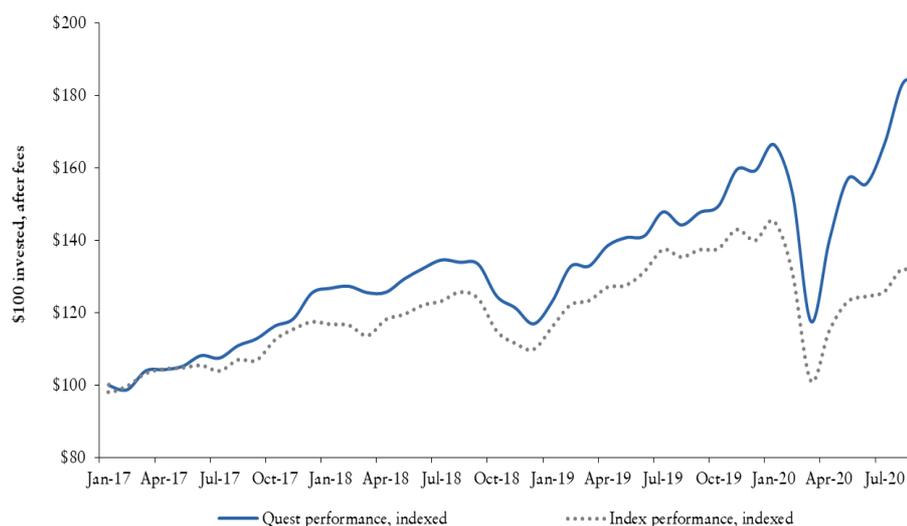
PORTFOLIO CHARACTERISTICS

Holdings	36
Stock specific risk	51% of active risk
Factor risk	49% of active risk
Major factor risks:	
<i>Overweight</i>	<i>IT/Telecom</i>
<i>Underweight</i>	<i>Value, Size, Precious metals</i>
Active share	83%

PORTFOLIO 30 SEPTEMBER 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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