

PORTFOLIO FEATURES

Inception	9 February 2005
Benchmark Index	S&P/ASX300 Accumulation Index
No of holdings	31 (Maximum 35)
Quest AUM	\$2.02m
Strategy AUM	\$125m
Investment horizon	3 - 5 years
Investment Strategy	Fundamental with a focus on business quality and free cash flow
Derivatives/Shorting	Nil
AFSL	279207
Lonsec Rating	Reviewed and Rated By Lonsec

PORTFOLIO HOLDINGS*

LARGE CAP

BHP	CSL
Macquarie Bank	National Australia Bank
Santos	Woolworths

MID CAP

Allkem	Aristocrat Leisure
Computershare	Corporate Travel
IGO Limited	Mineral Resources
Ramsay Healthcare	Xero

SMALL CAP

Ai-Media	Boss Energy
Catapult	Paladin Energy
Qualitas	Ventia

*20 stocks of 31 held

CONCENTRATED PORTFOLIO UPDATE APRIL 2023

The Quest portfolio made a small positive return in April but a whisker under benchmark. The key market issues were the state of the US economy, US banks, inflation, the lack of new stimulus in China and the upcoming Australian budget.

We maintain our cautious view on the market. We are not convinced that interest rates conveniently reverse at the end of the year. We see inflation as entrenched and likely to recede more slowly than the bulls would prefer. The stability of the US banking system is still not assured.

While banks performed well in April, we sense that the premium pricing of Aussie banks is coming to an end. The four major banks are a hefty 18% of the benchmark index while we hold only **National Bank** at a 7% weight. Our premise is that the easy days of low rates, plentiful borrowers and minimal arrears has moved into a more competitive phase with a higher cost of funds and reduced demand for credit. Our major positions include **CSL**, **Santos**, **Woolworths** and **Macquarie Bank**.

We continue to be cautious on property. Our only REIT holding is **Charter Hall**. **Qualitas** lends to the property sector but is more of a property credit provider than an asset manager.

Quest lithium holdings are currently 9% of the portfolio and we expect continued corporate activity in this industry. Quest hold three significant positions in lithium producers; **Mineral Resources**, **Allkem** and **IGO Limited**. We think the correction is done for now with buying interest evident in all issues particularly the more speculative lithium developers. We see 2023 as a critical year for source rock and brine ownership.

Overall, the gains of the month were almost matched by the losses. While industrials **Corporate Travel** and **Credit Corp** had good a good month, **Keypath** gave back the gains of March.

In the small miners, **Boss Energy**, **Bellevue Gold** and **IGO Limited** rose but **Stanmore Coal** and **Mineral Resources** fell.

The Dow Jones added 2.5%, the NASDAQ was steady and the FTSE added 3.1%. Iron ore fell 17%, the lithium chemical price stopped falling and the gold price was flat.

Performance*

To 30 April 2023	1 month	3 months	1 year	3yrs (pa)	5yrs (pa)	10 yrs (pa)	15yrs (pa)	Since inception (pa)
Quest Aust Equities Concentrated	1.5%	-2.1%	-0.3%	18.8%	12.4%	11.8%	10.2%	11.9%
ASX300 Accumulation index	1.9%	-1.0%	2.1%	14.0%	8.2%	7.9%	6.2%	7.6%
Value added	-0.4%	-1.1%	-2.4%	4.8%	4.2%	3.9%	4.0%	4.3%

*Returns before fees and tax based on the JBWere platform model portfolio. Past performance is no guarantee of future performance. Individual returns will differ for investors, depending on when the initial investment was established and the timing of any additional investments or redemptions. Inception date is February 2005



MONTHLY ACTIVITY

April saw **Computershare** (CPU) added to the Quest portfolio with an initial holding. Computershare is a financial services company providing share registry, share plans and stakeholder communication services as well as mortgage services. The company is a global leader with a history of growth by acquisition and is based in Victoria. The stock hit all-time highs late last year with a peak of nearly \$28 driven by higher interest rates but has now settled around \$22. Computershare is now below our valuation. Our CPU quality rating has risen with sector consolidation as well as a company commitment to simplify activities into three quality divisions. The recent labelling of “non-core” assets suggests asset disposals are likely. The balance sheet is under geared which suggests some capital management is possible, particularly if asset sales occur.

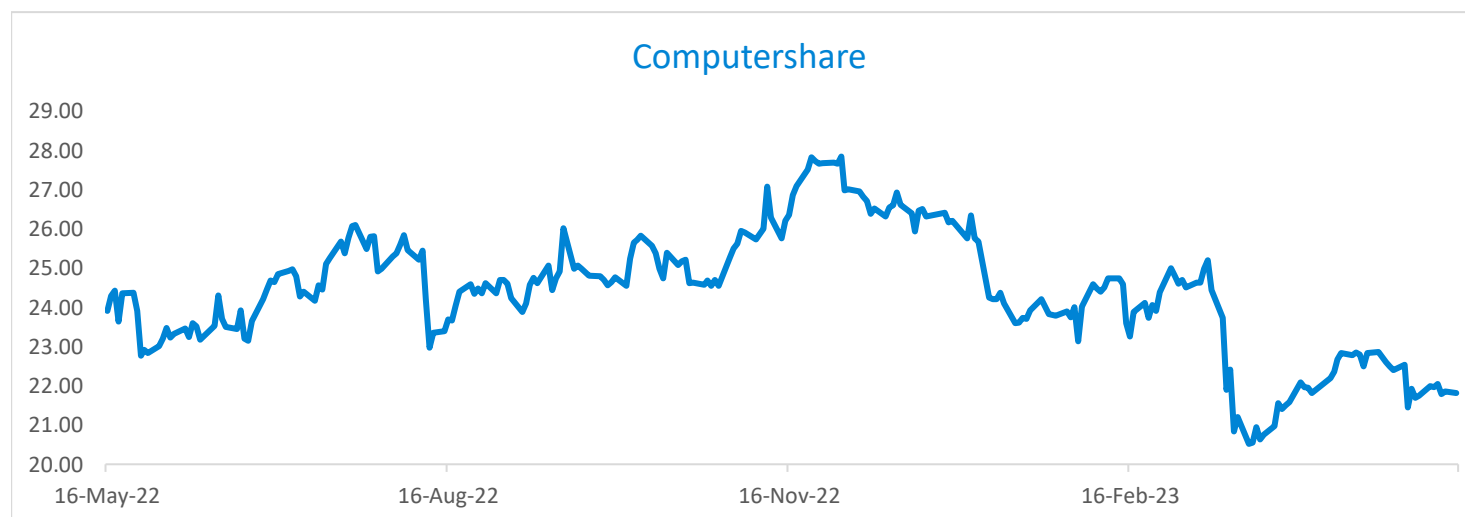
There were minor additions to our holdings in **Credit Corp** (CCP) and **Catapult** (CAT).

Some profits were taken in Western Australian gold aspirant **Bellevue Gold** (BGL) after strong gains. The recent gold price run has seen profits on this stock exceed 50%.

Our very successful position in **Steadfast** (SDF) has been reduced after price gains and **Transurban** (TCL) was reduced into a strong share price.

We finally saw some market interest in small cap industrials this month; it has been a few tough years for small cap industrials. Our holding in **Corporate Travel** (CTD) was up 15% in April. Many small caps appear cheap and may attract take-overs. **Blackmores**, not owned by Quest and established way back in 1932, received a Board supported bid.

COMPUTERSHARE IS 20% BELOW NOVEMBER LEVELS



INVESTMENT PROFILE

The Quest Australian Equities Concentrated Portfolio is a Separately Managed Account (SMA), actively managed by Quest Asset Partners Pty Limited. Our objective is to outperform the S&P/ASX300 Accumulation Index. The SMA structure allows the investor to retain beneficial ownership of the portfolio while maximising transactional and tax visibility.

CONTACT THE MANAGERS

Michael Evans	ph.02 9409 2300 mevans@questap.com.au
Chris Cahill	ph.02 9409 2301 ccahill@questap.com.au
Troy Cairns	ph.02 9409 2303 tcairns@questap.com.au

Disclaimer

This report has been prepared by Quest Asset Partners Pty Limited, AFSL 279207 (wholesale), ABN 47 109 448 802. It should be regarded as general information only rather than advice. It has been prepared without taking into account any person's objectives, financial situation or needs. Whilst Quest has used its best endeavours to ensure the information within this document is accurate it cannot be relied upon in any way and recipients must make their own enquiries concerning the accuracy of the information within. Past performance is not a reliable indicator of future performance. All performance figures are based on the JBWere Multi-Asset platform seed portfolio. Performance can vary by platform and client due to mandate restrictions and other constraints. Before making any financial investment decisions we recommend recipients obtain legal and taxation advice appropriate to their particular needs. Investment in a Quest Asset Partners Separately Managed Account can only be made on completion of all the required documentation. As Quest hold a wholesale AFS licence, this report should not be passed on to any retail client. The rating issued 10/2022 is published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec). Ratings are general advice only and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and Lonsec assumes no obligation to update. Lonsec uses objective criteria and receives a fee from the Fund Manager. Visit lonsec.com.au for ratings information and to access the full report. © 2022 Lonsec. All rights reserved.