

PORTFOLIO FEATURES

Inception	9 February 2005
Benchmark Index	S&P/ASX300 Accumulation Index
No of holdings	30 (Maximum 35)
Quest AUM	\$2,082m
Strategy AUM	\$133m
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

DRIVERS OF PERFORMANCE

POSITIVE

Keypath Education	+ 28%
Credit Corp	+ 16%
AGL Energy	+ 15%
Boss Energy	+ 13%
Ventia Services	+ 11%
Xero Limited	+ 8%
Allkem	+8%

NEGATIVE

Corporate Travel	- 13%
CSL	- 9%
SSR Mining (gold)	- 5%

CONCENTRATED PORTFOLIO UPDATE JUNE 2023

Fiscal 2023 has proved to be a good year for investors despite a long list of events that have suggested markets would struggle. Instead, the All Ordinaries Accumulation has delivered a 14.3% return with Quest higher at 15.4% pre fees.

After a series of good years, 2023 threw many challenges for our portfolio particularly in the 2nd quarter of the year where our conviction bets against the large banks and our high weight in lithium stocks did not deliver. These strategies are now working as the lithium boom continues and the banks struggle for growth.

There is also a noticeable improvement in small industrial stocks in the last few weeks. After three years of disinterest, we are pleased to see some of these businesses performing.

Keypath Education rose 28% in June, **Credit Corp** was up 16% and **Ventia Services** up another 11% to \$3. Our newly acquired **AGL Energy** holding rose 15%.

Xero was up 8% in June and is now up 70% for the calendar year. Xero, which appears in the portfolio for the third time since 2005, has once again traded from a shunned growth play back to a premium stock in only a few months.

We remain positive on resources particularly copper, nickel uranium and lithium. Our stocks include **BHP**, lithium producers **Allkem**, **IGO** and **Mineral Resources**. **Boss Energy** is our uranium exposure where we are increasingly confident that global demand will lead to higher prices in future years. Unlike lithium, there are not many stocks available to invest in for uranium.

As in previous months we remain cautious on the market due to interest rate and inflationary pressures. US CPI figures in July and local annual results in August will be critical to direction. We expect some downgrades during July particularly given the recent contraction in discretionary spending, wage pressures and imminent power price rises. China is clearly slowing and the market can do nothing but hope for further Chinese stimulus.

The Dow Jones reversed May and rose 4.6%, the NASDAQ was up another 6.6% and the FTSE added 1%. Iron ore bounced back up 13% and the gold price was down 2.8% to USD\$1,903. Spodumene 6% rose US\$100 to US\$3,600.

Performance*

To 30 June 2023	1 month	3 months	1 year	3yrs (pa)	5yrs (pa)	10 yrs (pa)	15yrs (pa)	Since inception (pa)
Quest Aust Equities Concentrated	2.0%	3.5%	15.4%	16.5%	11.3%	12.8%	10.7%	11.9%
ASX300 Accumulation index	1.7%	1.0%	14.4%	11.1%	7.1%	8.6%	6.6%	7.5%
Value added	+0.3%	+2.5%	+1.0%	+5.4%	+4.2%	+4.2%	+4.1%	+4.4%

*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

The RBA raised rates again to 4.1% in June with commentary suggesting inflation will be prolonged and that further rate rises are likely. The RBA is unsurprisingly concerned about wage growth and housing prices. The Aussie 10 year bond shifted a chunky 42 bp to 4% to reflect the hawkish stance.

AGL Energy has returned to our portfolio after a few tumultuous years. Quest last owned the stock in 2015 and made an excellent return through to 2017. AGL has been best avoided since then. Our recent purchase in May was at \$9.80. AGL is one of Australia's oldest companies having originally sold gas to power Sydney street lamps. Today, AGL generates energy from power stations that use thermal coal, natural gas, wind, hydroelectricity and solar. AGL is a critical player in energy supply and the transition of our power sources. Our investment process indicates a lift in quality is occurring at AGL. Over the years we have found improving business quality to be a major driver of share price returns. We anticipate the changes to our power source and distribution in future years to be earnings accretive to the company.

Our holding in Bellevue Gold was sold in June for a gain of over 30% since 2022. Cash 3%.

SUMMARY OF QUEST PORTFOLIOS FISCAL 2023

	1 year pa return	Platforms
Quest ASX 300 IMA/SMA	15.4%	Mason Stevens, JBWere, Macquarie, Hub 24, MyNorth
Quest Ex-20 SMA	16.5%*	Mason Stevens, Xplorewealth, MyNorth Also a Unit Trust is available on Hub24, Xplorewealth, MyNorth, Netwealth (private menu)
Quest Highly Concentrated 10 stock SMA	33.1%	Mason Stevens SMA
Quest Long Short Unit Trust	15.0%	Equity Trustees (RE), Apex (Administrator) Macquarie, BT Panorama, Asgard, MLC Wrap, Navigator, Netwealth, HUB24, Mason Stevens, Praemium, Ausmaq, Expand, Powerwrap

*estimate

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.

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