

PORTFOLIO FEATURES

Inception	9 February 2005
Benchmark Index	S&P/ASX300 Accumulation Index
No of holdings	30 (Maximum 35)
Quest AUM	\$2,131m
Strategy AUM	\$137m
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

Credit Corp Group	+ 19%
Catapult	+ 18%
Corporate Travel	+ 17%
AGL Energy	+ 13%

NEGATIVE

IGO Limited	- 9%
Allkem Limited	- 7%
Boss Energy	- 6%
AiMedia	- 5%
Qualitas	- 5%

CONCENTRATED PORTFOLIO UPDATE JULY 2023

Investors have grown more confident as the cycle of rate rises appears to be near a peak. The economy is slowing as intended while inflation has eased but remains persistent. The target inflation rate of 2-3% may prove to be illusive given the weaker currency, government pursuit of higher wages and rising power prices.

The new financial year had a solid start in July with an index gain of 2.9%. The energy sector surged 8.4% on stronger oil and the bank sector was surprisingly firm jumping 6.5%. Fears of a recession have faded.

US markets delivered solid results which saw the tech stocks lead the market upward once again. The S&P500 is now up 10% in the last two months while the NASDAQ is up 11%. This compares to a 2% gain on the ASX300. Our lack of tech and reliance on China has subdued the resources sector.

Quest portfolios remain defensive. We note the US 10 year bond continues to climb and now is above 4%. A peak in inflation does not mean the problem is resolved. The Chinese economy is slowing and not delivering the benefits that Australia has grown used to. The cost of doing business has increased.

Quest core positions are BHP, CSL, Santos and Woolworths while industrial holdings include Aristocrat Leisure, Macquarie Bank, Ventia and Charter Hall.

Lithium stocks continue to dominate our resource holdings while we are also positive on uranium miner Boss Energy. Mid-cap stocks include Computershare, Corporate Travel, Xero, Qualitas, Steadfast, MAAS Group and Credit Corp.

We remain less exposed to banks, energy, property, telcos and retail.

The depreciation of the AUD down to USD\$0.65 will favour those with offshore earnings or USD denominated sales while importers are increasingly exposed to currency inflation.

In Australia the next signpost is the upcoming August reporting season. Our focus will be on revenue growth, costs, cash flow, balance sheet and outlook. We do however expect a wide range of outcomes in this reporting season with some wild stock moves likely.

Performance*

To 31 July 2023	1 month	3 months	1 year	3yrs (pa)	5yrs (pa)	10 yrs (pa)	15yrs (pa)	Since inception (pa)
Quest Aust Equities Concentrated	2.2%	4.2%	11.9%	16.4%	11.6%	12.4%	11.0%	12.0%
ASX300 Accumulation index	2.9%	2.0%	11.1%	11.9%	7.5%	8.3%	7.1%	7.7%
Value added	-0.7%	+2.2%	+0.8%	+4.5%	+4.1%	+4.1%	+3.9%	+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

There were no portfolio changes of significance in July.

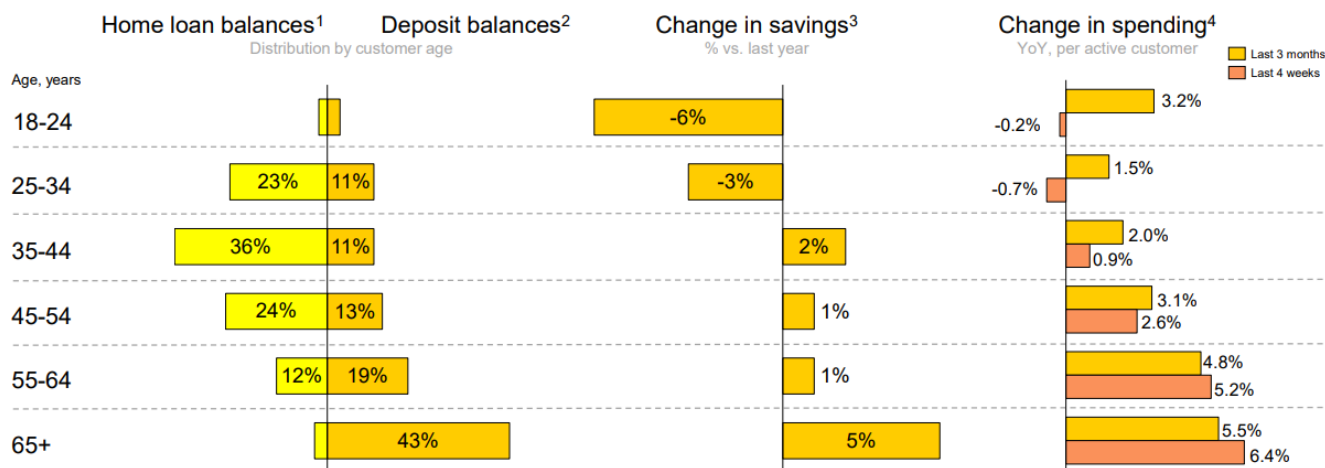
The annual Commonwealth Bank result delivered early August provides some useful insights into consumer behaviour within the voluminous 146 page slide pack. The transition from fixed to variable mortgage loans is now well advanced and spending patterns are changing particularly for the under 35 cohort. Interest, power costs and inflation are eating into savings for some while others enjoy a boost in deposit earnings. Those over 55 have moved back to term deposits given the 20-fold increase in rates to above 4%. The wealth divide continues.

The bank predicts a fall in GDP to 1% in 2024, headline inflation to fall from 6% to 3.1% and unemployment to reflect the slowdown lifting from 3.6% to 4.6%. CBA expect rate cuts in the first half of calendar 2024.

COMMONWEALTH BANK SUMMARY OF SAVING AND SPENDING BY AGE COHORT

Higher rates unevenly felt

Challenging environment for many households



1. Principal balances net of offsets. 2. Deposit balances exclude offset accounts. 3. Savings include offset accounts and all forms of deposits (transaction, savings and term). Excludes all customers originated since FY20. 4. Consistently active CBA card holders spending on consumer debit and credit cards (last 4 weeks: 4 weeks ending 23 July 2023, last 3 months: 13 weeks to 2 July 2023, compared to prior corresponding period). 12

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

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