

### PORTFOLIO FEATURES

Inception	9 February 2005
Benchmark Index	S&P/ASX300 Accumulation Index
No of holdings	30 (Maximum 35)
Quest AUM	\$1,953m
Strategy AUM	\$128m
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

SSR Mining	+ 6.3%
Genesis Minerals	+ 5.4%
MAAS Group	+ 3.3%

#### NEGATIVE

Credit Corp	- 37%
IGO Limited	- 24%
Catapult	- 16%
Mineral Resources	- 14%

### CONCENTRATED PORTFOLIO UPDATE OCTOBER 2023

October delivered weaker markets driven by the realisation that interest rates are likely to remain high for longer. Investors have been slow to accept this reality. The ASX 300 accumulation index fell 3.6%.

Investors should not be too discouraged given that the market remains in positive territory in 2023 and that the escalation in rates is now in the fourth year and clearly closer to the top of the cycle. Equities have been remarkably resilient.

We repeat our comment from last month that the returns from fixed interest have dramatically increased making equities less attractive to investors. Returns on term deposits now are well over 4%.

The low point in the US 10-year bond was August 2020. Rates have steadily risen with that bond now at 4.8% almost 10 times the nadir in 2020.

**Our monthlies have persistently warned that inflation will be hard to dampen and it seems that this is now the consensus view. Australia will not win the inflation war quickly as it is driven by domestic factors. These include higher wages, government spending, high immigration, a low dollar (that imports inflation) and strong domestic demand.**

The RBA target inflation range, by their own admission, will not be achieved within two years.

There are reasons to be cheerful as the economy is surprisingly resistant, consumers are spending selectively while the over 65 cohort seems intent on soaking up experiences, travelling and providing for the next generation.

We are therefore of the view that the portfolio should be ready for the top of the cycle. The market will anticipate this in advance of course, it will not wait until it is obvious. Quest portfolio stocks in this category include **CSL, Macquarie Bank, Transurban, Xero and Charter Hall.**

Our performance lagged the market index with **Credit Corp** the main offender after a write down in book values in the USA. Mining stocks were also generally weak in October.

### Performance\*

To 31 October 2023	1 month	3 months	1 year	3yrs (pa)	5yrs (pa)	10 yrs (pa)	15yrs (pa)	Since inception (pa)
<b>Quest Aust Equities Concentrated</b>	<b>-5.2%</b>	<b>-7.3%</b>	<b>0.6%</b>	<b>12.4%</b>	<b>11.7%</b>	<b>10.5%</b>	<b>11.5%</b>	<b>11.4%</b>
ASX300 Accumulation index	-3.8%	-7.3%	2.5%	8.7%	7.2%	6.6%	8.0%	7.1%
Value added	-1.4%	0.0%	-1.9%	3.7%	4.5%	3.9%	3.5%	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 AND CORPORATE ACTIVITY

**Pilbara Resources** was added to the portfolio after the stock fell 25% in recent months due to lower lithium spodumene prices. Pilbara is a major spodumene producer with 620,000 T produced in 2023 and a target of 680,000 T in 2024. Works are underway to reach 1 million T pa. Mine life is 34 years. Pilbara also has an interest in a lithium hydroxide plant with Posco being built in South Korea.

Our team increased the **BHP** holding again. The iron ore price has remained firm and BHP now trades higher than the cum dividend price back in September.

The **National Bank** holding was increased (our only top 4 bank) and we again added to our holding in Western Australian gold producer **Genesis Minerals**.

The portfolio has sold our **Stanmore Coal** holding which has more than tripled since first purchase. The performance has been driven by good mine pit execution and high metallurgical coal prices.

The proposed merger of lithium producer **Allkem** with **Livent** (NYSE:LTHM) has now delivered the merger document and we have had meetings with the parties in November. Quest own Allkem shares.

**The Quest Concentrated SMA Lonsec rating was recently raised to HIGHLY RECOMMENDED.**

Quest also won the **Financial Newswire SQM Australian Equities Manager of the year** at a ceremony at the Four Seasons in Sydney. We also were a finalist at the recent **Money Management** awards. These awards come with handy email signatures attached below!



**WINNER**

Australian Equities  
SMAs



## 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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