Concentrated

QUEST *Invest with Experience*

Portfolio Features

Inception	9 February 2005
Benchmark Index	S&P/ASX300 Accumulation Index
No of holdings	30 (Maximum 35)
Quest AUM	$1,756m
Strategy AUM	$139m
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	
Catapult	+ 41.1%
Genesis Minerals	+ 26.4%
James Hardie	+ 24.6%

NEGATIVE	
SSR Mining	- 19.4%
AGL Energy	- 12.3%
Santos	- 9.9%

Concentrated Portfolio Update November 2023

Economic data released in November facilitated a more optimistic viewpoint and markets rallied strongly. Lower US economic activity (ISM/consumer demand), better than expected (lower) inflation in both the US & Australia and a lower oil price resulting in a significant drop in bond yields. The US 10 year bond yield peaked in mid October at just under 5%; a yield last seen in 2007. This optimism in the battle to control inflation dropped the yield to 4.3% at the end of November. Central Bank watchers in the US, Europe and Australia are speculating when rates will be cut.

Equity markets bounced significantly. The MSCI World Index lifted 9.2%, led by longer duration sectors such as health, tech and REITs. Energy was the weakest sector locally as oil dropped below $80 a barrel. The 'narrow path' of slowing global growth and therefore inflation without collapsing GDP appears possible. *The stage is set for another Christmas rally.*

AGM news was better than expected. Consumers have proven surprisingly resilient despite 12 cash rate lifts. They have been well supported by wage growth. This is proving sticky. As a result, the RBA lifted the cash rate again. Bank results were slightly worse than forecast.

Charter Hall led the resurgent REIT sector as bond yields dropped. Quest's perseverance in holding sports-tech leader **Catapult** was justified when the market reacted positively to the recent half year results.

James Hardie upgraded the outlook again. The Quest position has been reduced. **Ventia** rallied after reconfirming guidance at the end of October.

Oil weakness and confusion about our offshore energy development regulations weighed on significant holding **Santos**. We see it trading well below fair value. The company committed in November to addressing the value gap. Merger discussions with **Woodside** is one of the possible outcomes.

Major **Origin** shareholders blocked the breakup, in a win for the ASX and long term investors. This outcome dropped the Origin share price and weighed on Quest holding **AGL**. Recent electricity news has been muted following a mild winter but a hot summer will test our electricity resources.

Performance*

To 30 November 2023	1 month	3 months	1 year	3yrs (pa)	5yrs (pa)	10 yrs (pa)	15yrs (pa)	Since inception (pa)
Quest Aust Equities Concentrated	**3.8%**	**-3.4%**	**0.2%**	**9.4%**	**13.1%**	**10.9%**	**12.4%**	**11.5%**
ASX300 Accumulation index	5.1%	-1.9%	1.1%	7.0%	8.7%	7.3%	8.8%	7.4%
Value added	-1.3%	-1.5%	-0.9%	2.4%	4.4%	3.6%	3.6%	4.1%

*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

James Hardie provided a very positive quarterly update and rallied 25% to almost $50. Unlike Australian mortgages, US home owners are able to fix their borrowing cost for 30 years. If they move house their mortgage rate adjusts to current rates. With mortgages rates up 3-fold since January 2021, home owners are staying put. Hardie has been a big beneficiary, selling siding to the largest US home builders who are providing access to housing in an otherwise very quiet market.

The optimist currently seen amongst Hardie shareholders is in stark contrast to this time last year when Hardie returned to our portfolio. The stock has gained more than 80% this year. Our position has been significantly reduced. The current price is now capitalising more than Quest is willing to assume.

Lithium holdings have been problematic for Quest this year. Supply shortages and super high prices have funded new mines as well as restrained demand. Shortages have switched to surpluses, especially in battery feedstocks. We took some profits earlier in 2023 but didn't exit all holdings. We continue to expect material, long term lithium demand growth. Calling the bottom is equally difficult but spot prices are now starting to restrict supply. We have switched the **IGO** holding into **Pilbara Minerals,** providing a more straightforward exposure to the same premise.

The **Allkem/Livent** merger will be voted on later this month. The merger has strategic rationale, with the combined company providing operational & capital expenditure savings, diversity of supply as well as upstream and conversion exposure to the growing lithium sector. The merger ratio doesn't excite us but no alternative offer has emerged. We expect both shareholder groups will endorse the merger.

FUND MANAGER OF THE YEAR 2023

WINNER

Australian Equities SMAs

FINANCIAL NEWSWIRE SQM RESEARCH

MONEY MANAGEMENT FUND MANAGER OF THE YEAR AWARDS

FINALIST

Australian Large Cap Equity Fund of the Year

2023

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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