

### PORTFOLIO FEATURES

Inception	9 February 2005
Benchmark Index	S&P/ASX300 Accumulation Index
No of holdings	26 (Maximum 35)
Quest AUM	\$1,910m
Strategy AUM	\$153.8m
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

Boss Energy	+ 38%
Aristocrat Leisure	+ 9%
National Bank	+ 6%

#### NEGATIVE

Arcadium (ex Allkem)	- 30%
Mineral Resources	- 14%
Pilbara Resources	- 10%
Genesis Minerals	- 9%

### CONCENTRATED PORTFOLIO UPDATE JANUARY 2024

The market benchmark made small gains in January after a rollicking run in November and December. January added a further 1.1% while the quarterly return is now a boisterous 13.9%. It was a quiet month.

While we predicted in November that “the stage was set for a Christmas rally”, the surge was greater than we expected. The shift to positive sentiment driven by expectations of interest rate falls in 2024 in Australian and elsewhere contrast with the relentless pessimism that prevailed this time last year.

**There has been a significant shift in sentiment to the benefit of investors. February reporting season will provide new performance data on a company micro level. This will hopefully shift investors focus from the macro to the micro.**

Earnings and valuation should be the focus in February. As is customary in these markets, success will be rewarded and failure dealt with harshly. Expect more volatility as results arrive.

The best sector locally in January was Energy, reflecting the tensions in the Middle East. Insurers and Banks were firm.

Metals and Mining was the worst with weak China sentiment the key driver. Commodities battled the headwind of the stronger USD. LNG fell 17% and Natural Gas lost 10%. Thermal coal fell 18%.

Uranium remained strong up 10% whilst gold and iron ore were flat. Our **Boss Energy** investment has more than doubled since purchase reflecting the boom in uranium pricing.

The Banks as a group detracted from relative performance as those we do not own were firm; **WBC** +6%, **CBA** +5%, **ANZ** +5%. This overwhelmed the contribution from the banks we do own being **National Bank** which rose 6% and **Macquarie Bank** which added 4%.

Attribution from Resources was the most material negative, driven primarily by our lithium exposures; **Arcadium** down 31% (ex Allkem), **Mineral Resources** down 14% and **Pilbara Minerals** down 10%. **BHP** also lost 6%.

Our small and mid-cap holdings as a group again performed well with good contributions from **Ventia** up +5%, **Credit Corp** up 6% and **Corporate Travel** up 8%.

### Performance\*

To 31 January 2024	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>0.6%</b>	<b>12.3%</b>	<b>6.3%</b>	<b>12.3%</b>	<b>14.4%</b>	<b>11.9%</b>	<b>13.4%</b>	<b>11.9%</b>
ASX300 Accumulation index	1.1%	13.9%	6.7%	9.3%	9.7%	8.4%	9.8%	7.7%
Value added	-0.5%	-1.6%	-0.4%	3.0%	4.7%	3.5%	3.6%	4.2%

\*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

During January, we added to our position in local lithium miner **Pilbara Resources**. Pilbara replaced our **IGO Limited** holding which we sold in a timely fashion last year. Lithium stocks continue to deal with falling lithium chemical and spodumene prices. We believe we are close to the bottom of this price cycle but more time is needed before price recovery occurs.

We have sold our position in **SSR Mining** after a baffling downgrade in production that we did not foresee. The stock price fall suggests we were not the only disappointed holder.

The **Allkem/Livent** merger was formalised late December. The merger has strategic rationale, with the combined company providing operational and capital expenditure savings, diversity of supply as well as upstream and conversion exposure to the growing lithium sector. The new name is **Arcadium** (ASX:LTM). The stock performance has been poor since the merger in late December, well behind peers, mainly due to weak lithium prices and a lack of news.

The excellent performance from **Boss Energy** has led to some trimming of this holding in January to control the portfolio exposure risk.

Holdings number 26 of a possible 35; lower than average. We anticipate at least one new resources holding in February.



**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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