

PORTFOLIO FEATURES

Inception	9 February 2005
Benchmark Index	S&P/ASX300 Accumulation Index
No of holdings	27 (Maximum 35)
Quest AUM	\$1,982m
Strategy AUM	\$155.2m
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

CONCENTRATED PORTFOLIO UPDATE MARCH 2024

March was a good month for Australian equities where the Accumulation index added 3.2%. The S&P500 added 3.1%, Japan added 3% while the NASDAQ put on 1.8%. The MSCI World Index added 3%. The underlying optimism was driven once again by speculation as to the timing of rate cuts.

The componentry of local sectoral moves is interesting. Gold stocks were strong up 16.6% despite the US dollar being slightly higher. Aussie dollar gold prices are at a record AUD\$3,540 which is 70% above the average cost of ASX listed production at the current gold price. Our holdings in **Bellevue Gold** and **Genesis Minerals** were up a whopping 23% and 21% respectively.

Real Estate was also a strong sector suggesting the negativity in relation to all things property is waning. Our **Charter Hall** holding added 9.8% in March. Energy was strong which saw our **Santos** holding rise 9.5%.

Tech fell marginally in March but remains the best sector over 12 months.

Quest portfolios remain underweight banks with **National Bank** our only Big 4 holding. The lack of banks has not helped our relative performance recently. We think banks are expensive and benefitting from sustained index based flows.

Catapult Group is a global leader in the sports data and analytics market. The stock rose 23% in March. Quest portfolios own 9.4% of the shares in this company.

The Quest portfolio lagged the index in March despite some strong performances. This was due to the poor performance of **Aristocrat Leisure** which fell 7.7%, **Pilbara Minerals** which gave up recent gains and fell 8.8%. **MAAS Group** fell 6% after a crazy index driven run last month.

In February, we noted that the level of optimism in the market in relation to rate cuts was excessive. These expectations have now eased from multiple cuts in the short term to fewer cuts over a longer term. It is a game of financial cat and mouse. We consider that consistently reducing inflation to within the RBA band of 2% to 3% will be a difficult task. Inflation has now been above that band for 11 consecutive quarters. We expect the first domestic rate cuts will not be until the second half of the year.

PORTFOLIO HOLDINGS*

LARGE CAP	
BHP	National Bank
CSL	Santos
Macquarie Bank	Woolworths
MID CAP	
ALS Limited	Pilbara Minerals Aristocrat
Leisure	Xero
Charter Hall	Block Inc
SMALL CAP	
Credit Corp	MAAS Group
Ventia Services	Corporate Travel
Bellevue Gold	Genesis Minerals
Qualitas	

*Not Complete

Performance*

	1 month	3 months	1 year	3yrs (pa)	5yrs (pa)	10 yrs (pa)	15yrs (pa)	Since inception (pa)
To 31 March 2024								
Quest Aust Equities Concentrated	2.5%	3.8%	13.7%	11.6%	13.9%	11.5%	13.1%	11.9%
ASX300 Accumulation index	3.3%	5.4%	14.4%	9.4%	9.2%	8.3%	9.9%	7.9%
Value added	-1.1%	-1.6%	-0.7%	2.2%	4.7%	3.2%	3.2%	4.0%

*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

Two new stocks were added in March. Bellevue Gold (BGL) was purchased early in the month. We have held this stock previously when the new Bellevue gold mine was seeking funding. First gold production and a desire to lift gold exposure saw us return. Just in time too. March was a good month for gold. We are comfortable with the progress at Bellevue which saw first gold late last year. As ramp up continues, we expect higher output at a lower cost per ounce. The March quarterly production report will update progress later this month. Bellevue carries a high C grade quality rating under our Q Stocks rating process.

Block Inc. (SQ2) was previously known as Square. It was founded by Jack Dorsey and Jim McKelvey in 2009 and bought Afterpay in Australia in December 2021. Block is a payments company best known as the owner of Square software which provides payment terminals and software to small and medium sized business. However, in recent years, CashApp has grown from an idea generated through an internal 'hackathon' to be the largest division within Block. CashApp is a peer to peer banking app with over 50 million users in the US. The key advantage is the ability to acquire users cheaply through viral marketing and provide them with a simple user experience and targeted offers. Block is pushing hard on monetising the CashApp user base by becoming more like a full service bank. It has also been demonstrating good cost discipline with a headcount cap in place. We rate Block as a B grade under our Q stocks process and see valuation upside as the business should deliver operating leverage.

The portfolio holding in Genesis Minerals (GMD) has been reduced after gains of more than 20% in March and 30% since purchased last year. Quest attended a recent site visit in March.

Holdings number 27 presently of a possible 35. Cash was 4.4% at month end.



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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