

Quarterly performance report

30 September 2019

Quest Australian Equities Concentrated Portfolio - Wholesale

The Quest Australian Equities Concentrated Portfolio is a Managed Discretionary Account (MDA), also sometimes referred to as a Separately Managed Account (SMA).

| Performance as at 30 September 2019 ¹ | | | | | Top five holdings | | % |
|--|-------------|-------------|-------------|-------------------------------------|-------------------|----------------------|--------|
| | 1 mth (%) | 3 mths (%) | 1 yr (%) | Annualised return since incep (%pa) | | | |
| Portfolio | 1.43 | 1.96 | 8.47 | 9.95 | CBA | Commonwealth Bank. | 10.79% |
| Benchmark | 1.91 | 2.55 | 12.57 | 7.87 | CSL | CSL Limited | 8.80% |
| Excess/under performance | -0.47 | -0.59 | -4.10 | 2.08 | JHX | James Hardie Indust | 5.44% |
| | | | | | WBC | Westpac Banking Corp | 5.06% |
| | | | | | ALL | Aristocrat Leisure | 4.92% |

Portfolio and market returns

The best performers in attribution terms were a 33% lift in both **James Hardie** and **Catapult**, 28% gain in **Alacer Gold** and good gains in **Rio**, **CSL** and **Prospa**.

James Hardie is one of our largest investments. Higher volume growth and margin in their US operations drove performance. Quest attended the Investor Day recently in Europe and USA which confirmed our already positive view.

Alacer Gold has been a terrific performer in 2019 rewarding us after more than five years. Near mine exploration success has lifted the production outlook for the older oxide plant as the new sulphide plant ramps up.

Opticomm was added in a recent IPO, a constructor and owner of fibre telecommunication networks focused on new housing estates.

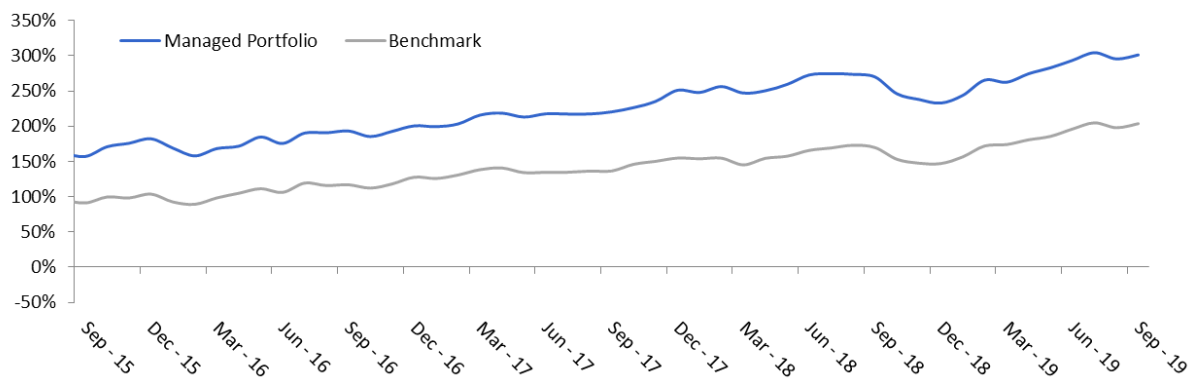
A2 Milk was added to the portfolio after the August result saw the share price fall 20%. A2 Milk has brand strength and a capital light model that generates strong cash flow. We also attended the A2 Milk Investor Days in Shanghai.

A holding in recently listed **Investec Australia Property Fund** was added. Investec own fringe office and industrial sites. The stock yields more than 5.5%, and has a conservative cap rate of 6.6%. A good portion of the distribution is tax deferred.

Prospa is a new addition to the portfolio having debuted on the ASX in June this year. The business looks well placed to grow its market position.

In September we sold our holding in property services market leader **REA Group**. This stock was acquired back in April at \$76 and sold closer to \$105. Our holding in **Pushpay Holdings** was sold in July.

Performance since inception



¹ The Portfolio's benchmark is the S&P/ASX 300 Accumulation Index. Past performance is not a reliable indicator of future performance and may not be achieved in the future. All information provided in this report is correct at the date of this report. Returns are calculated net of management, administration, custody and transaction fees, and assume the reinvestment of all income (but not franking credits). Inception date of the underlying Portfolio is 9 February 2005, however the Portfolio was only made available through the Mason Stevens Managed Account Service 2 December 2015. Actual individual returns of each client's portfolio will differ depending on factors such as date of initial investment, timing of transactions, inflows and outflows, other fees and any customisations. Please refer to the relevant Investment Mandate for full information on product specifics, including all fees and costs.

Investment objective & strategy

The Managed Portfolio aims to outperform the S&P/ASX 300 Accumulation Index (Benchmark) by 4.0% pa (gross of fees), irrespective of market direction. Given the Managed Portfolio is expected to display a bias towards 'broad cap' stocks, at any given time a portion of the underlying capital is expected to be allocated to companies with small market capitalisations.

The Quest Australian Equities Concentrated SMA is a concentrated, relatively benchmark unaware Managed Portfolio that will typically display a 'broad cap' bias. Additionally, the Managed Portfolio does have the ability to allocate up to 100% to cash, albeit this ability is only expected to be utilised in a period of extreme market dislocation.

Portfolio management

Mason Stevens Limited, as the Managed Discretionary Account (MDA) Provider, will administer and implement the Managed Portfolio on the instructions of Quest Asset Partners as the Program Adviser.

About Mason Stevens

Mason Stevens provides a multi-asset and multi-currency investment administration and managed account service to help produce tailored investment outcomes for advisers and their clients.

Clients benefit from efficient portfolio administration, secure online access to their investments, as well as comprehensive reporting.

About Quest Asset Partners

Quest Asset Partners (ACN 109 448 802, AFSL 279207) is the Program Adviser for the Quest Australian Equities Concentrated Portfolio. Quest was established to provide a specialised, focused, professional portfolio management service in Australian equities with a founding belief that management of equities by SMAs provides superior results for investors.

Contact

Investors

Please speak to your adviser

Key features

| | |
|--|--|
| Investment universe | Shares, preference shares, listed equity and property trusts, convertible preference shares, rights and notes listed on the ASX (or likely to be listed) |
| Benchmark | S&P/ASX 300 Accumulation Index |
| Number of investments | 20-35 |
| Min cash weighting | 3% |
| Max cash weighting | 100% |
| Max equity weighting | 97% |
| Max individual security weights | 15% |
| Rebalancing | Daily or at Quest's discretion |
| Min investment | \$250,000 |
| Suggested timeframe | 3-5 years |

Fees (including GST)

| | |
|--|--|
| Management fee | 0.70% pa calculated daily and charged monthly in arrears |
| Performance fee | 16.5% of outperformance above the S&P/ASX 300 Accumulation Index |
| Transactions costs | 0.275% of the value of each transaction |
| Administration, custody and account service fee | Please refer to the current Investment Mandate available from your financial adviser or Mason Stevens. |

Advisers

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