

Quarterly performance report

March 2020

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 31 March 2020 ¹					Top five holdings		%
	1 mth (%)	3 mths (%)	1 yr (%)	Annualised return since incep (%pa)			
Portfolio	-18.45	-21.03	-6.76	8.37	CSL	CSL Limited	12.11
Benchmark	-20.83	-23.41	-14.53	5.77	CBA	Commonwealth Bank.	8.53
Excess/under performance	2.38	2.38	7.77	2.60	BHP	BHP Group	7.60
					CASH	Cash	7.22
					RIO	Rio Tinto	5.69

Portfolio and market returns

There has been a spectacular reversal in fortunes since our last quarterly. Returns post fees of around 28% in calendar 2019 have been partially eroded in a matter of weeks. The market fell 24% over the quarter. Quest portfolios fell a lesser amount, finishing slightly ahead of the benchmark.

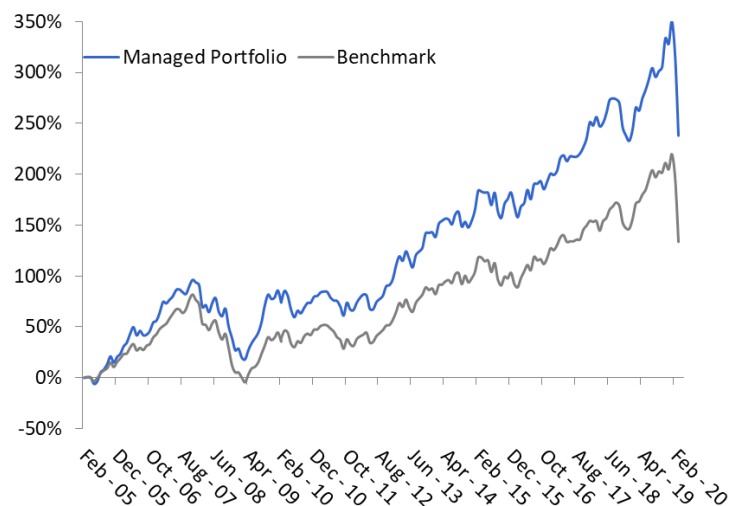
We are of the view that the market will, at some point, look across the chasm and start to price recovery. It is possible that this has already commenced. We therefore remain focussed on optimising our position in relation to "the rebound".

Our cash holding, lack of ownership of major banks (we hold only **CBA**) and holdings in three of the few stocks that rose in the quarter worked well. These holdings include A2 Milk, CSL and Opticomm. Bulk resource holdings in **RIO** and **BHP** also held up well with **RIO** only losing 3% in March. One of our smaller stocks, Carbon Revolution, performed poorly as customer factories were closed in Northern Italy.

Nine Entertainment, Worley and Woodside Petroleum were sold during this correction phase but below our target prices. This is a repositioning from mid-grade stocks into higher quality stocks made possible by the lower prices available. We also sold our Oil Search holding in February

before the major correction. Quest currently has a negligible exposure to the oil price.

Performance since inception¹



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.

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