

### EX 20 PORTFOLIO UPDATE JUNE 2021

Another punchy month with the Ex20 index up 3.1%. Mid and smaller cap companies did better than larger stocks with the broader ASX300 index returning a slightly more modest 2.3%.

The Quest Ex20 portfolio was up 3.6% for the month, ahead of the benchmark.

With bond yields falling and global immunisation rates rising, global markets remained buoyant. Technology stocks were again strong and Nasdaq closed at all-time highs.

Our best performers in June were Marley Spoon (+29%) which recovered from the lows of May, Resmed (+21%) which we added to the portfolio in May at around \$25, Mineral Resources (+18%) and Vista Group (+13%).

Our biggest drag was from a small position in Cyclopharm (-34%), given the surprise delay to their plans to secure approval from the FDA. Carbon Revolution (-11%) remained weak along with Catapult (-9%) which raised capital to fund an acquisition during the month.

We exited both MGH and IMM at close to highs before each company raised equity at a discount. New positions were established in the IPOs of 29 Metals, Keypath Education and Silk Logistics. We also returned to travel company Serko and took a small placement in Silk Laser Australia.

It has been strong 12 months for the portfolio, returning 43.0% (after fees) for the financial year to end June 2021. This compares very favourably to the benchmark return of 24.9%.

The pie chart overleaf highlights the contributors to this performance. These are the investments made during the year that returned more than the index. The portfolio did not rely on only a few things going well as there were many contributors. For a portfolio of (a maximum) 40 stocks, our hit rate was particularly high. The Quest investment process drives our stock picking and dictates that we move to the next best opportunity should a stock reach our target. Some of the names here will be well known whilst many will be unfamiliar to our investors. Quest has a long track record of ferreting around for these undiscovered gems.

We remain optimistic about our portfolio with many holdings trading significantly below our estimation of good value and we continue to see reasonable new investment opportunities.

### PORTFOLIO FEATURES

Inception	5 January 2017
Benchmark	S&P/ASX300 ex 20 Index
No. of holdings	20 - 40
Typical cash weight	3 - 10%
Investment horizon	3 - 5 years
Portfolio Manager	Troy Cairns
How to invest	Mason Stevens Platform Xplore Wealth Platform

### DRIVERS OF PERFORMANCE – JUNE 2021

#### POSITIVE

Resmed, Marley Spoon, Mineral Resources, Vista Group, Atomos, Aventus, Steadfast

#### NEGATIVE

Cyclopharm, Catapult, AI-Media, Carbon Revolution, Ramsay Healthcare

### CURRENT PORTFOLIO

Total holdings	39
Non-benchmark holdings	13
Tracking error	5.8%
Active share	81%
Stock specific risk	66% of active risk
Earnings growth (1yr fwd)	35% pa
ROE	28.0%
Beta	1.07
P/E (1yr fwd)	28.9x
Dividend yield (1yr fwd)	2.0%

Source: Bloomberg (some stocks excluded)

### PERFORMANCE\*

To 30 June 2021	1month	3months	6months	1yr	2yrs (p.a)	3yrs (p.a)	Inception (p.a)
Quest Ex-20 Aust Equities	+3.6%	+9.7%	+11.1%	+43.0%	+25.5	+18.9%	+19.5%
ASX300 Acc. ex ASX20 index	+3.1%	+7.4%	+8.9%	+24.9%	+8.8%	+8.4%	+10.3%
Value added	+0.5%	+2.3%	+2.2%	+18.1%	+16.7%	+10.5%	+9.2%

\*Returns after fees based on the Mason Steven platform model portfolio (note: performance fees, where applicable, are deducted six monthly following the June and Dec periods)

Past performance is no guarantee of future performance. Individual returns will differ for investors, depending when the initial investment was established and the timing of any additional investments or redemptions. Inception date 5 January 2017.



## INVESTMENT PROFILE

The Quest Ex-20 Portfolio is a Separately Managed Account (SMA), actively managed by Quest Asset Partners. The Portfolio comprises between 20 and 40 securities and aims to outperform the S&P/ASX 300 index excluding the 20 largest companies. The Portfolio will have significant exposure to mid and small-capitalised stocks benefiting from our proven investment process and experience with smaller companies.

The assessment of business quality is fundamental to the Quest investment process. We aim to identify companies that can deliver good returns on invested capital and sustain those returns through time. Quest has a long track record of investment performance leveraging this process.

The portfolio will typically have a bias to companies with growth characteristics (revenue, earnings and return on equity) and can be expected to have significant exposure to companies not in the benchmark. Both these exposures will vary through time as opportunities arise.

Portfolio risk is actively managed with a focus on capital preservation.

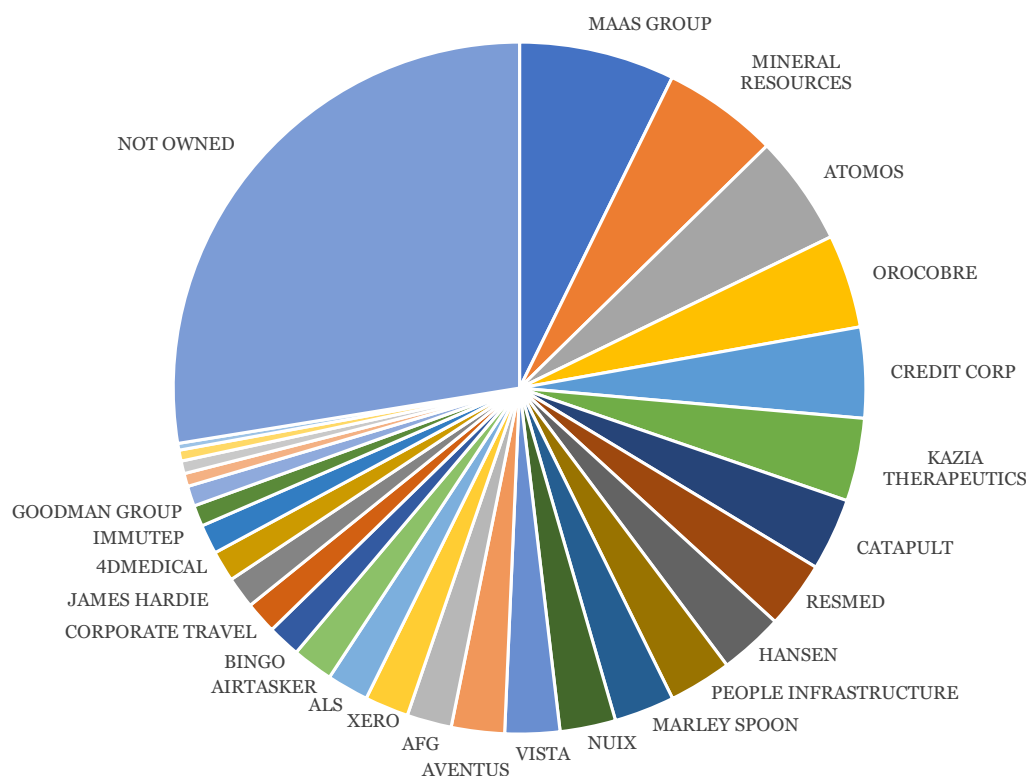
## SAMPLE PORTFOLIO HOLDINGS

LARGE CAP	
James Hardie Resmed	Sydney Airports Xero
MID CAP	
Aventus Group Steadfast	Corporate Travel Mineral Resources
SMALL CAP	
Atomos Marley Spoon	Catapult Orocobre

## CONTACT THE MANAGERS

<b>Troy Cairns</b> Email:	ph.02 9409 2303 <a href="mailto:tcairns@questap.com.au">tcairns@questap.com.au</a>
<b>Swapna Pandya</b> Email:	ph.02 9409 2302 <a href="mailto:spandya@questap.com.au">spandya@questap.com.au</a>

Stock contribution to outperformance  
12 months to 30 June 2021



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