

MAY 2025 – PORTFOLIO UPDATE

The Australian market (XKOA1) delivered a chunky +4.2% return, building last month's bounce. The market is now up a remarkable +18% from the April lows. Global markets did better, driven by a temporary US-China tariff truce, sparking a +6.2% S&P 500 rally - the best May since 1990.

Optimism towards the Tech / AI sector was a dominant theme delivering an exceptional +9.6% gain in NASDAQ. Germany +6.7% and Japan +5.3% were strong, whilst gains in China (MSCI) +3.6% and the UK (FTSE) +3.3% were more modest. Bond yields moved a little higher both in the US and Australia and the Australian dollar edged up +0.5%.

Momentum was the dominant factor and almost all gains were due to PE expansion. Growth outperformed value stocks and smaller stocks did appreciably better than larger stocks.

The Ex-20 benchmark return exceeded the broader market at +5.6%. The Quest portfolio returned +5.5%.

As expected, the RBA cut interest rates by 0.25%. Mirroring the US, the best sector locally was Technology (+19%), which saw some exceptional individual returns. Gold stocks (+11%) were also well supported despite a flat gold price. Other buoyant sectors included Energy (+9%) and Diversified Financials (+9%). Defensives sectors were the worst with Utilities (+0.3%), Staples (+1%) and Health (+1%) barely participating in the rally. Metals and Mining (+2%) was also muted. Oil (WTIS +4%) and LNG (JKM LNG +8%) were stronger, along with copper (+5%) and uranium (+7%). By contrast, iron ore (-1%) and nickel (-0.3%) were weaker.

Our portfolio tech holdings were very strong: Life 360 (+52%) Catapult (+43%), Wisetech (+21%), Block Inc. (+2%), SEEK (+14%). Catapult deserves a special mention, given its relentless rise – currently trading above \$6.00, up from \$1.30 at the start of 2024, delivering a 4.5x gain over that period.

Other good contributors include uranium miner Boss Energy (+17%), Qualitas (+15%), Ramsay Health (+15%) and Ventia (+11%).

Notable laggards were Propel Funerals (-13%) which remains unloved due to a weaker than expected death rate, IDP (-12%) struggling with ongoing immigration caps and ALS (-7%) which conducted a surprise capital raising. Our three gold stocks did well: Northern Star (+10%), Ramelius (+10%) and Vault (+5%), but not quite making up for the strength in stocks not owned in that sector which contribute to the benchmark.

As noted last month, we adjusted the portfolio adding to stocks such as Boss Energy and Lynas Rare Earths during the Trump chaos. These delivered good short-term bounces and were sold in May. The portfolio retains a deliberate mix of growth exposures and more defensive businesses. Cash was 5% at the end of the month.

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 Managers	Troy Cairns/ Swapan Pandya
How to invest	Mason Stevens Platform Xplore Wealth Platform MyNorth Platform

RESEARCH RATINGS

Lonsec	HIGHLY RECOMMENDED
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DRIVERS OF PERFORMANCE

POSITIVE

Life360, Catapult, Wisetech, Block Inc., Boss Energy, Qualitas, Seek, Ventia, Ramsay Healthcare

NEGATIVE

Propel Funeral Partners, ALS Limited, IDP Education, Hansen Technologies, GQG Partners

CURRENT PORTFOLIO

Total holdings	36
Non-benchmark holdings	4
Tracking error	5.15%
Active share	78.66%
Earnings growth (1yr fwd)*	23.79% pa
ROE	19.75%
Beta	0.97
P/E (1yr fwd)*	27.3x
Dividend yield (1yr fwd)	2.73%

Source: Bloomberg (*outliers excluded)

PERFORMANCE*

To 31 May 2025	1month	3months	6months	1yr	3yrs (p.a)	5yrs (p.a)	Inception (p.a)
Quest Ex-20 Aust Equities	+5.5%	+1.1%	-4.1%	+0.8%	+6.4%	+10.3%	+11.9%
ASX300 Acc. ex ASX20 index	+5.6%	+5.2%	+2.8%	+14.3%	+8.5%	+10.3%	+8.7%
Value added	-0.1%	-4.1%	-6.9%	-13.5%	-2.1%	0.0%	+3.2%

*Returns after fees based on the Mason Steven SMA model portfolio. Holdings and therefore returns may vary slightly, given small trading variations between SMA platforms. Performance fees, where applicable, are deducted six monthly following the June and Dec periods. Individual returns will differ for investors, depending on when the initial investment was established and the timing of any additional investments or redemptions. Past performance is no guarantee of future performance.



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.

The X20 Unit Trust is also available. It is managed in the same way and can be expected to have the same portfolio holdings as the Ex-20 SMA. The X20 PDS can be accessed by clicking [here](#).

PORTFOLIO HOLDINGS*

LARGE CAP

Car Group Wisetech	Resemed Xero
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MID CAP

ALS Limited SEEK	AUB Group Ventia
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SMALL CAP

Catapult Maas Group	Qualitas Qoria
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*Not Complete

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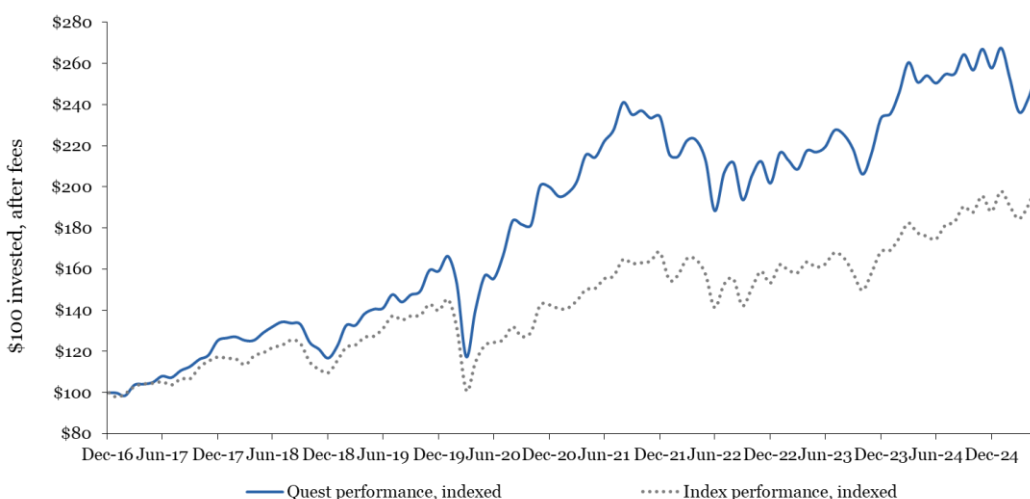
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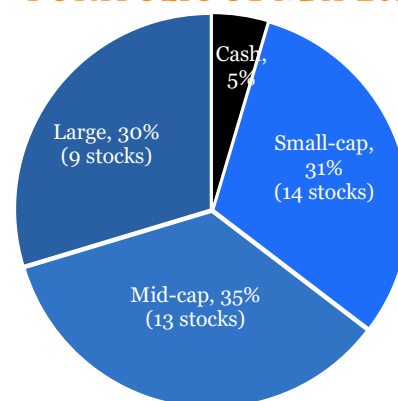
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PORTFOLIO RETURNS



PORTFOLIO 31 MAY 2025



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