

### Market Summary – July 2025

The Quest Long Short Australian Equities Fund rose 3.1% as equity markets started the new financial year strongly. The Fund is up **13.5% p.a net of fees since inception** over five years ago compared to the index return of 13.2%.

The Australian market rallied 2.3%, building on strong monthly gains to be up more than 20% from the April lows. The S&P 500 was in line our market, whilst the NASDAQ and UK FTSE +4% and MSCI China +5% did even better.

Major themes were potential Chinese economic stimulus, mooted Russian energy sanctions to limit exports and strong US economic data, albeit prior to the start of tariffs. Equity markets have been strong despite weaker earnings. Macquarie expect a 3<sup>rd</sup> year of falling ASX200 EPS in FY25.

Locally, Health Care (+9%) led the gains, whilst Energy, Utilities, IT and Materials rose 4-6%. Financials (-1%) was the only sector to finish the month lower. Iron ore (+11%) & oil (+7%) surged, whilst copper fell 4% and gold was flat.

The surge in equity markets since Liberation Day, bringing indices back to new all-time highs, has been astonishing. Equity markets are ignoring high bond yields, ballooning US debt, weak earnings revisions and Trump trade threats.

### Performance Drivers – July 2025

#### POSITIVE

**Overweight** - CSL, Block, Qoria, Wisetech, ALS, Resmed

**Underweight** – CBA, Macquarie Group, James Hardie

#### NEGATIVE

**Overweight**– Vault Minerals, GQG Partners, Judo, Maas

**Underweight**– Lynas Rare Earths, Fortescue, Woodside

### Investment Profile

The Quest Long Short Australian Equities Fund aims to outperform the S&P/ASX 200 Accumulation Index after fees over the medium to long term with an actively managed portfolio of long and short positions.

Short selling (up to 30% of Fund NAV) aims to enhance returns when selected stocks are expected to fall or underperform. Proceeds may then be reinvested in preferred long positions to further enhance returns.

### Portfolio Features

Fund Inception	30 April 2020
Benchmark	S&P/ASX200 Accumulation Index
Investment Strategy	Fundamental with a key focus on business quality and free cash flow
Time Horizon	5 years+
Portfolio Manager	Richard Dixon
Stock Numbers	48 (36 longs, 12 shorts)
Fund Exposure	110% long, 13% short, 97% net
Active Share	82%
Tracking Error	5.4% (ex-ante)
Fund Size	\$87 million
Unit Price	\$1.6775 (NAV @ 31/7/25)
APIR Code	ETL4748AU
Research Ratings	Lonsec – Recommended
Platforms	Netwealth, HUB24, Praemium, BT Panorama, Asgard, Ausmaq, MLC Wrap, Navigator, Expand, MyNorth, Mason Stevens

Performance*						
To 31 July 2025	1 month	3 months	1 year	3 years pa	Inception pa	Inception
<b>Quest Long Short*</b>	<b>3.1%</b>	<b>6.7%</b>	<b>-1.2%</b>	<b>5.1%</b>	<b>13.5%</b>	<b>94.0%</b>
S&P/ASX 200 Index	2.3%	8.2%	11.8%	12.3%	13.2%	91.9%
<b>Value added*</b>	<b>+0.8%</b>	<b>-1.5%</b>	<b>-13.0%</b>	<b>-7.2%</b>	<b>+0.3%</b>	<b>+2.1%</b>

\*Fund returns and value added is NET of all fees. Past performance is no guarantee of future performance.



## Outlook

---

The regular market gyrations that have been a consistent feature in recent years looks set to continue in FY26. The market rally and resilience over the last year or so was initially driven by the big reversal in bond yields as inflationary pressures eased and focus shifted to the timing of future rate cuts. Trump may keep geopolitical tensions high, however the key factors driving markets will be the path of inflation and interest rates in FY26. The shockingly high tariffs announced on April 2 fuelled stagflation fears of slowing growth and rising inflation.

Equity markets have been strong despite earnings forecasts falling in Australia and the US. Macquarie analysts are forecasting that the August reporting season will reveal FY25 to be a third consecutive year of falling aggregate ASX EPS. Real productivity improvements are needed or Australia will be reliant on the RBA to keep cutting interest rates. The RBA continued their easing cycle with a third 25bp cut at their most recent meeting. August will be an interesting test for our market as we deal with the Aug 1 tariff deadline and reporting season.

We continue to be focused on bottom-up stock picking and our long-term returns will be primarily driven by stock specific exposures rather than macro themes. We continue to selectively find opportunities to deploy capital in quality stocks at reasonable prices amidst the ongoing volatility. As always, we focus on companies that demonstrate an improvement in business quality and we have multiple examples of those in the portfolio.

## Portfolio Activity

---

The Long Short Fund remains actively managed as volatility, style rotation and return dispersion stay elevated. We locked in profits by covering short positions in **Coles** and **Evolution Mining**, exiting tactical longs in **BlueScope** and **Patriot Battery Metals** as well as actively trading **James Hardie** and **Rio Tinto**.

We significantly increased recent Fund addition **Infratil** (see below) and added to overweight positions in **Aristocrat**, **Ventia Services**, **Dexus** and **Northern Star** at attractive prices. This buying was funded by reducing or exiting several positions including **GQG Partners**, **Light & Wonder** and **Woolworths**.

**Infratil** has been added to the Fund after considerable research. IFT is a portfolio of assets, managed by a successful team based in NZ, but their ~50% of CDC is our primary focus. CDC is one of Australia's largest data centre operators, dominating government and essential infrastructure applications. The Future Fund is the other major CDC shareholder. The AI revolution is well underway, with a step change in data centre demand just one facet. Critical to our research is assessing the ROIC available given the huge cost of this revolution. Meta for instance is spending \$US64-72bn in 2025, largely on AI and data centre infrastructure. CDC has demonstrated they can contract, fund and deliver DCs as well as staying abreast of technological advances and client requirements. Other listed ASX alternatives are priced well above the IFT implied valuation of CDC.

Key overweight positions at month end included **CSL**, **Ventia Services**, **Aristocrat**, **Resmed**, **Block Inc**, **ALS Limited**, **Infratil**, **Challenger**, **Wisotech** and **Xero**.

## Contact Quest

---

### Head of Distribution

**Simon Wu**

Mobile: +61 432 331 324

Email: [swu@questap.com.au](mailto:swu@questap.com.au)

### Portfolio Manager

**Richard Dixon**

Mobile: +61 414 393 372

Email: [rdixon@questap.com.au](mailto:rdixon@questap.com.au)

### Disclaimer

Equity Trustees Limited ("Equity Trustees") ABN 46 004 031 298 | AFSL 240975, is the Responsible Entity for the Quest Long Short Australian Equities Fund ("the Fund"). Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT). The Investment Manager for the Fund is Quest Asset Partners Pty Ltd ("Quest") (ABN 47 109 448 802), AFSL 279 207. This publication has been prepared by Quest to provide you with general information only. In preparing this document, Quest did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither Quest, Equity Trustees nor any of their related parties, their employees or directors, provide any warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it. Past performance should not be taken as an indicator of future performance. You should consider the Product Disclosure Statement ("PDS") before making a decision about whether to invest in this product.

Quest Long Short Australian Equities Fund's Target Market Determination is available here [www.eqt.com.au/insto](http://www.eqt.com.au/insto). A Target Market Determination describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.