

Market Summary – October 2025

The Quest Long Short Australian Equities Fund rose 1.4% as the market erased half of the pullback from September. The Fund is up **13.7% p.a net of fees since inception** over five years ago compared to the index return of 13.1%.

The Australian market rallied 0.4% led by resources on easing trade concerns & signs of improving global growth. The S&P500 (+2.3%) again lagged the NASDAQ (+4.7%), whilst Japan (+17%) and China (-4%) diverged massively.

A much stronger than expected inflation reading late in the month erased hopes of a near-term RBA interest rate cut. Expectations for the next cut have moved to mid-2026 with some predicting there will be no more rate cuts this cycle.

Locally, Materials (+4.3%) did best once again, followed by Energy +4% & Financials +2%. Technology & Discretionary tanked 7-8%. In commodities, oil fell 3% whilst aluminium and copper spiked 6-7%. Gold and iron ore both rallied 4%. Lithium prices (+15%) finally awoke from a deep slumber on significantly improving supply and demand dynamics.

Performance Drivers – October 2025

POSITIVE

Overweight – Firefly Metals, Ventia, Pilbara Minerals, ALS Limited, Challenger, ANZ, Clarity Pharma, Qoria

Underweight – DroneShield, Wesfarmers, Pro Medicus

NEGATIVE

Overweight– Eroad, CSL, Aristocrat Leisure, Xero

Underweight– James Hardie, CBA, Fortescue, Telix

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 Managers	Richard Dixon & Shishir Prajapati
Stock Numbers	52 (40 longs, 12 shorts)
Fund Exposure	111% long, 13% short, 98% net
Active Share	76%
Tracking Error	5% (ex-ante)
Fund Size	\$88.7 million
Unit Price	\$1.7567 (NAV @ 31/10/25)
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 October 2025	1 month	3 months	FYTD	1 year	3 years pa	Inception pa	Inception
Quest Long Short*	1.4%	4.7%	8.0%	2.7%	5.5%	13.7%	103.1%
S&P/ASX 200 Index	0.4%	2.7%	5.1%	12.5%	13.1%	13.1%	97.0%
Value added*	+1.0%	+2.0%	+2.9%	-9.8%	-7.6%	+0.6%	+6.1%

*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 have continued so far 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. As predicted by Macquarie, the weak August reporting season led FY25 to being a third consecutive year of declining earnings. Real productivity improvements are essential or Australia will need to rely on the RBA to keep cutting rates. The RBA paused their easing cycle in September as the US Federal Reserve cut rates for the first time in 2025.

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 tactical short positions in **Sims Limited, IAG and QBE Insurance**, as well as actively trading **Woodside, Paladin Energy, Capricorn Metals, Steadfast and Catapult**.

We significantly increased our position in **Pilbara Minerals** (see below). Existing overweight positions in **Computershare, AUB, Challenger, Dexs and CAR Group** were also topped up at attractive prices. This buying was funded by reducing or exiting several positions including **Resmed, Aristocrat Leisure, ANZ, Northern Star, Maas Group, Xero, Block Inc, WiseTech and Clarity Pharmaceuticals**.

Pilbara Minerals was increased due to the material divergence between lithium market pricing and physical market tightness. The widely expected surplus is eroding faster than anticipated, led by a sharp inflection in Battery Energy Storage System offtake and overlooked volume growth in China's electric heavy-truck segment. Crucially, the supply side has tightened earlier than expected as China's push to stop 'involution' (cut-throat competition) has removed marginal tonnes from the market, creating a floor price just as demand accelerates. Pilbara Minerals is the premier ASX lithium stock with a high-quality asset, led by a proven management team.

Key overweight positions at month end included **Ventia Services, Dexs, Challenger, Infratil, ALS, Computershare, Origin Energy, CAR Group, AGL Energy and Xero**.

Contact Quest

Head of Distribution

Simon Wu

Mobile: +61 432 331 324

Email: swu@questap.com.au

Portfolio Managers

Richard Dixon & Shishir Prajapati

Mobile: +61 414 393 372

Email: 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. 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.