

Market Summary – December 2025

The Quest Long Short Australian Equities Fund rose 0.8% as the market resumed its rally to finish the year strongly. The Fund is up **13.2% p.a net of fees since inception** over five years ago compared to the index return of 12.4%.

The Australian market rallied 1.3% driven by a rotation into resources and financials, even as bond yields rose yet again. Local 10-yr yields spiked 24bps to 4.75% vs the US at 4.1%. The S&P500 was flat and the NASDAQ fell 0.5%. Markets in Asia were subdued, whilst the UK & Germany rose 2-3%.

Rising bond yields reflects changing expectations regarding US Fed and RBA interest rate support, which again saw growth, technology and healthcare stocks under pressure. In a reversal of last month, large caps beat mid & smalls.

Locally, Materials (+7%) fared best, followed by Financials (+3.5%) & REITs (+2%). Technology slumped another 9%, whilst Health Care (-7%) and REITs (-4%) also fell sharply. Commodities rose; lithium +26%, silver +23%, copper +8% and gold +2%. Oil fell another 3% on oversupply concerns.

Performance Drivers – December 2025

POSITIVE

Overweight – Maas Group, Immutep, Genesis Minerals, Emerald Resources, Challenger, Flight Centre, Firefly

Underweight – Life360, Pro Medicus, CSL, ARB, Coles

NEGATIVE

Overweight– Catapult, AUB, CAR Group, Resmed, Xero, Wisetech, Computershare, Infratil, Guzman y Gomez

Underweight– Rio Tinto, CBA, Goodman Group

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	54 (39 longs, 15 shorts)
Fund Exposure	114% long, 16% short, 98% net
Active Share	84%
Tracking Error	6% (ex-ante)
Fund Size	\$88 million
Unit Price	\$1.7490 (NAV @ 31/12/25)
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 December 2025	1 month	3 months	FYTD	1 year	3 years pa	Inception pa	Inception
Quest Long Short*	0.8%	1.0%	7.5%	5.1%	6.3%	13.2%	102.2%
S&P/ASX 200 Index	1.3%	-1.0%	3.6%	10.3%	11.4%	12.4%	94.3%
Value added*	-0.5%	+2.0%	+3.9%	-5.2%	-5.1%	+0.8%	+8.0%

*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 outlined by Macquarie, the most recent 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 back in September just as the US Fed 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 short positions in **Life360, Generation Development, Worley, Coles, Eagers Automotive** and **Suncorp**, as well as actively trading **Firefly, Polymetals** and **Immutep**.

We added to our total gold exposure and repositioned our holdings (see rationale below). We also increased holdings in **ANZ, NAB, Flight Centre, BHP, PLS, Resmed** and **Pinnacle Investment Management**. This buying was funded by reducing or exiting several positions including **Aristocrat Leisure, Challenger, CBA, Dexus, Maas Group, Cleanaway, AGL Energy, Northern Star, CSL** and **GQG Partners**.

Gold remained strong amid persistent geopolitical instability and widening budget deficits. A deep dive into **Genesis Minerals** identified eight value-accretive levers to drive shareholder returns, only some of which appear recognised by the market. Genesis is led by a high-calibre board and executive team, with CEO Raleigh Finlayson among Australia's top mining leaders. **Capricorn Metals** has a similar model under Mark Clark, delivering consistent shareholder value. **Emerald Resources** is one of the ASX's lowest-cost producers that benefits from a cohesive 15+ year management team with a cost advantage in project construction. While Emerald's Cambodian assets hold strong promise, exposure remains limited due to untested political risk. These three positions replace **Vault Minerals** and **Northern Star** which were exited on valuation grounds.

Key overweight positions at month end included **Challenger, Dexus, ALS Limited, Origin Energy, Ventia Services, Computershare, Infratil, Genesis Minerals, Xero** and **Resmed**.

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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.