

PORTFOLIO FEATURES

Inception	8 July 2024
Benchmark Index	S&P/ASX300 Accumulation Index
No of holdings	32 (Maximum 35)
Quest AUM	\$1,010m
Investment horizon	3 - 5 years
Investment Strategy	Fundamental with a focus on business quality and free cash flow
Derivatives/Shorting	Nil
AFSL	279207



Lonsec Rating

STOCK PERFORMANCE FEBRUARY 2026

POSITIVE

PLS Group	+21%
Commonwealth Bank	+18%
Ramsay Health Care	+18%
BHP	+15%
National Aust Bank	+13%

NEGATIVE

Flight Centre	-20%
Light & Wonder	-20%
Wisetech	-18%
AUB	-16%
Maas Group	-12%

CONCENTRATED PORTFOLIO FEBRUARY 2026

The Australian market was up strongly in February, rising 3.9% to a new all-time high. In an extraordinary month, the top 20 stocks (+7.9%) drove the market higher with the two biggest stocks, **CBA** +19% and **BHP** +16%, remarkably strong. This contrasts with small caps falling -2.6% and mid-caps -0.1% essentially unmoved. The US market actually fell with S&P500 -0.9% and NASDAQ -3.4% as did China (MSCI) -5.8%. By contrast Japan jumped +10.4%, UK (FTSE) +6.7% and Germany +3.0%.

It is difficult to cogently summarise the contrasting moves this month with investor focus moving decisively from January's geopolitical concerns to the disruptive potential of AI. The technology's impact has been priced broadly and indiscriminately, implying existential risk for many firms without nuance for exposure or capacity to adapt. At-risk companies fell over 20%, despite strong earnings, highlighting the market's emotional response to AI's perceived threat amid areas of strength in banks and resources.

Reporting season movements continues to surprise, with material style effects in addition to the size effects already noted. Value stocks outperformed Growth by 9.4% driven by strong **Resources** and weak **Technology**, which is now down -38% in the last 6 months. **Banks** rocketed +13.5% as the RBA pivoted to rate hikes combined with low to mid-single digit earnings upgrades. **Health** -13% was the worst sector with disappointments from **Pro Medicus**, **Cochlear** and **CSL**.

The Quest portfolio returned +1.7%, underperforming the benchmark. Our five largest overweight positions added value with **BHP** +16%, **ANZ** +9% and **Ventia** +4% outperforming and offsetting falls in **Infratil** -2% and **Challenger** -1%. Resources overall were also positive. Gaming stocks were the largest headwind. **Aristocrat** and **Light & Wonder** have seen no change in business performance but appear caught in a US view that growth in prediction markets and AI-based game development engines will also impact them. Technology holdings were the next largest drag.

Despite the month's underperformance, reporting season was actually a record positive for Quest: 50% of the portfolio (by weight) delivered results exceeding our expectations coming into results and another 28% met expectations. The only disappointment was **Guzman Y Gomez**, a 1.9% holding. Frustratingly, many good reporters fell in this gyrating and polarised market (eg **Computershare**, **Flight Centre**, **Challenger**, **Judo**, **Maas**).

Performance*

To 28 February 2026	1 month	3 months	1year	Since inception (pa)
Quest Concentrated Aust Equities	2.0%	2.7%	4.9%	4.9%
ASX300 Accumulation index	3.9%	7.1%	16.4%	14.6%
Value added	-1.9%	-4.4%	-11.4%	-9.7%

* Inception 08 July 2024. Fund performance and value added is net of all fees. **Past performance is no guarantee of future performance.** Returns for periods 1year or greater are calculated on an annualised basis.



PORTFOLIO ACTIVITY

As noted in detail in the Quest December Quarterly, the pace of change regarding AI is remarkable. A recent research paper released by Citrini in February weighed on the market as it dramatised a potential rolling impact of AI based business and household disruption.

https://www.citriniresearch.com/p/2028gic

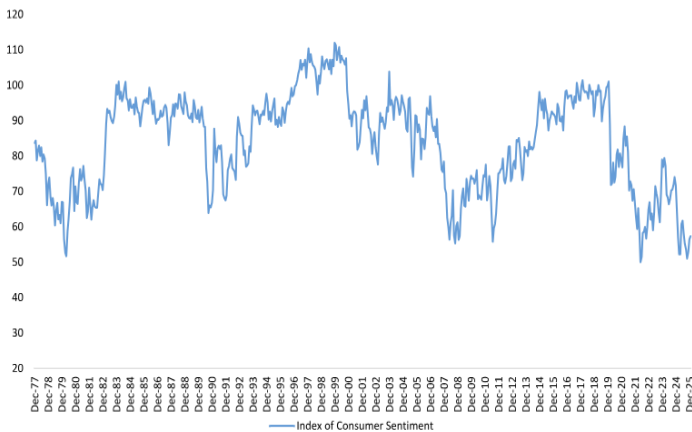
It is clear all businesses will be affected by AI in some degree. The market is grappling with how to adjust expectations for this brave new world. In some cases AI is dramatically altering the sustainability of businesses. It is difficult to be precise regarding both the pace and impact of AI. Some businesses could be disrupted very quickly, whilst others may initially see material productivity benefit (and quant models love an upgrade) only then to see material revenue impacts.

During the month we increased the Goodman Group holding. Post a disappointing result, CSL returned to the portfolio, whilst Ramsay Healthcare +20% was added last month and it popped following their result. WiseTech was replaced by 360. We believe 360 to be more protected from AI disruption due to its strong brand recognition, physical world offerings (e.g. roadside assist) and its freemium model which reduces the incentive to switch. We also exited in AUB, CAR Group, Guzman Y Gomez and Flight Centre.

Even before the bombing of Iran, inflation was biting in Australia and the US. The following 50 year chart shows US consumer confidence at a very low level.

CHART OF THE MONTH

Chart 2 - University Of Michigan Index of Consumer Sentiment



Source: University of Michigan, Jefferies

INVESTMENT PROFILE

The Quest Concentrated Australian Equities Portfolio is a Unit Trust, actively managed by Quest Asset Partners Pty Limited. Our objective is to outperform the S&P/ASX300 Accumulation Index.

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KEY PORTFOLIO HOLDINGS

LARGE CAP

Table with 2 columns: Company Name, Sector. Rows include Aristocrat Leisure (ANZ), BHP (Commonwealth Bank), Genesis Minerals (Origin Energy).

MID CAP

Table with 2 columns: Company Name, Sector. Rows include Xero (Challenger), ALS (Light and Wonder), Infratil (Ramsay Health).

SMALL CAP

Table with 2 columns: Company Name, Sector. Rows include Judo Capital (Maas Group), Pinnacle Investment (Ventia Services).

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