QUEST

Invest with Experience

Long Short

Market Summary – May 2026

The Quest Long Short Australian Equities Fund rose 6.3% as global markets surged on hopes of a US/Iran peace deal. The Fund is up **11.9% p.a net of fees since inception** over six years ago compared to the index return of 11.8%.

The Australian market rose 1.2% driven by the AI thematic which helped masked pressure in other parts of the market. Global equities strongly outperformed (MSCI World +5%), led by the Japanese Nikkei (+12%) & the NASDAQ (+10%).

Locally, Materials +10% led the way as BHP jumped 16% followed by Consumer Discretionary +5% and REITs +3%. Healthcare fell 9% as CSL (-22%) downgraded once again. Utilities, Energy, Communications & Financials fell 4-8%.

The Fund is positioned for a de-escalation in the Middle East war, with a ceasefire in everyone's interests and the clock ticking for Trump until the US mid-term elections. Fund performance continued to recover very strongly in May driven by a broad range of long and short positions.

Performance Drivers – May 2026

POSITIVE

Overweight -Megaport, Infratil, Capricorn, Ventia, Maas Capstone, Rio Tinto, ALS, Computershare, Goodman

Underweight – Brambles, CSL, Westpac, Woodside, REA, Idp Education, NAB, Tabcorp, Magellan, Telstra

NEGATIVE

Overweight– CAR Group, Coles, Life360, Resmed, Xero

Underweight– Fortescue, South32, Wesfarmers, Qantas

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 (42 longs, 12 shorts)
Fund Exposure	109% long, 13% short, 96% net
Active Share	72%
Tracking Error	6.5% (ex-ante)
Fund Size	$66.2 million
Unit Price	$1.7142 (NAV @ 31/5/26)
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 May 2026	1 month	3 months	FYTD	1 year	3 years pa	5 years pa	Inception pa
Quest Long Short*	**6.3%**	**-1.6%**	**5.4%**	**5.5%**	**3.8%**	**4.7%**	**11.9%**
S&P/ASX 200 Index	1.2%	-4.0%	5.4%	6.9%	11.0%	8.1%	11.8%
Value added*	**+5.1%**	**+2.4%**	**0.0%**	**-1.4%**	**-7.2%**	**-3.4%**	**+0.1%**

*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 escalated so far in CY26. 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 has dislocated all asset classes via the escalating conflict with Iran and stoking fears of an inflation driven global economic crisis.

We've previously highlighted that applied AI would soon start to meaningfully reshape global labour markets. That inflection is now occurring, with major technology companies (including Meta, WiseTech and Block) undertaking material headcount reductions as AI capabilities substitute for quite a broad range of human tasks. This constitutes a multi-year structural headwind for society, employment and corporate earnings visibility.

The scale and timing of disruption will partly hinge on the adoption of robotics and autonomous vehicles, as well as how quickly regulatory/legal frameworks adapt. We are positioned to benefit from the rollout of AI and have maintained holdings in data centre service providers including Goodman, Infratil, Megaport and Maas.

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. As always, we focus on identifying companies that are demonstrating an improvement in business quality where we can deploy fresh capital at reasonable prices.

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 **Idp Education**, **Super Retail**, **Tabcorp** and **Woodside** as well as actively trading **Magellan, Wesfarmers, Stanmore Resources, Core Lithium** and **Sandfire**.

We increased holdings in **BHP, Macquarie, Light & Wonder** and **Genesis Minerals.** These were funded by reducing or exiting **ANZ, CBA, Infratil, Capricorn, Emerald, Resmed, PLS, Origin** and **Nexgen**.

A notable recent change was the switch from **Origin Energy** to **Santos**. The decision to extend the life of the Eraring power station, two misguided Federal Government policies and the Kraken IPO delay have capped the near-term outlook for **Origin**. These government policies target lower short-term electricity prices but may ultimately help boost long-term electricity prices by discouraging investment in renewables and gas supply.

Santos offers an attractive free cashflow yield and has finally delivered two major projects in the Barossa LNG and the Pikka oil field in Alaska. PNG's Papua LNG project is also likely to commence construction in late 2026. Santos is ex-capex and operating in energy supportive regions as demand for non-Middle East energy grows.

We also added Breville, Lovisa and Sigma, which we view as attractive, consumer-facing businesses with strong quality characteristics and low exposure to the emerging disruption from AI-driven consumer shopping trends.

Key overweight positions at month end included **Infratil, Genesis Minerals, Rio Tinto, Goodman, Megaport, Macquarie, Challenger, Aristocrat, Santos** and **ALS Limited.**

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