QUEST *Invest with Experience*

Concentrated

Portfolio Features

Inception	9 February 2005
Benchmark Index	S&P/ASX300 Accumulation Index
No of holdings	35 (Maximum 35)
Strategy AUM	$79m
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	Reviewed and Rated by Lonsec

Concentrated Portfolio July 2026

Rotation was the global theme in June, and we had flagged the enormous surge of money into Asian based memory-chip companies. We ended last month asking "what could possibly go wrong?" As it turns out, the old advice to be fearful when others are greedy proved its worth. July delivered exactly that.

The mood in July flipped from FOMO — the fear of missing out — to the fear of *owning*: a sharp reversal. South Korea's KOSPI index fell 22%, led by a 35% drop in chipmaker SK Hynix. Remarkably, that included a 30% jump on the final day, as bargain hunters moved in following the collapse of a heavily borrowed AI-focused fund and forced selling by Korean retail investors who had bought on credit.

What's striking is that the fall wasn't about disappointing profits or an expensive valuation: the stock was still cheap (a single-digit price-to-earnings ratio before the drop) and a favourite of computer-driven "quant" funds. The real trigger was a bigger question: whether rising memory-chip prices might slow the huge data-centre spending by the tech giants.

That worry weighed on global technology stocks (the Nasdaq fell 3%), and with both sides in the Iran conflict stepping back from a ceasefire, oil jumped (Brent crude +24%). Even so, most other markets held up: the UK's FTSE 100 rose 3.5% and the broad MSCI World Index edged up 0.5%. Inflation remains a live concern. The US 30-year government bond yield climbed again to 5.18%, its highest in almost two decades.

The Australian market returned 2.1%, though without Asian money rotating into our banks it would have finished lower. The bank index rose 7.6%, surprising given the sector's headwinds: falling house prices, investor mortgage demand down 25–30%, and intensifying competition in both lending and deposits.

Against that backdrop, the Quest portfolio gave back some ground after a record June quarter, with our modest bank position the main drag. Looking ahead, US earnings momentum is strong (see chart on page 2). The local reporting season is again likely to be bumpy, but early signs — outside the banks — suggest the Australian consumer is holding up reasonably well, and firm commodity prices should support the resources sector.

Stock Performance July 2026

POSITIVE	
Ampol	+22%
Vault	+14%
Catapult Sports	+9%
Santos	+9%
CBA	+8%

NEGATIVE	
Siteminder	-18%
PLS Group	-17%
Megaport	-16%
Pinnacle	-7%

Performance*

To 31 July 2026	1 month	3 months	1 year	3yrs (pa)	5yrs (pa)	10 yrs (pa)	15yrs (pa)	Since inception (pa)
Quest Aust Equities Concentrated	**+1.0%**	**+8.0%**	**+1.9%**	**+5.0%**	**+6.2%**	**+10.4%**	**+11.0%**	**+11.0%**
ASX300 Accumulation index	+2.1%	+4.0%	+5.8%	+10.3%	+7.8%	+9.0%	+9.1%	+8.0%
Value added	-1.1%	+4.0%	-3.9%	-5.3%	-1.6%	+1.4%	+1.9%	+3.0%

*Returns before fees and tax based on the JBWere platform model portfolio. **Past performance is no guarantee of future performance**. Individual returns will differ for investors, depending on when the initial investment was established and the timing of any additional investments or redemptions. Inception date is February 2005

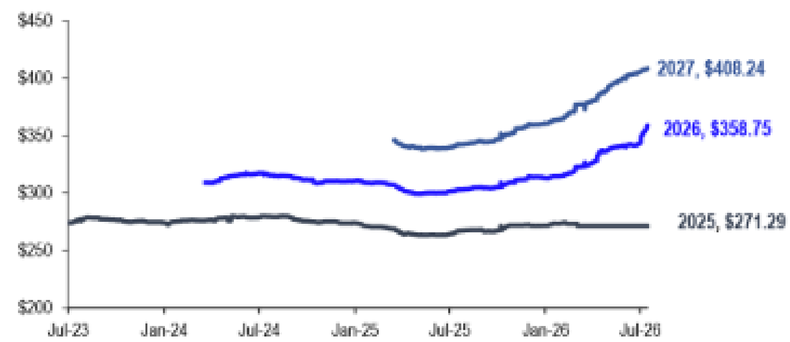
Portfolio Activity

Quest was again active in July. The strong performance in the June quarter resulted in Quest crystalising profits in a number of holdings including exits or reductions in **Southern Cross Electrical, Megaport, Aristocrat, Challenger, Macquarie**, and **Maas**. We switched the gold holding from **Genesis Minerals** to their current bid target **Vault Minerals**. Vault was put in play in June when Regis Resources bid for the company, and Genesis has since come over the top at a price 15% higher. Vault's assets sit naturally alongside the Genesis operations, with around $2bn of synergies on offer, and we like the industrial logic of the combined portfolio. The risk of a bidding war between Genesis and Regis is small but not zero, so at this stage we prefer to hold Vault, where the risk-reward is better.

We also broadened our energy holdings to include **Woodside,** partly funded by reducing the **Santos** holding. Energy sector positioning is firmly back on the agenda, amid speculation that there are "too many energy CEOs per barrel." The longer-term implications of the conflict involving Iran will take time to play out, but with roughly 20% of the world's LNG currently sourced from Qatar via the Strait of Hormuz, energy-dependent Asian economies will be looking to diversify their supply base. This risk is likely to lift interest in Australian-listed suppliers, while also tightening the US Gulf Coast LNG market. In that context, Woodside's new Louisiana LNG plant has become highly attractive to US gas producers such as **Exxon**, who are also seeking to build out their LNG trading capabilities. LNG trading is a material portion of Woodside earnings.

The following chart from JPMorgan reveals strong US earnings momentum. Energy and Information Technology sectors lead the upgrades but are not only sectors with a tailwind.

Figure 6: S&P 500 Consensus Annual EPS



Source: J.P. Morgan Equity Strategy & Quantitative Research, Bloomberg Finance L.P., FactSet.

Investment Profile

The Quest Australian Equities Concentrated Portfolio is a Separately Managed Account (SMA), actively managed by Quest Asset Partners Pty Limited. Our objective is to outperform the S&P/ASX300 Accumulation Index. The SMA structure allows the investor to retain beneficial ownership of the portfolio while maximising transactional and tax visibility.

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