

JULY 2026 - PORTFOLIO UPDATE

We flagged crowded positioning as a risk last month, and July delivered on it — a violent reassessment of the one-way AI trade. Money that flooded into memory-chip stocks reversed fast: South Korea's KOSPI dived -22%, led by a -35% collapse in chipmaker SK Hynix. A leveraged AI fund's late-month collapse triggered a bargain-hunting scramble. The Australian market (XKOAI) rose +2.1%, even as the Nasdaq fell -3% and S&P500 -0.1% barely moved. China (MSCI) +8.9% and the UK (FTSE) +3.5% bounced whilst Japan (Nikkei) dropped -8.1%.

The Australian dollar gained +1.4% and government bond yields pushed higher again — the US 30-year climbed worryingly to 5.2%, its highest in almost two decades. Large caps outperformed small caps by some margin, a classic risk-off signal beneath a rising headline index.

The Ex-20 benchmark returned -0.4%, well below the bank-assisted broader index. The Quest portfolio returned -0.4%, just behind benchmark.

Big banks rallied +8%, likely less about improving fundamentals than money rotating out of AI and into safer ground. Energy rose +12%, as Brent jumped +20% and JKM LNG +30% on renewed Iran strikes, with refining margins also a tailwind; the sector is now up +20% over the past year, all earnings driven. Technology was the worst, -5%, as the AI Enabler trade unwound and the market priced in a 2026 Fed hike, though the damage wasn't uniform across the sector. Materials, Australia's own AI proxy, slipped -1% on a -4% fall in iron ore, a pause after a near +45% run over the past year.

Catapult Sports +9%, Santos +9%, Sigma Healthcare +7% and Computershare +7% were all strong, IAG +5%, Stockland +5% Genesis Minerals +5% and our recent new position in Guzman y Gomez +5% also did well. Not owning rare earth miner Lynas -22% and lithium play Lontown -43% helped the portfolio return relative to the index.

The negatives were Megaport -16%, Siteminder -18% and Pro Medicus -20% — three names caught in the broader unwind of anything AI-adjacent or growth. PLS Group -17%, Pinnacle Investment Management -7% and Ventia Services -6% also suffered in the risk-off environment.

We exited Genesis Minerals, switching our gold exposure into current bid target Vault Minerals, where we like the industrial logic of a combined outcome. We also banked profits in Maas Group. Reporting season kicks off in August and looks set for another bumpy ride, but early signs outside the banks suggest the Australian consumer remains in reasonable shape.

PORTFOLIO FEATURES

Inception	5 January 2017
Benchmark	S&P/ASX300 ex 20 Index
No. of holdings	20 - 40
Typical cash weight	3 - 10%
Investment horizon	3 - 5 years
Portfolio Managers	Troy Cairns/ Swapan Pandya
How to invest	Mason Stevens Platform Xplore Wealth Platform MyNorth Platform

RESEARCH RATINGS

Lonsec	*HIGHLY RECOMMENDED
--------	---------------------

DRIVERS OF PERFORMANCE

POSITIVE

Catapult, Genesis Minerals, Sigma Healthcare, Propel Funerals, Stockland, IAG

NEGATIVE

Megaport, Siteminder, Pro Medicus, Ventia Services, Pinnacle Investment Management, PLS Group, ALS Group

CURRENT PORTFOLIO

Total holdings	40
Non-benchmark holdings	5
Tracking error	4.98%
Active share	73.7%
Earnings growth (1yr fwd)**	22.4% pa
ROE**	22.3%
Beta**	0.99
P/E (1yr fwd)**	24.8x
Dividend yield (1yr fwd)**	2.9%

Source: Bloomberg (*outliers excluded, **est for Jan 2026)

PERFORMANCE*

To 31 July 2026	1month	3months	6months	1yr	3yrs (p.a)	5yrs (p.a)	Inception (p.a)
Quest Ex-20 Aust Equities	-0.4%	+6.7%	-8.8%	-4.8%	+4.0%	+2.3%	+10.3%
ASX300 Acc. ex ASX20 index	-0.4%	+1.3%	-8.3%	-3.2%	+6.4%	+5.2%	+7.6%
Value added	0.0%	+5.4%	-0.5%	-1.7%	-2.4%	-2.9%	+2.7%

*ESTIMATED Returns after fees based on the Mason Steven SMA model portfolio. Holdings and therefore returns may vary slightly, given small trading variations between SMA platforms. Performance fees, where applicable, are deducted six monthly following the June and Dec periods. Individual returns will differ for investors, depending on when the initial investment was established and the timing of any additional investments or redemptions. Past performance is no guarantee of future performance.



INVESTMENT PROFILE

The Quest Ex-20 Portfolio is a Separately Managed Account (SMA), actively managed by Quest Asset Partners. The Portfolio comprises between 20 and 40 securities and aims to outperform the S&P/ASX 300 index excluding the 20 largest companies. The Portfolio will have significant exposure to mid and small-capitalised stocks benefiting from our proven investment process and experience with smaller companies.

The assessment of business quality is fundamental to the Quest investment process. We aim to identify companies that can deliver good returns on invested capital and sustain those returns through time. Quest has a long track record of investment performance leveraging this process.

The portfolio will typically have a bias to companies with growth characteristics (revenue, earnings and return on equity) and can be expected to have significant exposure to companies not in the benchmark. Both these exposures will vary through time as opportunities arise.

Portfolio risk is actively managed with a focus on capital preservation.

The X20 Unit Trust is also available. It is managed in the same way and can be expected to have the same portfolio holdings as the Ex-20 SMA. The X20 PDS can be accessed by clicking [here](#).

PORTFOLIO HOLDINGS*

LARGE CAP	
ALS Block Inc.	Infratil Ramsay Healthcare
MID CAP	
Breville Ventia Services	Challenger Megaport
SMALL CAP	
Maas Group Siteminder	Dicker Data HomeCo Daily Needs REIT

*Not Complete

CONTACT QUEST

Head of Distribution

Simon Wu
Email:

ph.0432 331 324
swu@questap.com.au

Portfolio Manager

Troy Cairns
Email:

ph.02 9409 2303
tcairns@questap.com.au

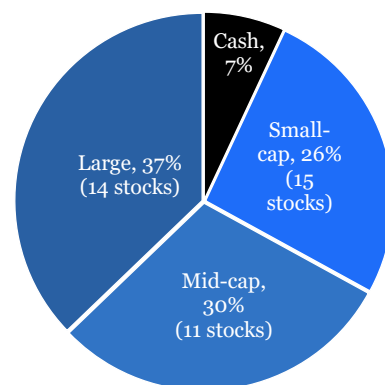
Swapan Pandya
Email:

ph.02 9409 2302
spandya@questap.com.au

PORTFOLIO RETURNS



PORTFOLIO 31 JULY 2026



DISCLAIMER

This report has been prepared by Quest Asset Partners Pty Limited, AFSL 279207 (wholesale), ABN 47 109 448 802. It should be regarded as general information only rather than advice. It has been prepared without taking into account any person's objectives, financial situation or needs. Whilst Quest has used its best endeavours to ensure the information within this document is accurate it cannot be relied upon in any way and recipients must make their own enquiries concerning the accuracy of the information within. Past performance is not a reliable indicator of future performance. Before making any financial investment decisions we recommend recipients obtain legal and taxation advice appropriate to their particular needs. Investment in a Quest Asset Partners Separately Managed Account can only be made on completion of all the required documentation. As Quest holds a wholesale AFS licence, this report should not be passed on to any retail client.

* The rating published on 10/2025 for the Quest X20 Australian Equities Fund is issued by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec Research). Ratings are general advice only and have been prepared without taking account of investors' objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and Lonsec Research assumes no obligation to update. Lonsec Research uses objective criteria and receives a fee from the Fund Manager. Visit lonsec.com.au for ratings information and to access the full report. © 2025 Lonsec. All rights reserved.

^ Ratings are only one factor to be taken into account when deciding whether to invest in a financial product. Ratings are subject to change.