QUEST *Invest with Experience*

Long Short

Market Summary – August 2026

The Quest Long Short Australian Equities Fund rose 2% as global equities were buoyed by positive earnings revisions. The Fund is up **12.1% p.a net of fees since inception** over six years ago compared to the index return of 12.1%.

The Australian market rose 1.5% as healthcare & resource stocks jumped, whilst banks lost most of their July gains. Global equities rallied: NASDAQ +4%, S&P500 +2.6% and Japan +3%, whilst China and the UK FTSE both fell 0.4%.

Locally, massive sector rotation saw Healthcare +19% and Materials +12%, while Discretionary and Financials fell. Commodities rose; gold +10%, copper +4% & iron ore +3%. Inflation drove our 10-yr bond yield to a 15-yr high of 5.1%.

Overall, reporting season was good to Quest: 74% of our portfolio holdings met or beat our expectations, with only 6% disappointing and the balance not reporting or in cash. Result day volatility was extreme, cost cutting aided results, healthcare stocks surged and we saw $7b of new buybacks.

Performance Drivers – August 2026

POSITIVE
Overweight -Vault Minerals, PLS Group, Core Lithium, Ramelius Resources, Light & Wonder, FDC Consolidated
Underweight- Westpac, Wesfarmers, NAB, CBA, Telstra

NEGATIVE
Overweight– Life360, Sigma Healthcare, Megaport, Goodman, Infratil, Ventia Services, Siteminder, ANZ
Underweight– CSL, Evolution Mining, Northern Star

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	43 (37 longs, 6 shorts)
Fund Exposure	106% long, 7% short, 99% net
Active Share	62%
Tracking Error	5.0% (ex-ante)
Fund Size	$63.6 million
Unit Price	$1.7470 (NAV @ 31/8/26)
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 August 2026	1 month	3 months	6 months	1 year	3 years pa	5 years pa	Inception pa
Quest Long Short*	**2.0%**	**4.0%**	**2.2%**	**4.6%**	**4.1%**	**3.8%**	**12.1%**
S&P/ASX 200 Index	1.5%	4.5%	0.3%	4.4%	11.2%	7.8%	12.1%
Value added*	**+0.5%**	**-0.5%**	**+1.9%**	**+0.2%**	**-7.1%**	**-4.0%**	**0.0%**

*Fund returns and value added is NET of all fees. Past performance is no guarantee of future performance. Inception date is 30 April 2020.

Outlook

Global markets are hovering around all-time highs and industry research shows managers are fully invested. The Fear of Missing Out (FOMO) dynamic is real, and we remain cognisant of risk. The portfolio contains a disciplined mix of quality businesses trading at prices we can easily justify. Experience tells us to be mindful of crowded positioning as conditions evolve, and we constrain our exposure to the ebullient parts of the market.

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 (ie: Meta, Atlassian, 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 Infratil, Megaport and Maas Group.

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. 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 several short positions including **Aurizon**, **Telstra** and **Elsight** as well as actively trading **CBA**, **Core Lithium**, **Pilbara Minerals, CAR Group** and **Guzman y Gomez**.

We increased holdings in **CSL, Challenger** and **Ramelius Resources.** These were funded by reducing or exiting positions in **ANZ, Aristocrat, Light & Wonder, Computershare, Macquarie** and **Nick Scali**.

ANZ was added in late 2024 upon the announcement of a new CEO, Nuno Matos from HSBC. Although he was not arriving until May 2025, our investigations revealed an excellent reputation coupled with Quest's view that change was necessary. It took a while for the market to warm to Mr Matos, however ANZ has been the best performing major since early 2025, which suggests his ANZ rehabilitation strategy is progressing well.

The investment in Capricorn Metals was successfully realised and reinvested into **Ramelius Resources**, where we see compelling value and believe the benefits of the Spartan acquisition are starting to materialise.

Key overweight positions at month end included **Rio Tinto, Infratil, Block Inc, Megaport, Macquarie, Light & Wonder, Sigma Healthcare, Ramelius Resources, Ventia Services** and **ALS Limited**.

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