QUEST *Invest with Experience*

Long Short

Market Summary – September 2026

The Quest Long Short Australian Equities Fund fell 2.6% as the US Fed and RBA both hiked rates on stubborn inflation. The Fund is up **11.5% p.a net of fees since inception** over six years ago compared to the index return of 11.5%.

The Australian market fell 2.4% and posted its first down month since March. Global equities were mixed: NASDAQ +2% & Japan +1%, while the S&P500 fell 0.5% & China 4%.

Bond yields were a bigger story. The Fed delivered its first hike since 2023 and the RBA its fourth of 2026 up to 4.6%. The US 10-yr yield jumped 0.5% to a near two-decade high (Aust +0.3%). Oil spiked 14%, whilst gold and the $A fell.

Locally, Health Care +3% was the only sector to rise, whilst Technology (-11%) and Materials (-7%) slumped. The Fund slightly lagged as strong gains in Maas (+34%), Megaport (+25%), Ventia (+12%) and Ramsay (+10%) were offset by PLS (-28%), Pinnacle (-21%) and Light & Wonder (-17%).

Performance Drivers – September 2026

POSITIVE
Overweight - Maas Group, Megaport, Ventia Services, Ramsay Healthcare, Challenger, Santos, CSL, Charter Hall
Underweight - Xero, Technology One, James Hardie

NEGATIVE
Overweight – PLS Group, Pinnacle, Light & Wonder, Capstone Copper, Block, ALS Limited, Life360, Resmed
Underweight - NAB, Westpac, Northern Star, Telstra

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	52 (40 longs, 12 shorts)
Fund Exposure	112% long, 13% short, 99% net
Active Share	67%
Tracking Error	5.4% (ex-ante)
Fund Size	$61.2 million
Unit Price	$1.7016 (NAV @ 30/9/26)
APIR Code	ETL4748AU
Research Ratings	Lonsec – Recommended
Platforms	Netwealth, HUB24, Praemium, BT Panorama, Asgard, Ausmaq MLC Wrap, Navigator, Expand, MyNorth, Mason Stevens

Performance*

To 30 September 2026	1 month	3 months	6 months	1 year	3 years pa	5 years pa	Inception pa
Quest Long Short*	**-2.6%**	**-0.9%**	**12.5%**	**0.2%**	**4.2%**	**3.5%**	**11.5%**
S&P/ASX 200 Index	-2.4%	1.3%	5.4%	2.7%	11.4%	7.7%	11.5%
Value added*	**-0.2%**	**-2.2%**	**+7.1%**	**-2.5%**	**-7.2%**	**-4.2%**	**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

Central banks have turned restrictive again. The US Fed hiked rates for the first time since 2023 and flagged more to come, while the RBA lifted the cash rate to 4.6%, the highest since 2011. The near-term focus is the US mid-term elections. Equity markets are normally weak into the election and recover afterwards, with a gridlock result historically the most positive. Betting markets predict a flip in the House, with the Senate also in play.

We've previously highlighted that applied AI would meaningfully reshape global labour markets, with major technology companies (ie: Meta, Atlassian, WiseTech and Block) undertaking material headcount reductions. AI is now moving from answering questions to acting for users. Meta's US launch of Muse, a personal agent that can send emails, book travel and make purchases, coincided with the local Technology index falling 11%.

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, Goodman and Megaport.

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 our short position in **Medibank,** as well as actively trading **Computershare** and **Technology One**. We exited trading positions in **Firefly Metals** and **Nexgen Energy** to manage risk.

We added new overweight positions in **QBE Insurance** and **Charter Hall**, with the latter partly funded by exiting **Stockland**. We also added to our holdings in **ANZ**, **CSL**, **Light & Wonder** and **Santos**. These were funded by reducing or exiting positions in **Goodman**, **PLS Group**, **Rio Tinto**, **Vault Minerals** and **Ampol**.

QBE now earns a high-teens ROE yet trades on only 11–12x forward earnings, about a third cheaper than IAG and Suncorp. Conservative reserving, higher bond yields lifting investment income and strong capital returns support the investment case. **Charter Hall** has an impressive track record of growth and astute investment, and recent weakness driven by rising bond yields provided an attractive entry point.

Key overweight positions at month end included **Infratil, Megaport, Macquarie, ALS, Rio Tinto, Charter Hall, Ramelius Resources, Block Inc, Maas Group** and **Santos**.

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