

Monthly Update for Month Ending March 2025

Investment objective

To deliver outperformance against the benchmark over the medium term.

Key information

Code	NTH0221
Manager name	Quest Asset Partners
Inception date	29 November 2021
Benchmark	S&P/ASX 300 TR Index excluding S&P/ASX 20 TR Index
Asset class	Australian Equities
Number of underlying assets	36
Minimum investment horizon	3-5 years
Portfolio income	Default - Reinvest
Management fees and costs	'0.85%
Performance fee	'0.3%
Estimated net transaction costs	'0.21%
Estimated buy/sell spread	'0.00%/0.00%
Risk band/label	7/Very high
Minimum investment amount	\$25,000

About the manager

Quest Asset Partners

Quest Asset Partners is a boutique fund manager founded in 2004 who manage active equity portfolios on behalf of wholesale institutional clients and individual investors. Quest is wholly owned by the investment professionals at the firm.

Returns

as at 31 March 2025

	Since inception*	1 Month (%)	3 Months (%)	6 Months (%)	1 Year (%)	3 Years (%)	5 Years (%)
Total return ¹	-1.00	-6.73	-8.51	-10.63	-11.49	0.15	-
Income	2.15	0.58	0.78	0.98	1.93	2.20	-
Growth	-3.15	-7.31	-9.29	-11.61	-13.42	-2.05	-
Benchmark ²	3.91	-3.48	-1.86	-3.09	1.18	3.76	-

* Since inception returns commence from the month end of the portfolio's launch.

Sector Allocation



as at 31/03/2025

Cash	7.5
Communication Services	6.2
Consumer Discretionary	12.8
Financials	9.6
Health Care	11.4
Industrials	14.3
Information Technology	18.3
Materials	4.1
Real Estate	11.9
Utilities	4.1

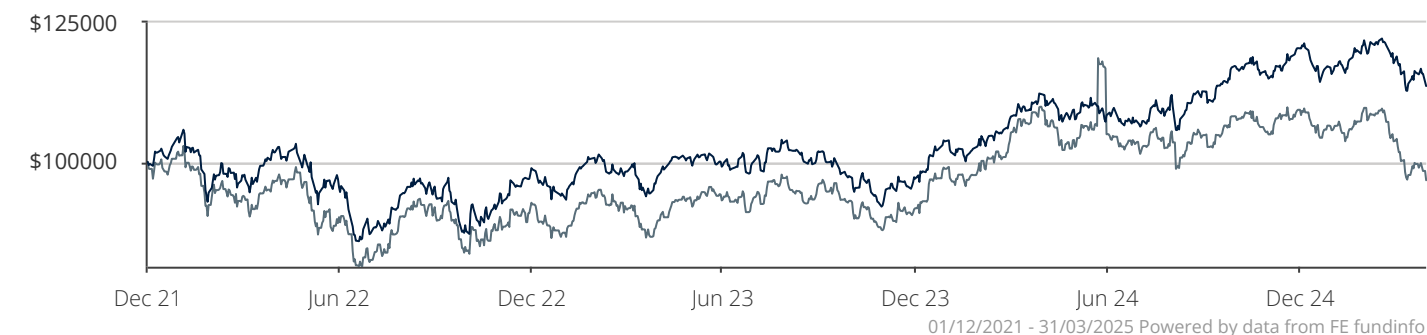
Sector allocation data sourced via Ausiex® from Australian Stock Exchange.

¹ The managed portfolio performance represents total return for the periods. Returns have been calculated using the time-weighted method, they assume distributions are reinvested and are after investment management fees and indirect costs. Total and growth returns include accrued distributions, while income return includes paid distributions only. Returns do not take into account tax payable. Individual client returns may vary based on the contributions, withdrawals, and timing differences within the managed portfolio

² The applicable Benchmark for this portfolio is shown in the Key Information section.

Performance history

\$100,000 invested since 01/12/2021



- Portfolio
- Benchmark

Managed portfolio holdings³

Holding	Allocation (%)
Als Limited Ordinary Fully Paid	3.9
AUB Group Limited Ordinary Fully Paid	3.9
Block, Inc. Cdi 1:1 Foreign Exempt NYSE	2.7
CAR Group Limited Ordinary Fully Paid	3.1
Cash Account	7.3
Catapult Group International Ltd Ordinary Fully Paid	1.5
Charter Hall Group Stapled Securities US Prohibited	1.7
Cochlear Limited Ordinary Fully Paid	4.1
Dicker Data Limited Ordinary Fully Paid	1.8
Dropsuite Limited Ordinary Fully Paid	2.2
GQG Partners Inc. Cdi 1:1 US Person Prohibited Excluding Qib	3.0
Hansen Technologies Limited Ordinary Fully Paid	2.7
HMC Capital Limited Ordinary Fully Paid	1.5
Homeco Daily Needs Reit Ordinary Units Fully Paid	3.6
Idp Education Limited Ordinary Fully Paid	2.3
Immutep Limited Ordinary Fully Paid	1.4
Integral Diagnostics Limited Ordinary Fully Paid	2.3
Johns Lyng Group Limited Ordinary Fully Paid	1.5
Life360 Inc. Cdi 3:1 Foreign Exempt Xngs	1.5
Light & Wonder Inc. Cdi 1:1 Foreign Exempt Xngs	3.7
Lovisa Holdings Limited Ordinary Fully Paid	2.4
Maas Group Holdings Limited Ordinary Fully Paid	1.6
Mirvac Group Fully Paid Ordinary/Units Stapled Securities	3.0
Newmont Corporation Cdi 1:1 Foreign Exempt NYSE	2.4
Origin Energy Limited Ordinary Fully Paid	4.0
Propel Funeral Partners Limited Ordinary Fully Paid	2.9
Pwr Holdings Limited Ordinary Fully Paid	2.0
Qoria Limited Ordinary Fully Paid	1.9

Holding	Allocation (%)
Qualitas Limited Ordinary Fully Paid	2.2
Resmed Inc Cdi 10:1 Foreign Exempt NYSE	3.6
Seek Limited Ordinary Fully Paid	3.3
Vault Minerals Limited Ordinary Fully Paid	1.5
Ventia Services Group Limited Ordinary Fully Paid	3.0
Wisetech Global Limited Ordinary Fully Paid	3.6
Worley Limited Ordinary Fully Paid	4.5
Xero Limited Ordinary Fully Paid	2.8

Quarterly manager commentary

Market Update

Global markets were shaken in the March quarter by the reality of the Trump Presidency, as he reordered alliances and cross-border trade, rattling business and consumer confidence. The investor complacency noted in December quickly shifted to fear. Trump has announced bewildering tariffs aimed at rebuilding US manufacturing and making Americans rich, but any gain will likely come with global pain.

The quarter began strongly, with January gains making up for late 2024 declines and lifting the Australian market +4.5% to a new high, outperforming the S&P 500's +2.8%. However, markets fell sharply in February as global confidence was tested, leading to a broad de-rate, especially in growth stocks. The Australian market dropped -3.8%, and the NASDAQ fell -4.0%.

Declines continued into March as markets grappled with lower growth expectations from Trump's actions. The Australian market fell another -3.4%, retreating -9% from the February high. Australia again outperformed the US, where the S&P 500 dropped -5.8% and the NASDAQ -8.2%. Global investors shifted to other markets, with Germany, the UK, and China faring better.

The Australian market (XKOAI) ended the quarter down -2.9%.

Gold was the sole safe haven, surging +19% to an all-time high. US 10-year bond yields eased -0.3% from 4.5% at year-end, while the Australian equivalent barely moved. The Australian dollar stayed around US\$0.62.

Information Technology, Consumer Discretionary, Healthcare, and Energy were the weakest sectors, while Gold and Utilities rose. Reporting season was highly volatile, with J.P. Morgan calling it the most turbulent in over 20 years, citing passive flows, computer trading, and declining turnover. There were slight earnings downgrades overall. Company management are hopeful for more RBA rate cuts after the February reduction to 4.1% as inflation recedes.

The Australian Federal election was called in late March and the potential for no clear majority in Canberra is unwelcome.

The Ex-20 benchmark returned -1.9% for the quarter.

Portfolio Update

The Quest portfolio underperformed during the quarter.

The portfolio held 35 stocks at quarter end and cash was 9%.

The following were positive contributors to portfolio returns (ranked by portfolio stock performance for the quarter):

- Dropsuite (DSE +24%) – received a takeover offer in January which saw the stock jump 30% at the time. The board endorsed the offer. We have made an excellent return from our investment in this cloud-based tech business, establishing the holding mid-2023.
- Computershare (CPU +19%) – reported well at the February results showing that the core business continues to perform.
- Newmont Corp. (NEM +16%) – the largest listed gold company in Australia. Benefited from the relentless surge in the gold price.
- Venta Services (VNT +15%) – well managed, large-scale infrastructure service provider. Revenue streams are seen as defensive and the stock was favoured as in an uncertain market.
- Mirvac (MGR +8%), HomeCo Daily Needs REIT (HDN +5%), Charter Hall (CHC +4%) – real estate holdings that may see as a potential benefit from lower interest rates which may arrive, particularly those exposure to domestic housing
- Worley (WOR +7%), GQG Partners (GQG +5%), ALS (ALQ +4%)

It is difficult to outperform the benchmark in a severe risk off environment as the portfolio will always have more exposure to companies with growth characteristics rather than defensives, despite portfolio adjustments and reductions to these exposures during the quarter.

More specifically, our poor performers can be best understood when divided into the following groupings:

- Stocks exposed to Technology and US discretionary spend – Block (XYZ -39%), Wisetech (WTC -33%), Lovisa (LOV -16%), Flight Centre (FLT -18%), Car Group (CAR -1%)
- Small cap holdings that lagged – Qoria (QOR -15%), Jumbo Interactive (JIN -24%), Immutep (IMM -23%), Integral Diagnostics (IDX -20%).
- Fund managers – which are heavily influence by market-related movements; HMC Capital (HMC -46%), Qualitas (QAL -11%)
- Stocks in the index not held in the portfolio - whilst we have two gold company holdings Newmont Corp (NEM +16%) and Vault Minerals (VAU +1%) that did well, they were no match for the half a dozen small cap gold stocks that are included in the index that we don't own that jumped more than 20% in March alone. Similarly, other stocks in the index that we don't own, such as Medibank (MPL +19%) and Brambles (BXB +6%), contributing to portfolio underperformance.

As noted, portfolio adjustments were made as market conditions changed during the period. New positions were established in gold miners Newmont Corp (NEM) and Vault Minerals (VAU) in preference for former holding Bellevue Gold (BGL) which was exited. Mirvac (MGR) and Life360 Inc(360) were also added, the latter after falling heavily in the market sell off. Profits were taken in Computershare (CPU), Xero (XRO) and Catapult (CAT) and exits were made in Jumbo Interactive (JIN), Capstone Copper (CSC), Paladin (PDN) and Flight Centre (FLT).

Market Outlook

As we move through 2025, the Australian equity market is contending with global economic uncertainties and domestic challenges. In December 2024, we noted concerns about investor complacency, pockets of high valuations and the potential impact of political changes. The reality of a Trump presidency has surprised most investors, particularly the broad and unpredictable use of tariffs, some of which are contradictory. Early signs of falling demand are already affecting market sentiment. US company earnings updates are unlikely to be positive, especially with recent job cuts with DOGE being the largest so far. A key focus will be how monetary policy expectations diverge between the US and Australia. Geopolitical tensions are also likely to persist and remain important.

Australia's close economic ties with China, which is exposed to US tariffs, have added to these challenges. The Australian equity market's increased weighting toward higher-growth companies has made valuations more sensitive to corrections than in the past.

The outlook for Australian equities remains cautious, but there are likely to be opportunities amid volatility. Despite headwinds, some factors are supportive: the Reserve Bank of Australia (RBA) has room for further rate cuts, expected in May and August, and the government has announced \$35 billion in fiscal stimulus. Consumer sentiment is also resilient, helped by household wealth effects.

Companies able to maintain cash flows and pass on inflation costs will remain in demand as long as the market stays defensive and stagflation risks persist. Gold mining stocks should remain supported due to their safe-haven status and lower opportunity costs during high inflation.

There is a risk, however, that investors crowd into "expensive defensives," overlooking new opportunities. As bottom-up stock pickers, we look beyond short-term volatility to find quality businesses at reasonable prices. Most share prices have de-rated, but the full earnings impact is still unclear and will take time to assess. It's difficult to judge if the de-rating is sufficient to fully reflect expected lower earnings. This is where investing becomes both art and science. Drawing on our experience and the Quest investment process, we focus on quality businesses with significant earnings and valuation upside. We expect to deploy capital selectively amid ongoing volatility.

Current significant holdings include those shown below.

Large cap: Cochlear, Light & Wonder, Wisetech, Xero

Mid-cap: AUB Group, ALS Limited, SEEK, Ventia

Small-cap: HomeCo Daily Needs REIT, Propel Funerals, Hansen Technologies, Qoria

3 A significant percentage of assets comprising this portfolio are only available through the managed portfolios and therefore can't be transferred out of the MyNorth Managed Portfolio Scheme. For more information relating to restrictions that may apply to asset transfers, refer to the 'Transferring assets in and out of your Portfolio' in Part 1 of the MyNorth Managed Portfolios PDS.

Important Information

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