

**28 February 2021**
**Net Tangible Assets (NTA)\***

QVE NTA before tax (ex div)	\$1.01
NTA after tax (ex div)	\$1.03

**Trailing 12 month yield on month end share price**

Yield	4.89%
Grossed up yield including franking credits	6.98%

**QVE shareholders were paid the December 2020 quarterly dividend of 1.1cps on 5 March 2021**

\*The before and after tax NTA numbers relate to the provision for tax on net profit in addition to deferred tax on the unrealised gains/losses in the Company's investment portfolio. The Company is a long-term investor and does not intend disposing of its total portfolio. Under current accounting standards, the Company is required to provide for tax on any gains/losses that might arise on such a theoretical disposal, after utilisation of brought forward losses. All figures are unaudited and approximate.

**Sharemarket and Portfolio Commentary**

A surge in bond yields late in the month caused volatility in global equity markets as investors grew increasingly anxious about the potential for higher inflation. Yields on US 10-year bonds experienced one of their largest monthly spikes in modern times, rising 0.5% to a 12-month high of 1.4%. There are growing fears that central banks may have to raise interest rates earlier than expected, driven by the recovery in global economic activity, optimism about the COVID-19 vaccine rollout, the likely passing of President Biden's US\$1.9 trillion stimulus package, and the significant amount of easy money sloshing through the system.

Despite shedding -3% in the final week of the month, the MSCI World Index still finished the month up +2.4%. Similarly, the US S&P500 Index finished the month +2.7% higher, setting a new record high before inflationary fears sent ripples through the market. The tech-heavy NASDAQ Index finished the month only slightly higher after shedding -7% during a difficult final week of the month.

In Australia, the 10-year bond yield jumped over +0.7% to 1.9%, its highest level in nearly two years. The result saw the Reserve Bank of Australia ratchet up its QE programme late in the month by targeting longer-dated bonds in a bold move as the RBA looked to flatten the yield curve. Commodities all ended higher thanks to US\$ weakness and optimism over world growth as COVID-19 is brought under control. The iron ore price rallied a further +10%, while oil gained +18% over the month, returning to pre-pandemic levels, spurred on by the announcement of Saudi production cuts and improving demand. Similarly, the copper price jumped +16% on expectations of increasing demand, while the gold price shed -6%.

The Australian sharemarket as measured by the S&P/ASX300 Index finished the month up +1.5%, with the rise in bond yields partly offsetting a solid reporting season for the first half of financial year 2021. The ex-20 segment had a lacklustre month, finishing the month flat. Sector performances were mixed, with the ex-20 Resources sector gaining +1.4% and the Energy sector buoyant in lockstep with the higher oil price offsetting weakness from the ex-20 miners, which were weighed down by the lower gold price. Within the Industrials segment of the market, the Consumer Discretionary sector enjoyed a good month, buoyed by the share prices of Tabcorp and Crown Resorts, which benefited from solid results in the first half of financial year 2021, despite the disruption caused by COVID-19. Similarly, the Financial sector enjoyed a solid month, gaining +3% and supported by positive trading updates from insurers Suncorp and IAG, as well as from British bank Virgin Money UK. On the negative side of the ledger, the IT sector finished -6% lower, as higher bond yields weighed on the ritzy valuations of many tech favourites such as Afterpay, Xero, Megaport, Appen and Altium, which all sold off heavily. The Consumer Staples sector had a mixed month, with soft commodity plays including Bega Cheese, Costa and Elders finishing higher following positive updates. In contrast, infant formula plays including Bubs and Synlait, fell in sympathy with a weak update from A2 Milk, which faces ongoing challenges in their Chinese daigou sales channels. Reporting season was generally positive, with many companies bouncing back following the challenges of COVID-19. We were encouraged by many companies that used the pandemic as an opportunity to lower their cost bases and report higher margins.

The **QVE Portfolio** had a strong month, gaining +2.3%, much better than the benchmark's flat return. Encouragingly, our holdings in good quality companies such as Tabcorp, Nine Entertainment, Pact Group and Pro-Pac Packaging all enjoyed a strong month, buoyed by robust company updates. Over the month we trimmed our positions to realise part profits in stocks such as Orora, Virgin Money UK, and Integral Diagnostics, which all rallied strongly. We used the proceeds to top up our holdings in good quality companies such as AusNet and Orica.

Following the release of results for the first half of financial year 2021, the sharemarket is now focused on the speed and strength of the economic recovery, and how this will affect inflation going forward. With many parts of the economy, such as retail sales and house prices, showing continued strength, sharemarkets will continue to monitor inflationary expectations, bond markets and central bank intentions. Any signs of inflation in published data moving forward will have an impact on sharemarkets.

While the worst of the COVID-19 disruptions appear to be abating in many parts of the world, the strength of the recovery and the direction of interest rates remain closely watched. As such, we continue to focus on good quality companies which are well-managed and which we believe can do well over the next 3 - 5 years and which represent sound long-term value.

Portfolio Performance	1 month	3 months	1 Year	3 years <sup>^</sup>	5 Years <sup>^</sup>	Since listing <sup>^</sup> 22-Aug-2014
QVE NTA (pre tax)	+2.3%	+0.1%	+2.9%	-0.2%	+4.5%	+5.0%
QVE NTA (after tax)	+1.8%	+0.2%	+3.1%	+0.7%	+4.3%	+4.5%
Benchmark**	+0.1%	-1.1%	+7.4%	+6.6%	+10.9%	+9.3%

<sup>^</sup>% Performance per annum. \*\* The benchmark is the S&P/ASX 300 Ex20 Accumulation. The above returns are after fees, assume all declared dividends are reinvested, and exclude tax paid from pre-tax NTA. Past performance is not indicative of future performance.

## QVE Company and Portfolio Information

ASX: QVE

<b>Shares on Issue</b>	244.7 M	<b>Benchmark</b>	S&P/ASX 300 Ex20 Accumulation
<b>Number of Stocks</b>	20 – 50	<b>Suggested Investment Timeframe</b>	5+ years
<b>Dividend Frequency</b>	Quarterly	<b>Investment Objective</b>	To provide a rate of return which exceeds the return of its benchmark on a rolling 5-year basis

## Latest QVE News

### Investing for Income in the Sharemarket

Join Portfolio Managers **Anton Tagliaferro** and **Simon Conn** for an update on the positioning of the QVE portfolio.

**Date: Thursday 25 March 2021**

**Sydney in person function** at the Four Seasons Sydney  
4.00 for 4.30 – 6.30pm [Register to attend](#)

**Livestream event:** 4.30 – 5.30pm (AEDT)

[Register for the livestream](#)

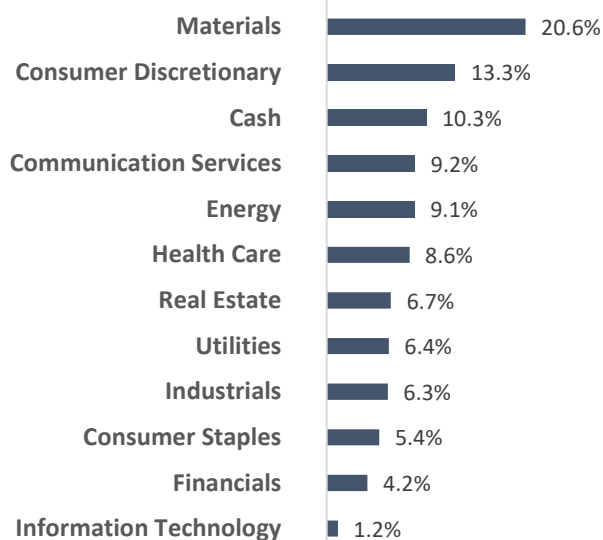
## Portfolio Managers

Simon Conn and Anton Tagliaferro



Key Equity Investments	ASX Code	Weight
Ancor	AMC	5.4%
Pact	PGH	5.0%
Tabcorp	TAH	4.9%
Crown	CWN	4.8%
Aurizon	AZJ	4.5%
AusNet	AST	4.4%
Orica	ORI	3.8%
Sonic Healthcare	SHL	3.7%
Ampol	ALD	3.6%
Virgin Money	VUK	3.3%

## Sector Allocation



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Release authorised by Company Secretary, Zac Azzi.

*Investors Mutual Limited AFSL 229988 has prepared the information in this announcement, as the Investment manager for, and on behalf of, QV Equities Limited ACN 169 154 858 (QVE). This announcement has been prepared for the purposes of providing general information only and does not constitute an offer, solicitation or recommendation with respect to the purchase or sale of any securities in QVE nor does it constitute financial product or investment advice nor take into account your investment objectives, taxation situation, financial situation or needs. An investor must not act on the basis of any matter contained in this announcement in making an investment decision but must make their own assessment of QVE and conduct their own investigations and analysis. Sharemarkets can move up and down and this may adversely impact your investment return. Past performance is not a reliable indicator of future performance.*

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