

31 March 2021
Net Tangible Assets (NTA)*

QVE NTA before tax	\$1.07
NTA after tax	\$1.07

Trailing 12 month yield on month end share price

Yield	4.68%
Grossed up yield including franking credits	6.69%

*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

Global equity markets enjoyed a strong month, returning +3.5% in March, thanks to continued investor optimism as the global economy recovers from the turmoil caused by COVID-19 and as vaccines are rolled out around the world. However, the ongoing rise in global bond yields, which saw the US 10-year yield reach a 13-month high of 1.7%, impelled investors to reposition out of riskier stocks such as Technology and into more sensibly valued companies. This was reflected in the US indices, which saw the S&P500 Index gain +4.3% for the month, to a new record high, while conversely the tech-heavy NASDAQ finished the month flat, with market darlings such as Tesla down -30% from their early February highs. Across the Atlantic, European bourses enjoyed a strong rebound as investors recognised much of the inherent value left on the table amid much of the momentum and speculative euphoria, and as such the Stoxx50 Index returned +8% for the month.

The prospects for a sustained reopening of economies, optimism on the COVID-19 vaccination rollout, and President Biden's \$1.9t stimulus package now buttressed by the prospect of another US\$2t infrastructure stimulus package, have all translated into a significant rise in bond yields, as concerns about inflation have become more deeply entrenched. Locally, we saw the Federal Government unveil a \$1.2 billion tourism support package. Commodity markets came off the boil through March, the iron ore price falling -5% and coming off its record highs of \$180/tonne, while the oil, gold and base metal prices shed -4%, -3% and -3% respectively.

The ex-20 segment of the market enjoyed a solid month, gaining +2.6%. On the negative side of the ledger, the ex-20 Resources finished the month -0.2% lower, with the gold and base metals miners coming under considerable pressure. Consumer Staples finished the month down -1.2%, beset by weak performances from the infant formula proxies A2 Milk, Bubs, and Synlait, which all fell due to the rising challenges of distributing their products in China. The Financials sector was also weak in March as BNPL provider Zip Co fell -30% in sympathy with its larger peer Afterpay (which finished the month down -20%) as increasing competition compelled investors to take profits on these very highly valued stocks. On the positive side of the ledger, the Consumer Discretionary sector enjoyed a strong quarter, gaining +4.9%. Crown Resorts gained +22% over the quarter after receiving a takeover offer from US private equity giant Blackstone (which already owns a 10% stake) at a 19% premium to its pre-bid share price. SkyCity shares also rose in sympathy, finishing the month +12% higher. Tabcorp gained +22% following confirmation of unsolicited bids for its wagering business of \$3 billion from Entain plc and other private equity players.

The Communication Services sector had a solid month, gaining +1.9%, helped by Nine Entertainment's +21% return following a strong result which showed strong growth across all of its key divisions including TV advertising, Stan subscriptions and its 60% holding in Domain. Nine will also benefit from an agreed deal with the likes of Google and Facebook which were pressured by the Federal Government to pay content fees to media players in Australia. The Healthcare sector gained +4.3% with strong performances from both Sonic Healthcare and Mayne Pharma, with the latter expected to benefit from FDA approval of its Nextstellis contraceptive in coming months after the product was approved in Canada and the EU. The Utilities sector gained +7%, buoyed by AusNet, which continues to benefit from connecting renewable energy projects to the grid, a key source of unregulated revenue growth.

The **QVE Portfolio** enjoyed a strong month, returning +5.8%, which was much better than the benchmark's +2.6% return. The Fund benefitted greatly from excellent performances from our holdings in good quality industrials such as Crown Resorts, Tabcorp, AusNet, API, Sonic Healthcare, SkyCity and Pact Group.

Over the month we took part profits in companies such as Incitec Pivot and Bega Cheese, as these companies' share prices rallied strongly. We recycled the proceeds into good quality companies which are out of favour and which look significantly undervalued, such as general insurer IAG, generation and energy retailer and LNG producer Origin Energy, and Orica, the global leader in mining explosives.

With bond yields rising and by extension the equity risk premium, we are seeing the steam come out of many of the speculative leaders of the past 12 months. Investing on the basis of fundamentals appears to be making a strong comeback. We are finally beginning to see this play out for many of the companies held in the QVE portfolio. Any further increases in bond yields on inflationary fears will likely see this trend accelerate. We continue to look to buy good quality well-established companies that appear good value and that we believe can perform well and rerate in the next 3 to 5 years.

Portfolio Performance	1 month	3 months	1 Year	3 years [^]	5 Years [^]	Since listing [^] 22-Aug-2014
QVE NTA (pre tax)	+5.8%	+6.5%	+39.7%	+2.2%	+5.1%	+5.8%
QVE NTA (after tax)	+4.1%	+4.7%	+26.4%	+2.3%	+4.7%	+5.1%
Benchmark**	+2.6%	+1.4%	+43.0%	+8.4%	+10.6%	+9.6%

[^]% 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

Shares on Issue	242.8 M	Benchmark	S&P/ASX 300 Ex20 Accumulation
Number of Stocks	20 – 50	Suggested Investment Timeframe	5+ years
Dividend Frequency	Quarterly	Investment Objective	To provide a rate of return which exceeds the return of its benchmark on a rolling 5-year basis

Latest QVE News

As announced on the ASX on 7 April 2021, the Company advises the following proposed dates for the upcoming **fully franked dividend of 1.1 cents per share** for the March quarter 2021:

- Ex-Dividend Date: 17 May 2021
- Dividend Record Date: 18 May 2021
- Dividend Payment Date: 4 June 2021

These dates and the dividend payments are subject to formal approval by the Company's Board.

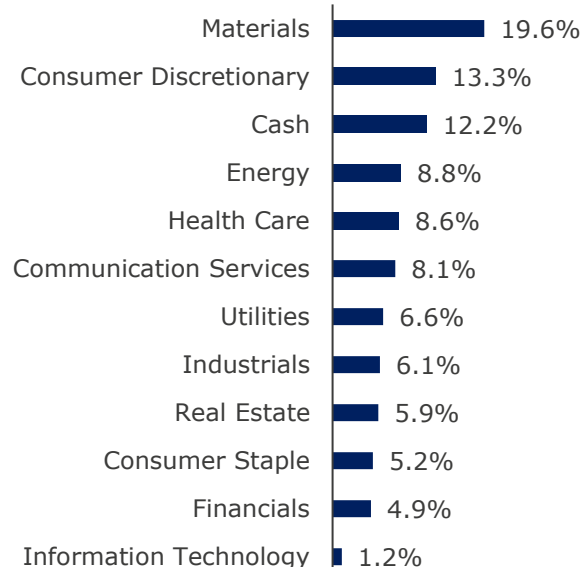
Portfolio Managers Simon Conn and Anton Tagliaferro



Key Equity Investments

ASX Code	Weight
Crown	5.0%
Amcors	4.9%
Pact	4.8%
Tabcorp	4.6%
AusNet	4.5%
Aurizon	4.4%
Orica	4.0%
Ampol	3.5%
Sonic Healthcare	3.5%
Coles	2.9%

Sector Allocation



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Release authorised by Company Secretary, Zac Azzi.

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