

30 April 2021

Net Tangible Assets (NTA)*

QVE NTA before tax (cum div)	\$1.08
NTA after tax (cum div)	\$1.08

Trailing 12 month yield on month end share price

Yield	4.3%
Grossed up yield including franking credits	6.2%

*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 another strong month, with the MSCI World Index returning +3.7%. The US S&P500 and the tech-heavy NASDAQ indices led the charge, both returning +5.3% and in so doing set new record highs throughout the month. Investors were emboldened following a streak of strong third quarter US company earnings reports, buoyed by record US household disposable income as a result of the passing of President Biden's American Rescue Plan, which included US\$1,400 stimulus payments to US households. Across the Atlantic, the mood was a little less sanguine, with Europe's Stoxx50 Index returning +1.9%, reflecting investors' concerns about the continent's slow rollout of the vaccination programme, which continues to impede economic recovery. The result of the significant amounts of stimulus supporting equity markets is increased inflationary expectations, with many companies across the globe reporting pricing pressures for inputs, which in turn are passing through to customers as price rises. Additionally, it was reported that US labour costs jumped the most in 14 years as companies boost production to cater to pent-up demand.

Domestically, Australian unemployment continued to surprise, with the unemployment rate falling to 5.6% and job ads at record highs as businesses revamp hiring plans. Commodity prices continued to benefit from resurging economic growth as a result of stimulus measures and continued COVID-induced supply constraints. The iron ore price jumped a further +13% in April and the copper price set new decade highs after it spiked a further +12% over the month. The oil price continued to consolidate around US\$60 a barrel, rising +6% over the month. The gold price enjoyed its first positive month of 2021, returning +5% as investors looked to gold as an inflationary hedge.

The Australian sharemarket as measured by the S&P/ASX300 Index had a strong month, gaining +3.7% as it charges up towards its pre-pandemic high. The ex-20 segment of the market was similarly strong, gaining +3.8%. Unsurprisingly given the strength in commodity prices the ex-20 Resources sector led the rise in the market, gaining +5.6%, driven by many of the mining companies exposed to iron ore and gold. The ex-20 Industrials segment had a more subdued, albeit solid month, rising +3.3%. Within the Industrials sector, Financials gained +4.1% with robust performances from general insurers IAG and Suncorp, which benefited from improving dynamics in both the housing market and new car sales. Conversely, the share price of annuity provider Challenger fell -20% after the firm downgraded its profit guidance as a result of annuity pricing adjustments. The Consumer Discretionary sector gained +3% over the month, with another strong month from Tabcorp after the UK's Entain revised its bid for Tabcorp's wagering business to \$3.5 billion. The company will probably demerge the division, which is likely to provide better value for shareholders. Crown Resorts enjoyed another solid month, with US fund manager Oaktree expressing interest in getting involved in the takeover of Crown by proposing to fund a buyback of Consolidated Press' 37% stake in the company. Conversely, JB Hi-Fi fell -10% after the company's Q3 2021 update showed slowing comparable sales, as sales begin to normalise following the spike in turnover during 2020 due to the pandemic. The Australian Technology sector rebounded strongly over April, jumping 7.3% and taking its lead from the NASDAQ, led by some of the payment platform providers as speculation in these types of stocks remained rampant. On the negative side of the ledger, the Consumer Staples sector fell -2.8% as soft commodity plays such as a2 Milk, Blackmores, Bubs, and Treasury Wine Estates remained soft given declining sales to China.

The **QVE Portfolio** had a solid month, gaining +1.7%, although this was below the benchmark's strong return of +3.8%. Our caution to the surging Tech sector and to the Resources sector held back the Portfolio's relative performance, although we remain comfortable with this positioning given the elevated valuations in both sectors. Encouragingly, our holdings in good quality companies such as Tabcorp, IAG, Crown Resorts, and SkyCity Entertainment all had a strong month. We trimmed our holdings in stocks such as Bega Cheese and Shopping Centres Australasia over the month as they rallied strongly. We used the proceeds to buy into good quality companies which are currently out of favour, well-managed and well-positioned companies which offer compelling long-term value such as IAG and Orica.

Sharemarkets around the world, including Australia's, look set to remain well-supported as economic growth continues to rebound from COVID lows and most central banks remain comfortable keeping interest rates at record low levels, despite increasing signs of rising inflationary expectations. Having said this, there are some clear signs of imbalances in some parts of the economy as well as several speculative excesses appearing in parts of the sharemarket. We thus continue to focus on good quality companies which are well-managed and whose valuations remain justifiable and which we believe can do well over the next 3 - 5 years.

Portfolio Performance	1 month	3 months	1 Year	3 years [^]	5 Years [^]	Since listing [^] 22-Aug-2014
QVE NTA (pre tax)	+1.7%	+10.2%	+26.3%	+2.0%	+5.1%	+6.0%
QVE NTA (after tax)	+1.1%	+7.1%	+18.4%	+2.1%	+4.7%	+5.2%
Benchmark**	+3.8%	+6.5%	+30.7%	+8.3%	+10.8%	+10.1%

[^]% 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	242.6 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 to the ASX on 21 April 2021, the Company declared a **fully franked dividend of 1.1 cents per share** for the March quarter 2021.

Key dates are below:

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

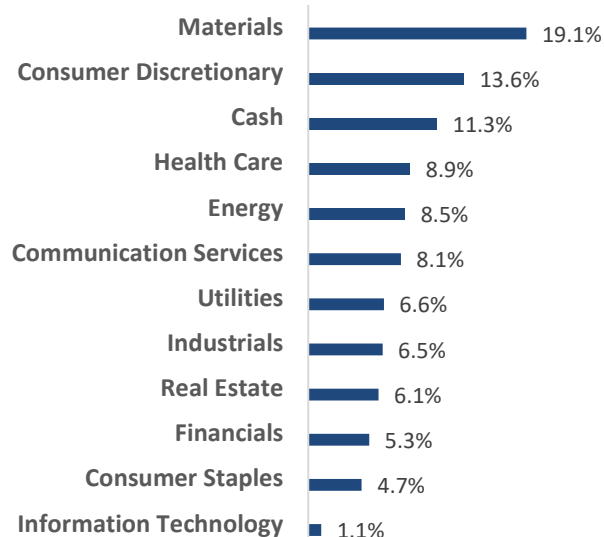
Portfolio Managers Simon Conn and Anton Tagliaferro



Key Equity Investments

ASX Code	Weight
Crown	5.1%
Pact	4.8%
Amcors	4.8%
Tabcorp	4.7%
AusNet	4.5%
Aurizon	4.1%
Orica	4.0%
Ampol	3.6%
Sonic	3.4%
Coles	2.6%

Sector Allocation



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Release authorised by Company Secretary, Zac Azzi.

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