

31 May 2021

Net Tangible Assets (NTA)*

QVE NTA before tax (ex div)	\$1.08
NTA after tax (ex div)	\$1.07

Trailing 12 month yield on month end share price

Yield	4.49%
Grossed up yield including franking credits	6.41%

*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 finished their fourth consecutive month higher, with the MSCI World Index returning +1.1% as ongoing confidence in the global economic recovery grows as vaccination programmes accelerate. While the US S&P500 Index held on to its gains for the month, returning +0.7%, the tech-heavy NASDAQ Index came under increasing pressure, shedding -1.4% as investors' inflationary concerns and the prospect of higher bond yields weighed on fully-priced tech valuations. Indeed, US inflation accelerated at its fastest annual pace in over a decade as the economic recovery kicked into gear. Across the Atlantic the mood was similarly positive as economies emerge from lockdowns in time for the summer tourism season, with European bourses enjoying a solid month, the Stoxx50 Index returning +2.5%.

Domestically, the mood remained upbeat following the release of the Federal Budget, with government fiscal largesse continuing to aid the post-COVID recovery. Commodity prices were strong through the month, with the iron ore price gaining +8% and holding its level above US\$200 per tonne despite Chinese overtures about punishing "excessive speculation" in commodity markets. The oil price gained a further +3% as stockpiles built up during the pandemic continue to run down as economies reopen. Increasing inflationary concerns courtesy of the magnitude of economic stimulus and continued low interest rates also helped the gold price gain +8% for the month, to finish above US\$1,900 an ounce.

The Australian sharemarket, as measured by the S&P/ASX300 Index, pushed through to record highs, returning +2.3%, courtesy of the feel-good factor from the 'big-spending' budget, higher commodity prices and positive offshore markets.

The ex-20 segment of the market had a more subdued month, returning +0.4%. The ex-20 Resources sector enjoyed a solid month, returning +2.8% thanks to the gold mining sector rallying strongly on higher gold prices. Within the ex-20 Industrials segment, the Financials sector was strong, in particular general insurers Suncorp, QBE and IAG, which all rallied over the month. The Communication Services sector enjoyed a solid month as both News Corporation and Nine Entertainment pushed higher given the strength of their constituent businesses. On the negative side of the ledger, the Technology sector continues to come under pressure, falling -4%, with the share prices of companies such as WiseTech, Appen and recent IPO Nuix all falling considerably. Similarly, the Healthcare sector shed -2% as many of the speculative 'medtech' names such as PolyNovo and Nanosonics sold off in tandem with their tech counterparts. Utilities endured a tough month as AGL fell a further -9% on concerns about the viability of the company's plans to demerge its retail and generation assets.

The **QVE portfolio** finished the month up +0.4% which was in line with the benchmark's return. Our holdings in good quality companies such as Ampol, Nine Entertainment, Integral Diagnostics, Tabcorp and IAG all contributed positively to the portfolio's performance. M&A activity continues to be a strong catalyst for re-ratings in the share prices of cash-generative businesses in the portfolio, with both Crown and Tabcorp at the centre of corporate activity, attracting multiple bids for all or part of their businesses. Over the month we trimmed our holdings in stocks such as Virgin UK and Orora into strength following a rally in their respective share prices. We used the proceeds to top up on good quality companies such as Incitec Pivot, A2B and Origin Energy, which are currently unloved and which we believe are significantly undervalued.

Sharemarkets around the world, including Australia's, remain well-supported as economic growth continues to rebound from COVID lows and central banks continue to hold interest rates at record low levels, despite increasing signs of rising inflationary expectations. The Australian sharemarket is now trading at record levels, with seemingly very little on the horizon to halt its ongoing rise. Having said this, we continue to steer away from some of the riskier parts of the sharemarket and focus on good quality companies which are well-managed, where valuations remain justifiable and which we firmly 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)	+0.4%	+8.1%	+21.2%	+2.0%	+4.4%	+6.0%
QVE NTA (after tax)	+0.3%	+5.6%	+15.2%	+2.0%	+4.2%	+5.2%
Benchmark**	+0.4%	+6.9%	+22.5%	+8.0%	+10.0%	+10.0%

[^]% 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

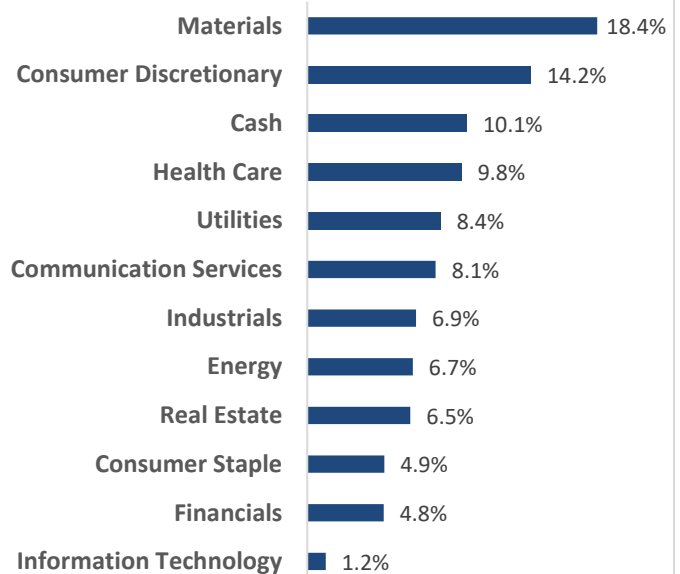
On 4 June 2021, the Company paid shareholders a **fully franked dividend of 1.1 cents per share** for the March quarter 2021.

Portfolio Managers Simon Conn and Anton Tagliaferro



Key Equity Investments	ASX Code	Weight
Crown	CWN	5.4%
Tabcorp	TAH	4.9%
Pact Group	PGH	4.9%
Amcor	AMC	4.7%
AusNet	AST	4.2%
Aurizon	AZJ	4.1%
Orica	ORI	3.9%
Ampol	ALD	3.7%
Sonic	SHL	3.4%
Coles	COL	2.6%

Sector Allocation



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Release authorised by Company Secretary, Zac Azzi.

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