

31 July 2021

Net Tangible Assets (NTA)*	
QVE NTA before tax (cum div)	\$1.09
NTA after tax (cum div)	\$1.08

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 sharemarkets continued to be well supported in July with the MSCI World index returning +0.7%. US sharemarkets again traded at record highs thanks to the release of strong Q2 earnings, continued low interest rates and increased corporate deal making. US consumer data also highlighted that many cashed-up Americans spent with abandon in the June quarter as vaccination rates increased and lockdown restrictions eased. The US S&P500 index returned +2.4% for the month. Across the Atlantic the Stoxx50 index rose +0.7%, bolstered by strong EU economic data releases and as COVID-19 restrictions continue to ease.

It was a different story across the Emerging Markets landscape as these slipped -6% during the month. The delta variant continues to impact countries with low vaccination rates, as government-enforced lockdowns and travel restrictions cast a pall of uncertainty over future growth. Additionally, China's regulatory clampdown weighed on its local bourse, with the MSCI China index shedding -14%, the largest monthly decline in nearly a decade. Fears of regulatory tightening intensified with investors fretting over the Chinese Government's ability to burden companies with new rules and regulations.

Despite the strong US economic recovery, US 10-year bond prices continued to rally with the yield falling -0.25% to 1.2%, having reached 1.75% back in April, as investors become wary of increased inflationary pressures. Similarly, the Australian 10-year bond yield fell -0.35% to 1.2%. In commodity markets, the iron ore price slid -9% after China recommitted to reducing emissions by cutting steel production. The oil price edged +2% higher despite OPEC's talks deteriorating early in the month. Copper continued its ascent +4% higher on the electrification of the economy thematic, whilst the gold price rose +4% amidst safe haven buying. The Australian sharemarket, as measured by the ASX300, returned +1.1% in July. This was led by the Resources sector which jumped +6.5% as many investors continued to seek cyclical exposure, despite the heavy pullback in the iron ore price.

The ex-20 segment of the market returned +0.9% led by the ex-20 Resources sector which jumped +5%, with base metals and lithium leading the charge. The Resource rally was held back by the Energy sector which fell -2.4% over the month, despite a firm oil price and Santos' proposed merger deal with Oil Search. The Industrial segment of the market proved lacklustre as the Financials, Consumer Discretionary, Communication Services and Technology sectors all recorded negative returns. On the positive side of the ledger, the Consumer Staples sector returned +1.5%, supported by robust share price performance from Metcash and Coles as Government-imposed lockdowns drove consumers out of restaurants and back to the joys of home cooking. The Utilities sector returned +1.6%, as long duration cash flow generative assets continue to benefit from the rally in bonds. Additionally, Spark Infrastructure's share price gained +24% during the month after a proposal to acquire the company was received from PE firm KKR and the Ontario Teacher's Pension Plan.

The **QVE Portfolio** had a lacklustre month, returning -0.2% for July. Our caution to the ever-volatile Resources sector held back the Fund's relative performance although we remain comfortable with this positioning given the current record prices across many base metals. The Fund's performance was held back by disappointing performances of core stocks such as Orica and IAG although we remain confident on these companies' medium-term outlook as they recover from COVID-induced issues. The portfolio's holding in Crown Resorts also detracted from performance as Crown's share price came under pressure following the Victorian Royal Commission hearings into the suitability of the company to hold its Melbourne licence and as Star Entertainment backed out of merger talks. We continue to monitor the situation closely although remain hopeful that the significant changes being implemented at Board and senior management level as well as Crown's strong property positioning should enable the company to recover. Over the month, our holdings in good quality industrial companies such as Spark Infrastructure, Amcor and AusNet all contributed to returns. We trimmed our holdings and took some profits over the month in stocks such as Incitec Pivot and Tabcorp while deploying the proceeds to top up in good quality companies such as Orica and Australian Clinical Labs which in our view, are trading at very compelling valuations.

Investors will now look to the August reporting season to gain a detailed insight into how most companies are faring in the current COVID situation. The Australian sharemarket continues to trade 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 remain focused on good quality companies which are well-managed, where 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)	-0.2%	+1.2%	+24.5%	+1.1%	+3.8%	+6.0%
QVE NTA (after tax)	+0.0%	+1.1%	+17.2%	+1.4%	+3.8%	+5.2%
Benchmark**	+0.9%	+4.4%	+24.6%	+8.4%	+9.5%	+10.4%

[^]% 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	241.9 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 the 29th July the board has declared a final fully franked dividend of 1.1 cents per share for the June quarter 2021.

Key dates:

- Ex-Dividend Date: 16 August 2021
- Dividend Record Date: 17 August 2021
- Dividend Payment Date: 3 September 2021

Portfolio Managers

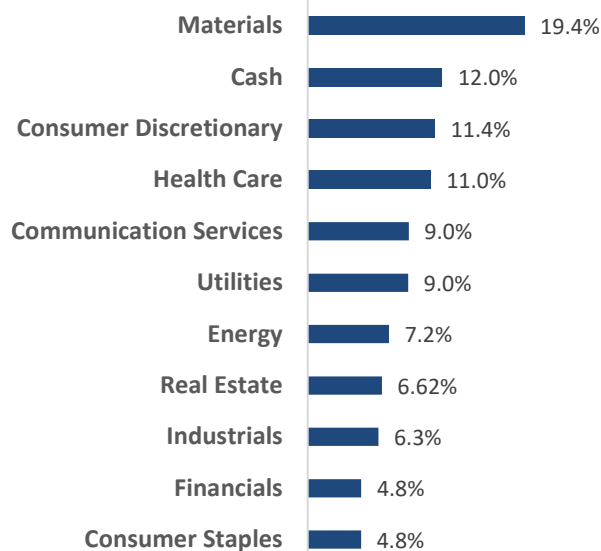
Simon Conn and Anton Tagliaferro



Key Equity Investments

ASX Code	Weight
Pact	4.9%
Amcor	4.6%
AusNet	4.3%
Aurizon	4.3%
Tabcorp	4.2%
Orica	4.0%
Sonic Healthcare	4.0%
Ampol	3.7%
Crown	3.6%
Southern Cross Media	2.6%

Sector Allocation



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Release authorised by Company Secretary, Zac Azzi.

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