

31 October 2021

Net Tangible Assets (NTA)*	
QVE NTA before tax (cum div)	\$1.16
NTA after tax (cum div)	\$1.14

Trailing 12 month yield on month end share price	
Yield	4.17%
Grossed up yield including franking credits	5.96%

*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 rebounded strongly in October with the MSCI World index returning +5%. The gains were led by the US, with the S&P500 gaining +7%, capping its strongest month this year and returning the index to record highs following last month's -5% pull back. Despite weaker than expected GDP growth and soft results from both Amazon and Apple, given ongoing supply chain disruptions and tightening in the labour market, US Q3 reporting season proved robust with the majority of companies beating earnings expectations. Across the Atlantic the mood was equally buoyant with Europe's Stoxx50 index returning +5.2%.

Given recent inflationary trends, bond markets endured a volatile month as investors attempted to predict central bank policy in the wake of accelerating CPI data. Both the US and Australian yield curves experienced significant flattening with short-dated bond yields rising meaningfully on the expectation that central banks will have to act more swiftly than previously expected to stem inflationary pressures. Commodity markets remained volatile. The oil price gained a further +7% reaching its highest price in over three years as OPEC resisted calls to increase output. Energy markets in general continued to whipsaw with both the coal and European natural gas prices beholden to severe supply disruptions. Copper, a bellwether for global manufacturing activity, surged a further +10% driven by low inventories in both Europe and China.

The Australian sharemarket, as measured by the ASX300, finished the month flat, a lacklustre return when compared to overseas markets. Despite both NSW and Victoria both emerging from lockdowns the sharemarket failed to find any real direction. The ex-20 segment was similarly muted returning +0.2% for the month. The ex-20 Resources sector enjoyed a solid month returning +3.2% courtesy of a rally in base metal miners and lithium plays. Within the Industrials segment of the market sector performance was mixed. The Consumer Discretionary sector shed -0.6% for the month. Several boutique retailers performed well off the back of physical store re-openings although the sector was weighed down by hefty falls from Star Entertainment in light of money laundering allegations, while Pointsbet and Domino's Pizza also fell after soft trading updates. The Consumer Staples sector fared worse shedding -3.0%, largely due to weakness amongst the soft commodities plays such as Inghams, Costa and Select Harvests. Treasury Wines was also softer following its Q1 update which intimated challenges of navigating through COVID-related disruptions due to restaurant closures and constrained supply chains.

The **QVE Portfolio** returned +0.4% for the month of October, just above the benchmark's return of +0.2%. The portfolio benefited from strong performance in holdings such as Orica, Event Hospitality, Metcash, Ampol and Pro Pac Packaging. Conversely, two of the portfolio's core holdings, Aurizon and Pact Group experienced weakness over the month on what we believe are short-term issues. During the month Aurizon announced the acquisition of One Rail Freight – a move which was viewed negatively by investors. We assess the One Rail acquisition as one which is being done at an attractive valuation and which is transformative for the company. The One Rail acquisition will allow Aurizon to grow its bulk business and gain exposure to commodities other than coal whilst also expanding the company's operations into both South Australia and the Northern Territory. Pact fell after announcing that higher input prices were impacting its contract manufacturing business (which is non-core), while importantly the company also announced that its core packaging and materials handling businesses continue to perform well. We used weakness in the share prices of both these companies to top up our holdings as in our view they had been oversold and are now significantly undervalued. Over the month we took advantage of strong share price performances in the likes of Alumina and Event Hospitality to trim our holdings.

We believe sharemarkets will continue to be influenced greatly in coming months by the volatility in interest rate markets caused by uncertainty over whether current inflationary trends are transitional or becoming embedded, and how central banks will react to these inflationary signals. As such we continue to steer away from the riskier parts of the sharemarket and remain focused on identifying and holding good quality companies that, in our opinion, are well managed, which offer sound value and which we believe can do well over the next 3-5 years. The Company's share buyback remains active particularly when the discount to NTA is attractive and we are taking profits on some stocks in the portfolio which is accretive both to the NTA per share and potential future dividends from the company.

Portfolio Performance	1 month	3 months	1 Year	3 years [^]	5 Years [^]	Since listing [^] 22-Aug-2014
QVE NTA (pre tax)	+0.4%	+7.9%	+30.8%	+6.0%	+5.7%	+6.9%
QVE NTA (after tax)	+0.2%	+5.8%	+21.1%	+5.0%	+5.1%	+5.8%
Benchmark**	+0.2%	+4.1%	+26.0%	+12.4%	+11.6%	+10.6%

[^]% 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:	233.4 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

The Board declared a **fully franked interim dividend of 1.2 cents per share** for the September quarter.

Key dates:

- Ex-Dividend: 15 November 2021
- Dividend Record: 16 November 2021
- Dividend Payment: 3 December 2021

The Board also announced its intention to pay dividends totalling **4.8 cents per share** for the **financial year ending 30 June 2022*** (inclusive of the September 2021 quarterly dividend now declared).

Portfolio Managers

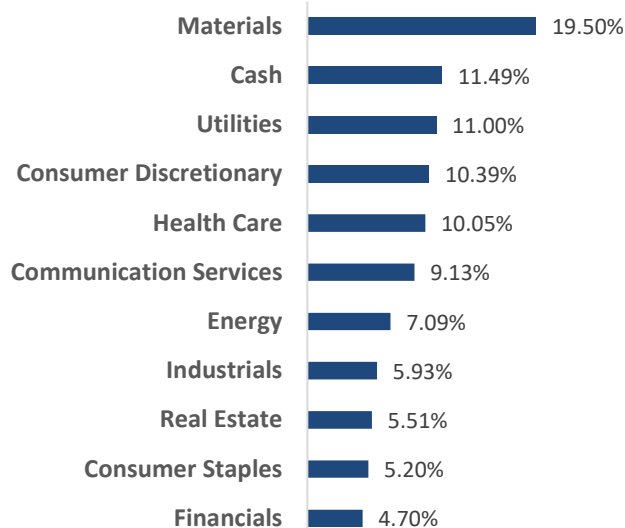
Simon Conn and Anton Tagliaferro



Key Equity Investments

ASX Code	Weight
Orica (ORI)	5.5%
AusNet (AST)	5.5%
Amcors (AMC)	4.4%
Pact (PGH)	4.1%
Aurizon (AZJ)	4.1%
Crown (CWN)	3.7%
Sonic Healthcare (SHL)	3.6%
Ampol (ALD)	3.4%
Tabcorp (TAH)	3.1%
Southern Cross Media (SXL)	3.0%

Sector Allocation



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Release authorised by Company Secretary, Zac Azzi.

**subject to the Company maintaining sufficient profit reserves and there being no material impacts, changes or unforeseen events.*

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