

31 March 2022

Net Tangible Assets (NTA)*

| | |
|--------------------|--------|
| QVE NTA before tax | \$1.12 |
| NTA after tax | \$1.12 |

Trailing 12 month yield on month end share price

| | |
|---|-------|
| Yield | 4.51% |
| Grossed up yield including franking credits | 6.44% |

*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 recovered in March following the sharp sell-off over January and February, with the MSCI finishing the month up +2.6%. This was despite the ongoing conflict in Ukraine and the continued overhang of rising inflation and interest rates. Investors continue to take advantage of ongoing negative real interest rates to buy equities on weakness in the hope that central banks may delay raising rates given the global uncertainties. The rally in world markets was led by the US S&P500 and the tech-heavy Nasdaq which both rose +3.5%. European markets were more sanguine with Europe's Stoxx 50 down -0.4% as concerns about the impact of the war in Ukraine and supply shortages left investors uncertain about the direction of the European economy.

The US Federal Reserve raised interest rates 0.25% in March, the first rise in almost four years. While the rise in interest rates by the Fed was expected, investors are now grappling with how aggressively the US and other central banks around the world will raise interest rates as inflation continues to climb and economic uncertainties remain. US inflation reached a 40-year high in February while most major European countries also saw near record-high inflation data released in March. The US bond market sell-off saw the two-year and 10-year yield curves invert briefly late in the month. This is considered a leading indicator of a recession by many economists.

Commodity prices experienced a volatile month, in particular oil prices which surged a further +11% over the month following Russia's invasion of the Ukraine and many countries imposing heavy sanctions on Russia, the second largest exporter of crude oil. Despite a strong start to the year, iron ore was down -5% for the month after further debt concerns arose in the Chinese property sector and the Chinese government continued to impose covid-related lockdowns.

Locally, the Federal Government delivered its pre-election budget with cost-of-living measures and short-term relief for high fuel prices a key focus, as Australia's inflation is also on the rise at around 3.5%. While the RBA continues to keep interest rates at record lows, it is expected to increase the overnight rate three times in the second half of 2022 in an effort to dampen demand and head off further inflation.

The broader Australian market, as measured by the ASX300, continues to be volatile, jumping +6.9% for the month. Resource stocks led the charge in line with record high commodity prices. The ex-20 segment of the market also enjoyed a strong month, gaining +5.3%, with all sectors finishing in positive territory following the declines over January/February.

The **QVE Portfolio** enjoyed a solid month, returning +2.5%, albeit behind the benchmark's strong return of +5.3%. Our caution to the unpredictable and volatile Resources sector held back relative performance, however we remain comfortable with the portfolio's positioning given many commodity prices appear unsustainably high. The portfolio benefited from solid performances from our holdings in companies such as mining services companies Incitec Pivot and Orica while Aurizon and Ampol also rallied strongly. Origin Energy also rose strongly given the company's exposure to LNG and the commencement of an on-market buyback.

Over the month we took advantage of the strong share price appreciation in companies such as Orica, Origin Energy and Incitec Pivot to trim our holdings. We used the proceeds to top up our holdings in good quality companies such as GUD and SkyCity both of which are trading at attractive valuations and which we expect to grow their earnings in the next 3-to-5 years. Also, we commenced building a holding in Brambles, the world's largest pallet rental company has fallen out of favour, and the ASX top 20, in the last 12 months. We believe weakness in Brambles' share price on short-term earnings concerns has presented us with a great opportunity to acquire shares at a very attractive price. Brambles is a well-established, global leader which has a relatively stable and growing earnings base, a strong balance sheet and a very competent and dynamic management team.

The QVE portfolio continues to be invested in well-established companies that we believe represent sound value and which are in industry leading positions. We continue to focus on companies that we believe can maintain margins in the long term by passing on higher input prices to customers, while continuing to generate good cashflows and dividends in the short to medium term. In our view, these companies should continue to do well over the next 3-to-5 years despite increasing economic uncertainties.

The portfolio currently holds around 15% in cash as we continue to patiently await opportunities to reinvest the takeover proceeds recently received from stocks such as AusNet and Australian Pharmaceutical Industries – stocks which had been held by the QVE portfolio for many years.

| Portfolio Performance | 1 month | 3 months | 1 Year | 3 years [^] | 5 Years [^] | Since listing [^] 22-Aug-2014 |
|-----------------------|---------|----------|--------|----------------------|----------------------|---|
| QVE NTA (pre tax) | +2.5% | +0.2% | +11.9% | +5.3% | +4.4% | +6.6% |
| QVE NTA (after tax) | +1.9% | +0.5% | +9.3% | +4.6% | +4.0% | +5.7% |
| Benchmark** | +5.3% | -1.7% | +14.3% | +10.3% | +9.9% | +10.2% |

[^]% 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: | 229.5M | 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

Upcoming events: QVE Portfolio Update

Portfolio Managers Anton Tagliaferro and Simon Conn will provide an update on markets, the QVE portfolio and key holdings.

Sydney in-person event | [RSVP here](#)

Thursday 26 May | 4.30pm - 6.30pm

Raddison Blu Plaza Hotel, 27 O'Connell St, Sydney

Webinar | [Register here](#)

Friday 27 May | 11-11.45am (AEST)

Portfolio Managers

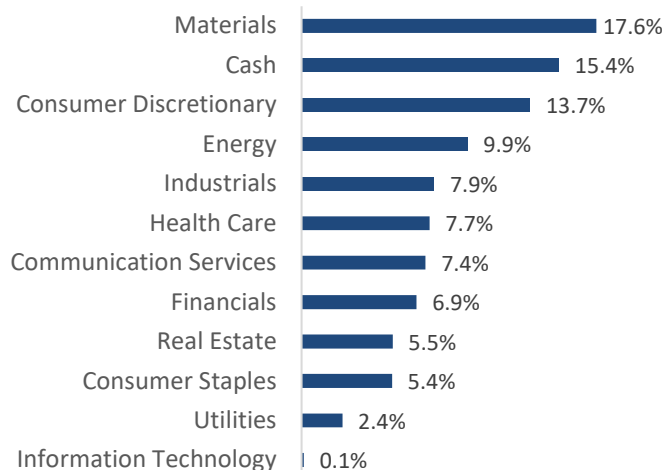
Simon Conn and Anton Tagliaferro



Key Equity Investments

| ASX Code | Weight |
|----------------------------|--------|
| Orica (ORI) | 5.5% |
| Aurizon (AZJ) | 5.2% |
| Crown Resorts (CWN) | 5.0% |
| Ampol (ALD) | 4.7% |
| Amcor (AMC) | 4.6% |
| Pact Group (PGH) | 4.1% |
| Tabcorp (TAH) | 3.7% |
| Sonic Healthcare (SHL) | 3.3% |
| Origin Energy (ORG) | 2.4% |
| Southern Cross Media (SXL) | 2.3% |

Sector Allocation



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Release authorised by Company Secretary, Zac Azzi.

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