

30 June 2022

## Net Tangible Assets (NTA)\*

QVE NTA before tax	\$1.04
NTA after tax	\$1.06

## Trailing 12 month yield on month end share price

Yield	5.03%
Grossed up yield including franking credits	7.18%

\*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 markets had another challenging month in June as inflation soared to levels not seen in decades (8.6% in the US and 9% in the UK) and Central Banks around the world increased interest rates more rapidly than expected in an attempt to stabilise prices. Also, the other major global uncertainties weighing down markets – including the Ukraine-Russia war and the Covid restrictions in China – showed little signs of easing, adding further anxiety for investors.

The MSCI World Index was down -7.4% for the month with all major global bourses in the red. The S&P 500 fell -8.3% led by falls in tech shares as demonstrated by the Nasdaq's -8.7% drop. US markets officially entered a bear market in June and have now had their worst performance in the first half of a calendar year since 1970. Global markets had a similarly poor month, with the Euro Stoxx 50 down -8.7%, the FTSE 100 down -5.5% and the Nikkei 225 falling -3.1%.

There were very few safe places to ride out the turmoil in June with commodity markets also performing very poorly due to increased fears that rapidly rising interest rates would push the global economy into recession, thereby reducing demand for commodities. Metals were the worst performers with nickel down -19.5%, and aluminium and copper close behind. Iron ore dropped -11.6% as the outlook for China's property and construction industries stayed weak, while the oil price fell -6.5% over the month although it remains up more than 50% over 12 months. Gold was also quite weak, down -1.2%, although its safe haven status ensured some relative stability in a tumultuous month for both stockmarkets and commodities.

The Australian sharemarket as measured by the ASX 300 fell heavily over the month finishing down -9.0%, with QVE's ASX ex-20 benchmark, down a sizeable -10.2% over the month. All sectors fell in June except for the Consumer Staples sector, which eked out a small gain of +0.2% due to its defensive qualities. The Energy sector also held up relatively well, to end down -0.6%, but otherwise all sectors were down significantly with the more defensive sectors like Healthcare (-3.2%), Communication Services (-3.9%), and Industrials (-4.8%) proving the most resilient.

The **QVE portfolio** was not immune from the very tough conditions, falling -6.4% over the month. While this was disappointing, it was ahead of the benchmark's fall of -10.2%. For financial year 2022, the QVE portfolio proved fairly resilient, returning +1.6% for the year compared to its benchmark's FY22 fall of -9.0%. From our experience, in the initial stages of a market correction almost every stock falls as investors rush to reduce their exposure to falling markets. However, when the panic subsides well-established, profitable companies with strong market positions and solid recurrent earnings – like those in the QVE portfolio – generally recover relatively quickly.

QVE's portfolio managed to avoid the worst of the falls over the month as high-quality stocks like Amcor, Orica and Sky City performed relatively well. As mentioned last month we have been adding to Sky City recently on price weakness, so it was pleasing to see it perform well over the month as it rallied after the COVID-induced lockdowns.

During the month many stocks fell considerably, Bega among these as investors grew concerned about cost import pressures, with the price of milk increasing globally. We continue to believe in the overall quality of Bega and the market strength it has gained in transitioning from being a commodity producer to a leading diversified branded food business.

Markets are likely to remain volatile and uncertain in the near future, given the growing concerns over high inflation and whether central banks can bring inflation down without pushing the global economy into recession. The gap between inflation and interest rates remains significant, and until there are clear signs that inflation is slowing and returning to more normal levels, sharemarket volatility is likely to continue. We continue to believe that the QVE portfolio remains relatively well positioned to ride out the current uncertainties and we are confident quarterly dividend payments will be maintained. Also, we are constantly seeking to invest the cash of the portfolio in quality shares that we consider to be attractively priced.

Portfolio Performance	1 month	3 months	1 Year	3 years <sup>^</sup>	5 Years <sup>^</sup>	Since listing <sup>^</sup> 22-Aug-2014
QVE NTA (pre tax)	-6.4%	-6.3%	+1.6%	+2.3%	+2.5%	+5.5%
QVE NTA (after tax)	-4.4%	-4.2%	+2.4%	+2.6%	+2.7%	+4.9%
Benchmark**	-10.2%	-14.5%	-9.0%	+2.5%	+6.1%	+7.7%

<sup>^</sup>% Performance per annum. <sup>\*\*</sup> 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 a reliable indicator of future performance.

## QVE Company and Portfolio Information

ASX: QVE

Shares on Issue:	229 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

**Dividend:** The March quarter dividend of 1.2 cents per share was paid on 3 June 2022.

As previously announced, the Board intends to pay dividends totalling 4.8 cents per share for the financial year ending 30 June 2022 (subject to the Company maintaining sufficient profit reserves and there being no material impacts, changes or unforeseen events).

### Annual General Meeting

Save the date! The AGM will be held at 10am on Wednesday, 26 October 2022.

## Portfolio Managers

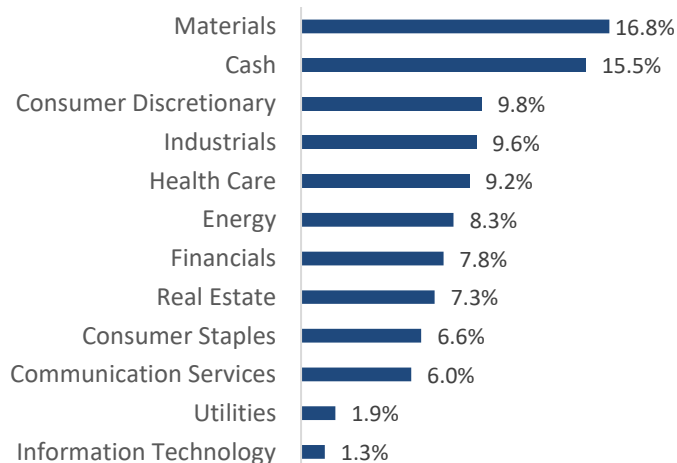
Simon Conn and Anton Tagliaferro



## Key Equity Investments

ASX Code	Weight
Aurizon	5.7%
Orica	5.2%
Ampol	4.7%
Amcor	4.7%
Pact	3.7%
Sonic Healthcare	3.6%
The Lottery Corporation	3.4%
Skycity	3.3%
Brambles	2.8%
Insurance Australia Group	2.4%

## Sector Allocation



## Contact Us

**Jason Guthrie** – Head of Distribution (QLD & WA)  
[jason.guthrie@iml.com.au](mailto:jason.guthrie@iml.com.au) | M: 0435 690 377

**Peter van Beek** - State Manager NSW & SA  
[peter.vanbeek@iml.com.au](mailto:peter.vanbeek@iml.com.au) | M: 0418 775 440

**Bruce Tiver** - State Manager SA  
[bruce.tiver@iml.com.au](mailto:bruce.tiver@iml.com.au) | M: 0418 165 485

**Gavin Butt** - State Manager NSW, ACT & NZ  
[gavin.butt@iml.com.au](mailto:gavin.butt@iml.com.au) | M: 0412 485 420

**Julia Desimone** – State Manager VIC & TAS  
[julia.desimone@iml.com.au](mailto:julia.desimone@iml.com.au) | M: 0409 039 057

Release authorised by Company Secretary, Zac Azzi.

*Investors Mutual Limited AFSL 229988 has prepared the information in this announcement, as the Investment manager for, and on behalf of, QV Equities Limited ACN 169 154 858 (QVE). This announcement has been prepared for the purposes of providing general information only and does not constitute an offer, solicitation or recommendation with respect to the purchase or sale of any securities in QVE nor does it constitute financial product or investment advice nor take into account your investment objectives, taxation situation, financial situation or needs. An investor must not act on the basis of any matter contained in this announcement in making an investment decision but must make their own assessment of QVE and conduct their own investigations and analysis. Sharemarkets can move up and down and this may adversely impact your investment return. Past performance is not a reliable indicator of future performance.*

Level 24, 25 Bligh Street, Sydney NSW 2000 | PO Box H104, Australia Square, Sydney NSW 1215 | ACN 169 154 858  
Contact QV Equities Ltd. for further information: [qvequities.com](http://qvequities.com) | [info@qvequities.com](mailto:info@qvequities.com) | 1300 551 132  
Shareholder Services (Link Market Services): 1800 868 464