

31 August 2022

Net Tangible Assets (NTA)*	
QVE NTA before tax	\$1.06
NTA after tax	\$1.08

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 sharemarkets were down over the month as bond markets sold off and it became clear that the US Federal Reserve, and other central banks, would continue to follow through with their commitment to raise interest rates in order to bring inflation back under control.

The MSCI World Index dropped -2.9% and most major bourses were in negative territory for the month, except for emerging markets which were up +1.25% overall and the Nikkei which rose +1.1%. In the US the Nasdaq fell -4.5% and the S&P 500 -4.1%. In Europe the Stoxx 50 dropped -5.1% and the FTSE 100 was down -1.1%.

Commodity prices continued their poor run of recent months as concerns about an impending global economic slowdown grew. Metals such as aluminium and nickel fell over the month on demand concerns, while the iron ore price dropped -13.6% as Covid measures continued to impact the Chinese economy. Iron Ore has now dropped -35.1% over the past 12 months. Oil retraced -9.7% over the month, although it remains up +36.1% over the past year.

The Australian sharemarket, as measured by the ASX 300, went against the general trend for the month as it posted a gain of +1.2% thanks to the strong performance of Resources which performed well despite a mixed month for global commodity prices. QVE's benchmark, the ex-20, was up even further, +1.7%, driven by a strong rise in the ex-20 Resources sector which leapt +9.8% over the month with lithium and coal stocks leading the rally in the sector.

The **QVE portfolio** had a disappointing month, down -1.6%, compared to the benchmark's rise of +1.7% with the benchmark buoyed by the jump in the ex-20 Resources sector. The portfolio's return for the month was held back given its very low positioning in the Resources sector compared to the benchmark, although we remain comfortable with this positioning given the high volatility and cyclical nature of the Resources sector.

The month of August was dominated by the reporting season which was mixed given higher input prices and interest rates as well as the increasingly uncertain economic environment, especially in the second half of FY22. Given this uncertainty, most Australian companies were not prepared to offer much specific guidance for FY23.

The performance of stocks held in the portfolio over the month was mixed. Companies such as New Hope and Ampol had a positive month, while others such as Pact, TPG and Codan had a disappointing month as their results and outlook statements disappointed vs expectations. Mayne Pharma initially rose strongly after the company announced the sale of its Metrics Contract Service business for US \$475 million, which gave us the opportunity to trim our position in the stock.

Orica had a poor month, falling -7.8%, as investors reacted poorly to a capital raising priced at \$16 a share with the company using the proceeds to fund the acquisition of Axis as well as to bolster working capital. Despite the poor month, we expect Orica to continue to benefit from higher explosive prices and the repricing of many of its contracts in the years ahead.

With Central Banks around the world reaffirming the need to continue increasing interest rates in the months ahead to rein in inflation, it looks like volatility will remain with us for some time. We continue to position the portfolio defensively in well-established companies that we believe are run by capable management teams capable of delivering a recurrent earnings stream. We are also holding a reasonable amount of cash as we remain alert to the buying opportunities that this volatility may bring.

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)	-1.6%	-3.2%	+0.6%	+3.8%	+3.7%	+5.8%
QVE NTA (after tax)	-0.9%	-2.0%	+1.4%	+3.7%	+3.4%	+5.1%
Benchmark**	+1.7%	-1.4%	-5.7%	+4.7%	+7.8%	+8.8%

<sup>^</sup>% 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 a reliable indicator of future performance.

## QVE Company and Portfolio Information

## ASX: QVE

Shares on Issue:	229M	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 AGM will be held on Wednesday, 26 October, 2022 at 10am (AEDT) at the Radisson Blu Plaza Hotel, 27 O'Connell St, Sydney. Following the AGM, Investors Mutual will provide an update on the portfolio. [RSVP here](#)

There will also be a separate portfolio update, via webinar, after the AGM. Date and time will be in the next monthly email.

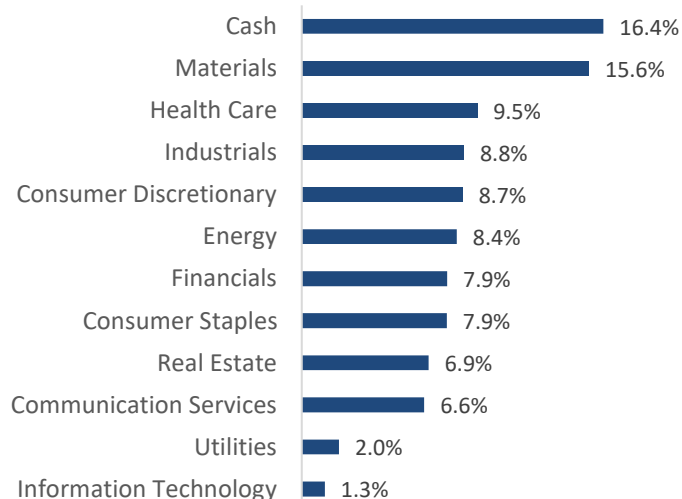
## Portfolio Managers Simon Conn and Anton Tagliaferro



## Key Equity Investments

ASX Code	Weight	
Aurizon	AZJ	5.5%
Orica	ORI	5.3%
Ampol	ALD	4.6%
Amcor	AMC	4.3%
Sonic Healthcare	SHL	3.5%
Coles	COL	3.4%
The Lottery Corporation	TLC	3.3%
Skycity Entertainment	SKC	3.1%
Pact	PGH	3.1%
Insurance Australia Group	IAG	2.5%

## Sector Allocation



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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.*

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