

30 September 2022

Net Tangible Assets (NTA)*

QVE NTA before tax	\$0.98
NTA after tax	\$1.02

Trailing 12 month yield on month end share price

Yield	5.39%
Grossed up yield including franking credits	7.70%

*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 fell heavily in September. The MSCI World Index finished the month down -8.4%, led by the US S&P 500 which sank -9.2%, its worst September return for 20 years. The falls in sharemarkets around the world occurred as Central Banks - led by the US Federal Reserve - continued to signal very clearly that there were still potentially quite a number of further interest rate rises to come before inflation was brought back to more manageable levels. This led to fears amongst investors on how the global economy and corporate earnings would hold up in 2023 given much higher interest rates.

Commodities were mostly negative for September, weighed down by a continued strong US dollar and concerns about a slowing global economy. Oil led the falls, down -8.8% for the month and -23.4% for the quarter, though it remains up +12.0% for the year. Nickel was the only bright spot over the month, up +4.9%, due to concerns on supply from Russia as well as worries European smelting capacity would be curtailed.

Locally, the ASX300 fell -6.3% in September. The ex-20 sector was more negatively impacted by the offshore moves and was down -8.4% in a broad-based sell off which saw all sectors delivering negative returns. Among the worst performing sectors was Real Estate (-11.5%) which is particularly sensitive to interest rate changes as many REITs tend to be quite heavily geared so as interest rates rise their funding costs rise, directly impacting their earnings and distributions. The Energy sector proved relatively resilient to the sell-off, down -1.4%, thanks to very strong rallies in the share prices of coal stocks such as New Hope and Whitehaven as the sanctions on Russian coal continue to buoy global coal prices.

The **QVE portfolio** had a tough month, down -7.7%, although this was ahead of the benchmark which fell -8.4%. Most of our stocks were impacted negatively with stocks like Ampol, Suncorp and Orica all falling heavily on little news of any real significance. All these well-managed companies remain well positioned to grow their earnings over the next 3 to 5 years and we used these periods of extreme weakness to add to our portfolio's weight in these types of stocks. Suncorp was down -8.0% for the month, despite ANZ progressing its proposal to buy Suncorp's banking arm for \$4.9 billion. If successful, this would be a significant boost to Suncorp's balance sheet and open the door to significant capital management in the years ahead.

We expect markets to remain volatile in the near future as investors remain wary of the risk of rising interest rates and the impact that this will have on the economic outlook and on corporate earnings in 2023. While most companies' profits remain currently healthy, concerns remain on how rising interest rates will impact on areas like housing and consumer spending. A downturn in these sectors is likely to have a negative impact on many companies' earnings, especially those companies which are heavily reliant on discretionary spending.

We remain focused on investing in companies with strong recurring earnings bases and strong market positions as, in our view, these companies will ride out the unpredictable economic times best. We continue to look for opportunities to invest in quality companies at times of weakness in the sharemarket and we have reserved sufficient cash in the portfolio to capitalise on these opportunities when they appear.

Portfolio Performance	1 month	3 months	1 Year	3 years [^]	5 Years [^]	Since listing [^] 22-Aug-2014
QVE NTA (pre tax)	-7.7%	-4.5%	-9.4%	+0.8%	+2.0%	+4.7%
QVE NTA (after tax)	-5.1%	-2.7%	-5.7%	+1.5%	+2.3%	+4.4%
Benchmark**	-8.4%	+0.6%	-12.6%	+1.2%	+5.9%	+7.5%

[^] 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, at 11am (AEDT) on 27 October.

[Register here](#)

Portfolio Managers

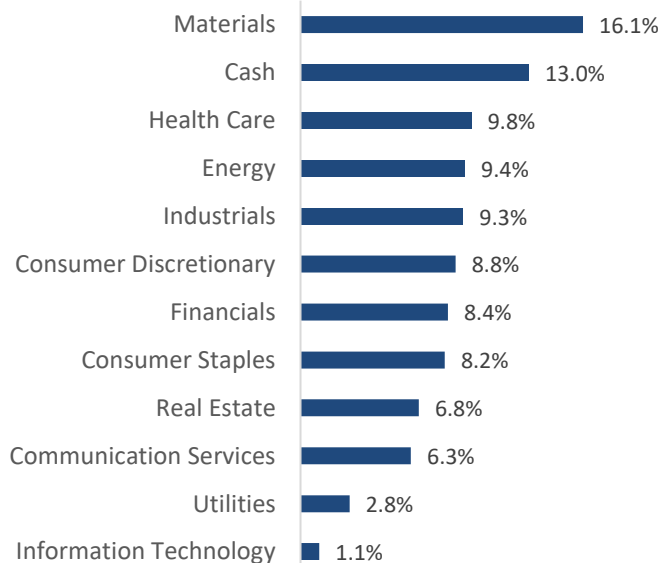
Simon Conn and Anton Tagliaferro



Key Equity Investments

ASX Code	Weight
Aurizon	5.5%
Amcor	5.0%
Orica	4.9%
Ampol	4.8%
Sonic Healthcare	3.9%
Coles	3.7%
The Lottery Corporation	3.3%
Skycity	3.2%
Pact Group	2.9%
Brambles	2.7%

Sector Allocation



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Release authorised by Company Secretary, Zac Azzi.

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