

31 October 2022

Net Tangible Assets (NTA)*

QVE NTA before tax	\$1.02
NTA after tax	\$1.05

Trailing 12 month yield on month end share price

Yield	5.05%
Grossed up yield including franking credits	7.22%

*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 bounced back strongly in October as investors continued to hope that the worst of the interest rate rises are behind us. The MSCI World Index was up +6.1%, led by the Dow Jones Industrial Index which soared +14.1%, its best monthly return since 1976. The NASDAQ rose a comparatively subdued +3.9% due to the poor performances from many of the big tech names. The European Stoxx 50 and the Nikkei in Japan performed well, ending the month up +9.1% and +6.4% respectively, while the FTSE had a more subdued month increasing +3.0% as Britain's political and economic woes continued. Emerging Markets went against the trend, falling -2.6%, mostly driven by a drop in Chinese stocks as investors reacted negatively to outcomes from the Chinese Communist Party Conference held during the month.

Commodities had a mixed month with iron ore dropping -14.3% on concerns about weakening demand from China due its continued strict zero-Covid policies and signs of stress in the Chinese property sector. Oil jumped +8.9% on continued tightness in supply, while most other major commodities were broadly flat.

Locally, the ASX300 and the ASX300 ex-20 both rebounded +6.0%, during a month where the new Labor Treasurer, Jim Chalmer's, Federal Budget update proved fairly uneventful. In the broad rally all ex-20 sectors were up, with Real Estate (+9.8%) and Consumer Discretionary (+9.3%) performing best as investors hoped that October's lower-than-expected RBA rate rise would mean property markets and consumer demand would hold up better than expected.

The **QVE portfolio** was up strongly over the month, +3.7%, although this was behind the benchmark's rise of +6.0%. The main reasons for the lagging performance were some very strong performances by lithium stocks, which the portfolio is not exposed to, as well as strong rises in several consumer discretionary stocks which we remain cautious on given what looks to be a tough 2023 ahead for the sector. Some disappointing performances by a couple of key stocks also held the portfolio's performance back.

Thus, Ampol fell -5.3% in October following a mixed quarterly update in which its fuel distribution business recorded an unexpected loss due to one-off factors, while the company's other divisions performed strongly. Australian Clinical Labs dropped -4.3% in October after reporting a drop in earnings due to fewer Covid tests, although the company also reported that its underlying business is still growing strongly. Both Ampol and Australian Clinical Labs remain very well positioned in their industries with strong balance sheets and we retain our positive long-term view of their prospects.

Many of our core holdings – such as Orica and SkyCity - did well over the month with SkyCity up over +8% after a positive AGM update. Bank of Queensland rose after a good full year result while IAG and Suncorp also rallied strongly on the realisation that higher interest rates would benefit both these leading insurance companies' future investment returns.

We used the recent volatility to increase our holdings in high-quality companies at attractive prices including The Lottery Company and APA Group. We also took the opportunity to increase our holding in Medibank Private after its share price fell heavily after a well-publicised cyber-attack on its client database.

We expect markets to remain volatile in the near future. The gap between inflation and interest rates remains high and we believe investors will remain uncertain until there are clear signs inflation has started to decline markedly. With the full effect of recent interest rate rises yet to be felt by the Australian economy, we remain focused on investing in companies with strong competitive advantage and recurring earnings. We are also maintaining sufficient cash to enable us to capitalise on opportunities, as we did with Medibank.

Portfolio Performance	1 month	3 months	1 Year	3 years [^]	5 Years [^]	Since listing [^] 22-Aug-2014
QVE NTA (pre tax)	+3.7%	-5.8%	-6.5%	+2.2%	+2.4%	+5.2%
QVE NTA (after tax)	+2.4%	-3.7%	-3.6%	+2.5%	+2.5%	+4.6%
Benchmark**	+6.0%	-1.2%	-7.5%	+3.1%	+6.1%	+8.2%

[^] 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 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

Increased dividend outlook for FY23

*The Board announced its intention to pay increased dividends for FY23 totalling 5.2 cents per share. This includes a fully franked quarterly dividend of 1.3 cents per share declared for the September quarter to be paid on 2 December. Key dates for the September dividend can be found [here](#)

QVE portfolio update – recording

The QVE portfolio managers recently discussed current markets and how QVE and the companies held in the portfolio are positioned for these volatile times. View [here](#)

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

Portfolio Managers

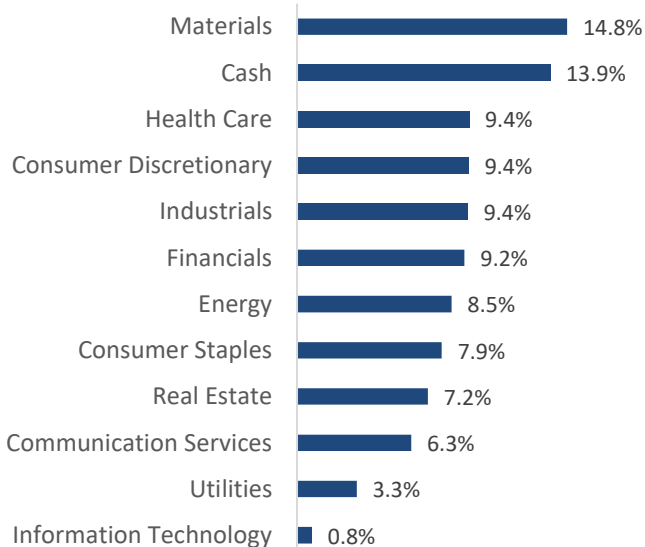
Simon Conn and Anton Tagliaferro



Key Equity Investments

ASX Code	Weight
Aurizon	5.6%
Orica	5.1%
Ampol	4.5%
Sonic Healthcare	3.8%
Amcor	3.5%
Coles Group	3.5%
The Lottery Corporation	3.4%
Skycity	3.4%
Pact	3.0%
Brambles	2.7%

Sector Allocation



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Release authorised by Company Secretary, Zac Azzi.

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