

31 December 2022

## Net Tangible Assets (NTA)\*

QVE NTA before tax	\$1.01
NTA after tax	\$1.04

## Trailing 12 month yield on month end share price

Yield	5.41%
Grossed up yield including franking credits	7.73%

\*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 were unable to sustain their October-November rally, dropping in December as concerns grew about the slowing global economy. The MSCI World Index fell -4.7% for the month to be down more than -15% for the calendar year. As it has for much of 2022, the NASDAQ was the biggest drag on performance, down -8.7% during December to finish the year down more than -30%. Outside of the US the Euro Stoxx 50 was down -4.3% in December, the FTSE down -1.5% and the Nikkei down -6.6%. MSCI Emerging Markets were more resilient, down around -2%, helped by gains in China as it reopens its economy from its strict zero-Covid policy.

Commodity prices were mostly up in December, capping off a strong calendar year. Iron ore rose significantly over the month, up +14.1%, as confidence grew that demand would increase as China reopens. Nickel rallied strongly, up +14.8%, to finish the year up +45% while oil, gold and copper were up slightly. Lithium prices were weaker over the month on slower short-term demand from battery manufacturers.

Locally, the ASX300 was down -3.3% for the month to finish calendar year 2022 down -1.8%. The ex-20 sector was also weaker for the month, at -3.6%, to finish the year down -8.8%. Sector-wise the Ex 20 Industrials fell -3.1% aided by the Financials sector which managed a slight gain over the month thanks to a positive update from Bendigo Bank. Other than the Financials sector, all other sectors recorded negative returns for the month with the Ex-20 Resources down -5.2% led by weaker lithium stocks.

The **QVE portfolio** was more resilient than the benchmark, down -1.6% for the month. The portfolio performed better than the benchmark over the month thanks to the resilient performances of many of our holdings as well as the portfolio's low exposure to the Resource sector.

Virgin UK continued to gain following the release of its full year result last month, while Bega rose following confirmation at its AGM that its price rises (required to recover rapid cost escalation) had been accepted by customers. Orica was resilient after confirming at its AGM that trading remains strong while New Hope gained on continued firm thermal coal prices. Aurizon announced the sale of its East Coast rail business for \$925 million, which will enable it to pay down debt and increase its dividends as well as continue its strategy of growing its non-coal rail operations in the years ahead.

Stocks which held performance back in December included Nine Entertainment, which fell after Domain (of which it is a major shareholder) downgraded its profits due to the slowing housing market. Skycity also fell as Austrac announced civil proceedings in relation to breaches of the AML Act at its Adelaide casino. We believe the ultimate fine to be levied is more than reflected in Skycity's low valuation.

During the month we used the weakness in the share prices of Sonic, Medibank and Australian Clinical Labs to top up our existing holdings at what we believe are attractive valuations for very resilient businesses.

We expect further volatility in the months ahead as the economic picture remains unclear. This volatility should provide us with the opportunity to buy high-quality companies at attractive valuations. We believe the QVE portfolio remains well-positioned given our focus on quality stocks at attractive valuations.

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%	+4.7%	-6.0%	+2.0%	+1.7%	+5.2%
QVE NTA (after tax)	-1.0%	+3.2%	-3.4%	+2.3%	+2.0%	+4.6%
Benchmark**	-3.6%	+7.7%	-8.8%	+3.1%	+5.5%	+8.2%

<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:	228M	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 FY23 dividend outlook

The Board intends to pay increased dividends for FY23 totalling 5.2 cents per share\*. This includes fully franked dividends of 1.3 cents per share each quarter. Dates for payment of the December 2022 quarter are yet to be set

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

## Portfolio Managers

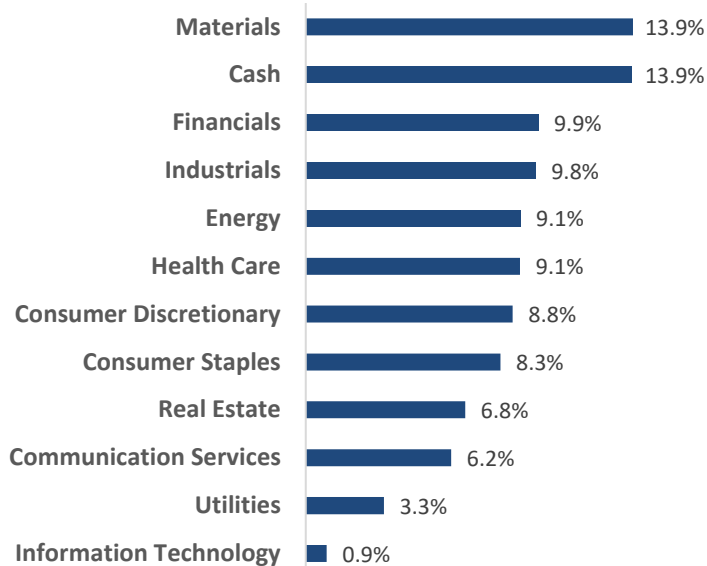
Simon Conn and Anton Tagliaferro



## Key Equity Investments

ASX Code	Weight	
Aurizon	AZJ	5.8%
Orica	ORI	5.5%
Ampol	ALD	4.8%
Sonic Healthcare	SHL	3.9%
Coles	COL	3.4%
The Lottery Corporation	TLC	3.2%
Brambles	BXB	3.0%
Skycity	SKC	2.9%
Amcor	AMC	2.6%
Suncorp	SUN	2.6%

## Sector Allocation



## Contact Us

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

**Gavin Butt** – Head, Research & Consulting (key contact NSW/ACT/NZ)  
[gavin.butt@iml.com.au](mailto:gavin.butt@iml.com.au) | M: 0412 485 420

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

**Carl McMinn** - State Manager QLD & WA  
[Carl.McMinn@iml.com.au](mailto:Carl.McMinn@iml.com.au) | M: 0415 063 280

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 Blich 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