

28 February 2023

Net Tangible Assets (NTA)*

QVE NTA before tax (ex-div)	\$1.04
NTA after tax (ex-div)	\$1.06

Trailing 12 month yield on month end share price

Yield	5.46%
Grossed up yield including franking credits	7.81%

*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 weaker during February with the MSCI World Index down -1.9%. Strong economic data in the US, combined with indications that inflation is proving more stubbornly high than hoped, led to bonds selling off which weighed on equity markets. The US S&P 500 finished the month down -2.5% while Emerging Markets were also weak with the MSCI World EM down -4.7%. European sharemarkets proved more resilient with the Stoxx 50 Index up +1.9% for the month and the UK's FTSE 100 up +1.8% after corporate earnings were better than expected.

Commodity prices were weaker across the board as investors worried that higher interest rates will slow the global economy and hence demand for commodities. Over the month iron ore was down -2.3%, while Nickel dropped more than -15% on fears of increased supply. Oil fell -2.4% to around USD 80 a barrel on reduced fears of acute supply shortages due to the sanctions on Russia. Gold lost most of its gains from January to finish the month down -5.5%, back around the USD 1,800 an ounce mark.

The ASX300 also pulled back to finish the month down -2.6%, led by falls in the major banks and resource companies. The ASX 300 Ex 20 sector performed slightly better, falling -1.6%, led by a drop in the ex 20 Resource sector, which was down -7.5% over the month. Lithium stocks were significantly weaker during February as weaker EV demand in China, and a failed spot auction by a major producer, greatly impacted sentiment. Utilities rose +3.4 on the back of Origin Energy as its share price appreciated after Brookfield and EIG partnership confirmed their intention to acquire the company and lowered their original bid by only 10c to \$8.90.

The **QVE portfolio** had a very good month, up +2.2%, significantly ahead of the benchmark's drop of -1.6%. In a month that was dominated by reporting season, the portfolio benefitted from strong performances by a number of key holdings which reported positive news.

Thus Brambles, Suncorp and The Lottery Corporation rose strongly after reporting better than expected results. Pact Group also had a good month after its results met expectations while the company also reaffirmed its guidance for the full year and announced a significant new contract with Woolworths (which has signed up to a re-use supply agreement for its house-branded products). Ampol gained after reporting record annual earnings as well as a significantly higher final dividend and a 50c special dividend. GUD rebounded +25% after reporting an in-line result and an improving outlook for accessories for the SUV and 4WD market. Australian Clinical Labs also rose strongly after its result highlighted the strength of the company's core pathology business, while also demonstrating growing share in the pathology market. Medibank rallied +14% after reporting an interim profit up +6% and guiding to positive policyholder growth for the full year, indicating that its cyber-security issues have had very little long-term impact. While some other stocks in the portfolio – such as Aurizon and Bega – fell over the month, as earnings were below expectations, we remain comfortable holding these stocks as we are confident in their medium to long term outlook.

With the outlook for inflation still uncertain, it remains to be seen how much higher Central Banks will have to push up interest rates to bring inflation down to their target level. Given this continued uncertainty, we remain cautious of the highly cyclical sectors such as Resources and Building Materials. Instead, we continue to position the portfolio in well-established, relatively stable companies that are well placed to continue to operate profitably which will allow them to continue to pay consistent dividends. At the same time, we are watching the sharemarket closely, looking for new opportunities that the current market volatility may provide.

Portfolio Performance	1 month	3 months	1 Year	3 years [^]	5 Years [^]	Since listing [^] 22-Aug-2014
QVE NTA (pre tax)	+2.2%	+2.6%	+0.2%	+6.0%	+2.9%	+5.6%
QVE NTA (after tax)	+1.6%	+1.9%	+0.9%	+5.1%	+2.8%	+4.9%
Benchmark**	-1.6%	+0.4%	+1.6%	+6.7%	+6.5%	+8.6%

[^] 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:	228.2 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

QVE released its half year results to 31 December, 2022 on 22 February. In the results the QVE Board reaffirmed its intention to pay dividends totalling 5.2c per share for financial year 2023*. This equates to a gross yield of 8% (as of 14 Feb 2023), including franking credits.

[Read the full results](#)

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

Portfolio Managers

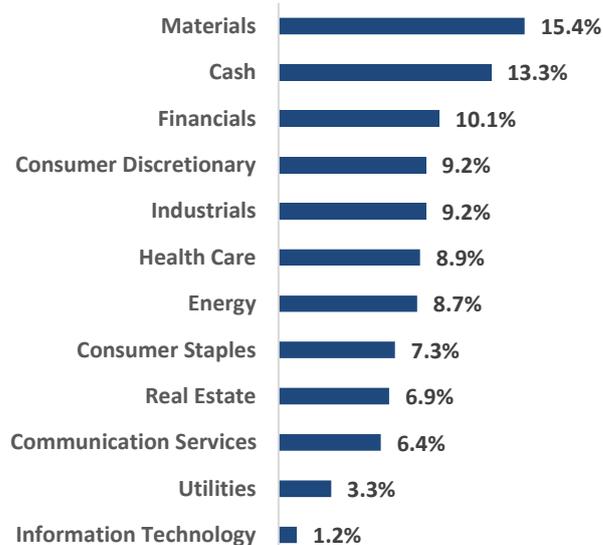
Simon Conn and Anton Tagliaferro



Key Equity Investments

ASX Code	Weight
Orica (ORI)	5.3%
Aurizon (AZJ)	5.2%
Ampol (ALD)	4.7%
Amcor (AMC)	3.9%
Sonic Healthcare (SHL)	3.8%
SkyCity (SKC)	3.1%
The Lottery Corporation (TLC)	2.9%
Brambles (BXB)	2.9%
Pact Group (PGH)	2.7%
Coles (COL)	2.6%

Sector Allocation



Contact Us

Jason Guthrie – Head of Distribution
jason.guthrie@iml.com.au | M: 0435 690 377

Gavin Butt – Head of Research & Consulting (NSW | ACT | NZ)
gavin.butt@iml.com.au | M: 0412 485 420

Julia Desimone – Distribution Director – VIC | TAS | SA
julia.desimone@iml.com.au | M: 0409 039 057

Carl McMinn – Distribution Director – QLD | WA
carl.mcminn@iml.com.au | M: 0415 063 280

Release authorised by Company Secretary, Zac Azzi.

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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 | info@qvequities.com | 1300 551 132
 Shareholder Services (Link Market Services): 1800 868 464