

30 April 2023

## Net Tangible Assets (NTA)\*

QVE NTA before tax	\$1.03
NTA after tax	\$1.07

## Trailing 12 month yield on month end share price

Yield	5.32%
Grossed up yield including franking credits	7.60%

*\*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 moved higher in April, driven by investor optimism that we were close to the peak of interest rates and that Central Banks would succeed in engineering an economic soft landing. The MSCI Index gained +1.4% with most global markets up over the month except for MSCI Emerging Markets, which dropped -0.7%. Iron ore was the main mover in commodities for the month, falling -17% on continued weak demand from China while the gold price consolidated its recent strong recent gains above USD 2,000 an ounce (now up +20% over the past six months).

The local ASX 300 was up +1.9%, in line with global markets, with the ASX ex20 Index recording a stronger gain of +3.3% on continued optimism that the RBA had paused its interest rate increases and would adopt a wait and see approach. These hopes were quashed on 3 May as the RBA raised rates by a further 0.25% and warned of more increases to come, as it appeared to find a new sense of urgency in bringing inflation back down to its 2% target.

Real Estate was the strongest sector in April rallying +5.7%, buoyed by the RBA's hoped for interest rate pause and signs that the residential housing market may have bottomed. This also helped drive many building material companies share prices higher. All other sectors were up with Materials the other main gainer thanks to a strong rally in gold and lithium stocks.

The **QVE portfolio** gained +1.7% for the month lagging the benchmark's rise of +3.3%. Over the month the portfolio benefitted from several strong performances, but was behind the benchmark which was boosted by gains in the more cyclical sectors, especially the more development-focused Real Estate Investment Trusts, Gold and Lithium stocks.

Brambles was up +6.1% over the month following a strong Q3 trading update which confirmed that recent pricing initiatives had been effective while volumes continued to be resilient. The company also reported stronger cashflow than expected which, together with improved pallet availability, has allowed it to start to pursue new business opportunities. The update was testament to the disciplined approach to pricing and capital expenditure being applied by Brambles' reinvigorated management team and Board.

Integral Diagnostics was up +7.5% after the Australian Government announced higher than expected Medicare indexation for diagnostic imaging services of +3.6% and industry data which showed that volumes for the sector are recovering from its Covid-impacted lows. Codan rallied strongly over the month continuing its strong rise this calendar year after having been oversold late last year on concerns around softness in its Metal Detection division. The result in February confirmed that the metal detection division has stabilised and that the company's Communication division - which in the past was less of a focus for investors - continues to perform strongly.

Holding back performance in April were stocks including Pact and United Malt. Pact retreated as investors grew impatient about the lack of news on an asset sale which it had flagged would happen by June 2023. United Malt retreated -7.4% after reporting a soft update for H1FY23 while updating its full year guidance. Given the strategic value of United Malt's assets we remain confident the takeover offer by peer Malteries Soufflet will go ahead.

Over the month we added to our positions in Australian Clinical Labs and Hipages which we believe continue to look attractively valued while we trimmed Sonic Healthcare, to lock in some of the recent gains.

The sharemarket strength of early 2023 has been due to a belief in a painless retreat from high inflation as well as an early easing of interest rates. The RBA's interest rate increase in early May was a reminder that this scenario may not unfold as smoothly as desired. As such we continue to adopt a cautious stance, focusing the portfolio on well-established companies with a strong competitive advantage and recurring underlying earnings stream, thereby making them more resilient and likely to perform well in a range of different economic conditions.

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)	+1.7%	+3.4%	-4.1%	+11.2%	+2.9%	+5.6%
QVE NTA (after tax)	+1.2%	+2.6%	-2.1%	+8.6%	+2.9%	+4.9%
Benchmark**	+3.3%	+0.8%	-0.6%	+12.5%	+6.7%	+8.7%

<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:	228 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

### Upcoming shareholder events

Please join QVE co-portfolio managers Simon Conn and Marc Whittaker, for a sharemarket and portfolio update.

- **Brisbane** | 18 May | [REGISTER](#)
- **Adelaide** | 23 May | [REGISTER](#)
- **Melbourne** | 25 May | [REGISTER](#)
- **Sydney** | 31 May | [REGISTER](#)
- **Webinar** | 1 June | [REGISTER](#)

## Portfolio Managers

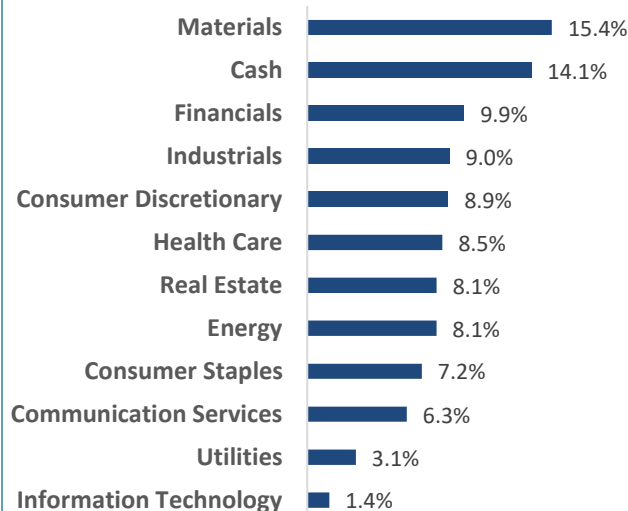
Simon Conn and Marc Whittaker



## Key Equity Investments

ASX Code	Weight
Orica (ORI)	5.6%
Aurizon (AZJ)	5.3%
Ampol (ALD)	4.4%
Amcor (AMC)	4.0%
The Lottery Corporation (TLC)	2.9%
Skycity (SKC)	2.8%
Sonic Healthcare (SHL)	2.7%
Suncorp (SUN)	2.5%
Coles (COL)	2.4%
Brambles (BXB)	2.3%

## Sector Allocation



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## Release authorised by Company Secretary, Zac Azzi.

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