

30 September 2021

Net Tangible Assets (NTA)*

| | |
|--------------------|--------|
| QVE NTA before tax | \$1.16 |
| NTA after tax | \$1.13 |

Trailing 12 month yield on month end share price

| | |
|---|-------|
| Yield | 4.23% |
| Grossed up yield including franking credits | 6.04% |

*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

The MSCI World index declined -3.5% in September, recording its sharpest monthly loss since March 2020 as a number of issues weighed on investor sentiment. Most world sharemarkets fell heavily led by the US S&P 500 which declined -4.7% during the month, whilst Europe's Stoxx50 index shed -3.4%. Concerns over inflation rose as energy prices and shipping costs soared with supply chain disruptions apparent in several different sectors of the global economy. This is leading to price rises as many companies scrambled to lift prices to offset soaring input costs. Additionally, fears of contagion from financial woes at giant Chinese property developer Evergrande and debate in the US about lifting the US debt ceiling to avoid government shutdowns also weighed on sentiment.

Commodity markets endured a volatile and unpredictable month. Oil and coal prices soared as a lack of investment in the sector led to supply concerns. Conversely, the iron ore price declined a further -30% (now down over 50% since its record high in June) as concerns over the strength of the Chinese economy and the Chinese authorities' commitment to curb carbon emissions via reductions in steel producing capacity took their toll. Investor concerns over the strength of the global economy moving into 2022 weighed on base metal prices, particularly copper which declined -4.5% over the month.

The ex-20 segment of the Australian sharemarket had a lacklustre month declining -1.1% as the overall Australian sharemarket as measured by the ASX 300 fell -1.9% over the month, led by the Resources sector which dropped -7% over the month. In addition to the falling Resources sector, the ex-20 Financials and Healthcare sectors also had a poor month. The Financials sector declined -3.3% beset by weakness amongst the listed fund managers and platform administrators on concerns of decreasing funds under management as markets fell. The Healthcare sector shed -3.7% as several of the richly priced 'med-tech' names such as Pro-Medicus, Polynovo and Nanosonics were sold off fairly heavily. On the positive side of the ledger, the Consumer Discretionary sector enjoyed a solid month with investors looking for 'reopening' trades in Australia, with Flight Centre, Webjet and IDP Education all enjoying a strong month. The Utilities sector was buoyed over the month after AusNet received two separate takeover offers from Brookfield and APA, sending the company's share price +30% higher. The pickup in M&A activity continued through the month with retail giant Wesfarmers' bid for pharmaceutical distributor Australian Pharmaceutical Industries as it opted to expand into a new retail segment.

The **QVE Portfolio** enjoyed a strong month, returning +2.6%, which was much better than the benchmark's decline of -1.1%. The portfolio benefited from the performance of many of our core holdings such as AusNet, Orica, Home Consortium, Origin and Incitec Pivot. Additionally, the portfolio benefitted from its positioning in takeover target Australian Pharmaceutical Industries, which received a higher bid from Wesfarmers and a merger proposal from Sigma. The Fund also benefited greatly from its limited exposure to mining companies, as we have been wary of the highly elevated level of the iron ore and base metal prices for some time.

Over the quarter, we trimmed our holdings in stocks such as Alumina, Home Consortium and Incitec Pivot as the share prices of these companies rallied strongly. We deployed the proceeds to add to our positions in good quality companies that we believe are undervalued such as Orica, Deterra Royalties and United Malt.

The recent falls and volatility in sectors of the Australian sharemarket such as the iron ore sector were a reminder to many as to how quickly sentiment can change, particularly in popular and overpriced sectors. We continue to steer away from the riskier parts of the sharemarket and remain focused on identifying and holding good quality companies that in our opinion are well managed, which offer sound value and which we believe can do well over the next 3-5 years.

| Portfolio Performance | 1 month | 3 months | 1 Year | 3 years^ | 5 Years^ | Since listing^ 22-Aug-2014 |
|-----------------------|---------|----------|--------|----------|----------|----------------------------|
| QVE NTA (pre tax) | +2.6% | +7.3% | +31.7% | +4.2% | +4.9% | +6.9% |
| QVE NTA (after tax) | +2.0% | +5.6% | +21.8% | +3.7% | +4.5% | +5.9% |
| Benchmark** | -1.1% | +4.8% | +27.9% | +9.6% | +10.7% | +10.7% |

^% 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 indicative of future performance.

| QVE Company and Portfolio Information | | | ASX: QVE |
|---------------------------------------|-----------|--------------------------------|---|
| Shares on Issue | 235.2 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

Annual General Meeting | 27 October | 4pm AEDT

The QVE AGM will be held as a virtual meeting at 4pm on Wednesday 27th October.

Investment Update - 28 October | 4pm AEDT

Anton Tagliaferro and Simon Conn will give an overview of the QVE portfolio's performance and explain how the QVE portfolio is positioned for the next 3 to 5 years.

Visit qvequities.com/2021agm for more information.

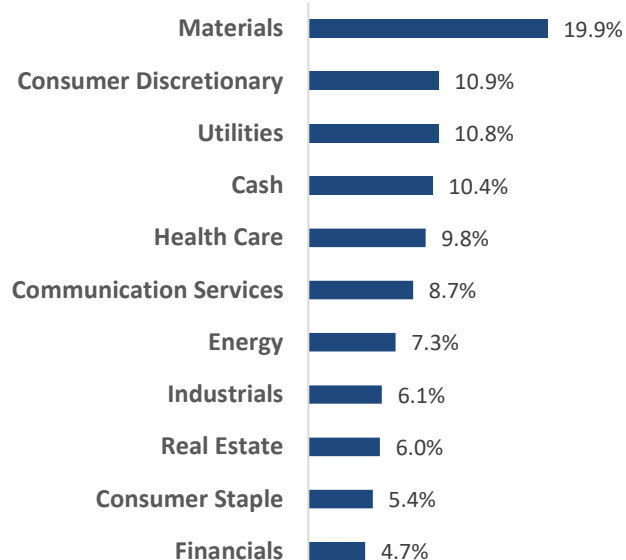
Portfolio Managers

Simon Conn and Anton Tagliaferro



| Key Equity Investments | ASX Code | Weight |
|------------------------|----------|--------|
| AusNet | AST | 5.6% |
| Orica | ORI | 5.3% |
| Pact | PGH | 4.6% |
| Aurizon | AZJ | 4.2% |
| Amcor | AMC | 4.1% |
| Crown | CWN | 3.7% |
| Tabcorp | TAH | 3.6% |
| Sonic Healthcare | SHL | 3.5% |
| Ampol | ALD | 3.5% |
| Southern Cross Media | SXL | 2.8% |

Sector Allocation



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Release authorised by Company Secretary, Zac Azzi.

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