QV Equities Webinar

Market Corrections: Lessons from the QVE Portfolio Managers

February 2022

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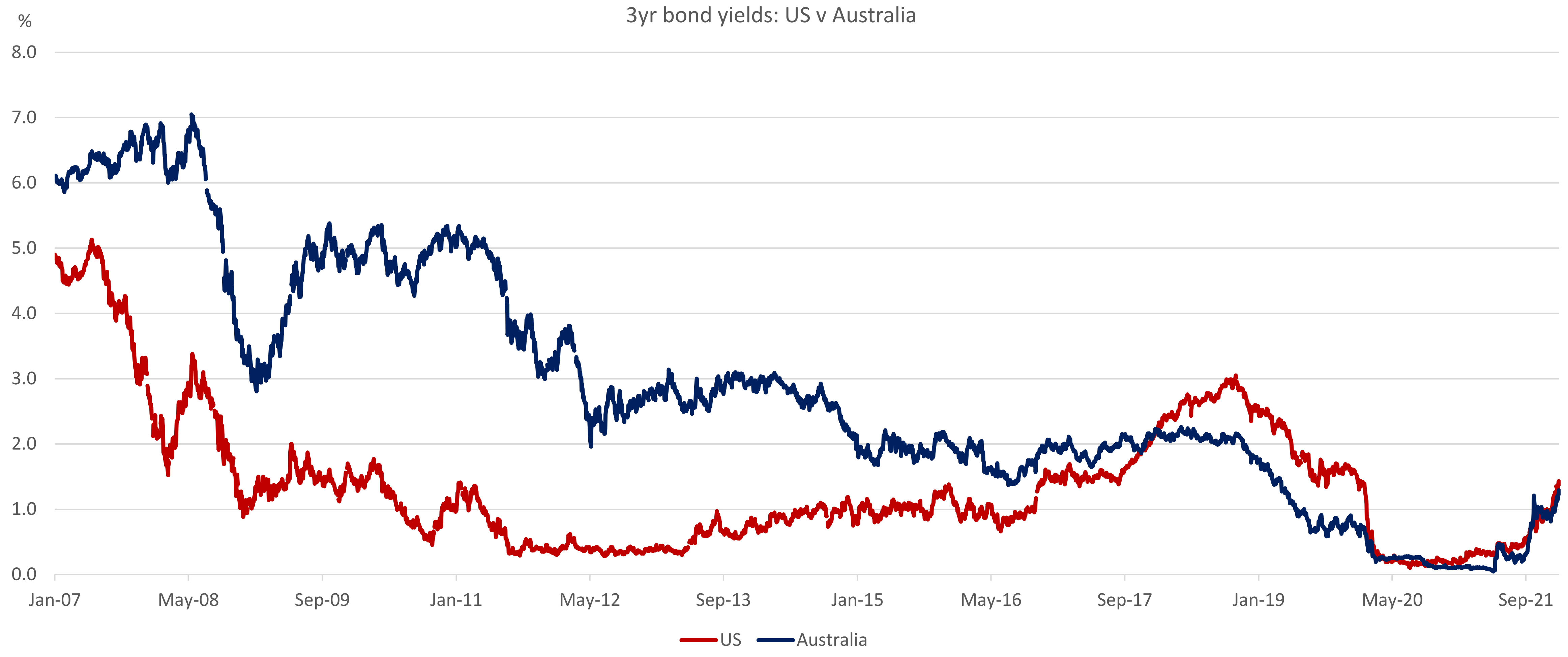
- Listed 22 August 2014
- Focused on Ex-20 stocks
- Often less researched opportunities
- Focus on long-term capital growth & income
- A diversified set of well-established, good quality companies

3 year bond yields – last 15 years



Source: FactSet
As at 24 January 2022

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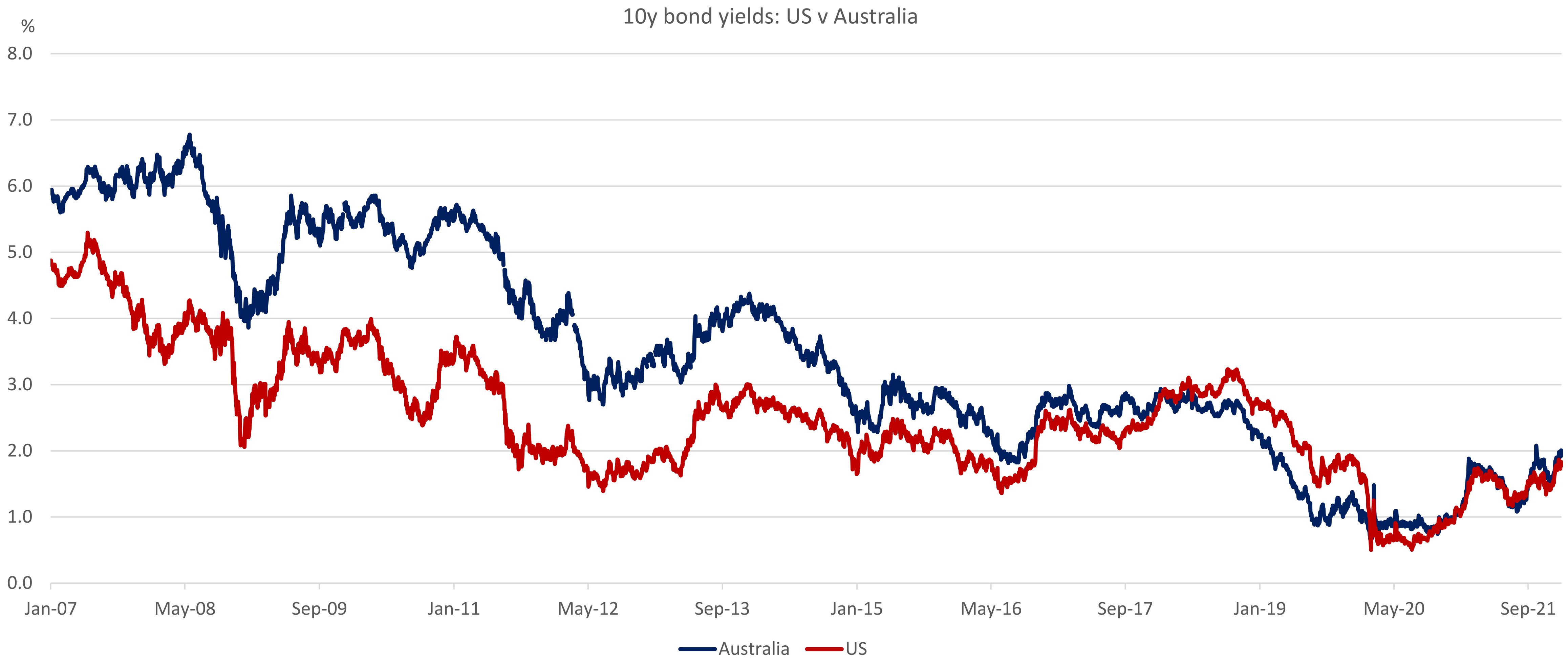
10 year bond yields – last 15 years



Source: FactSet
As at 24 January 2022

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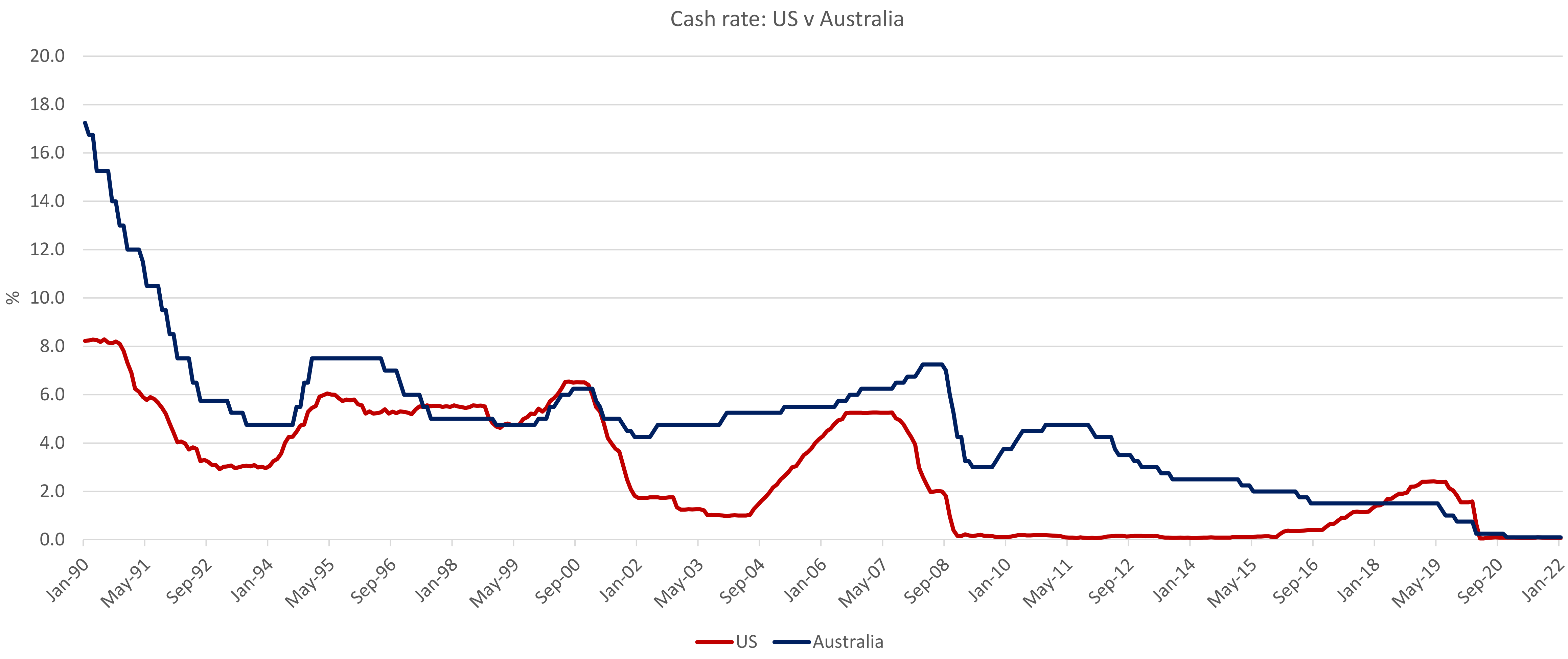
Cash rate: US v Australia – since 1990



Source: FactSet
As at 31 January 2022

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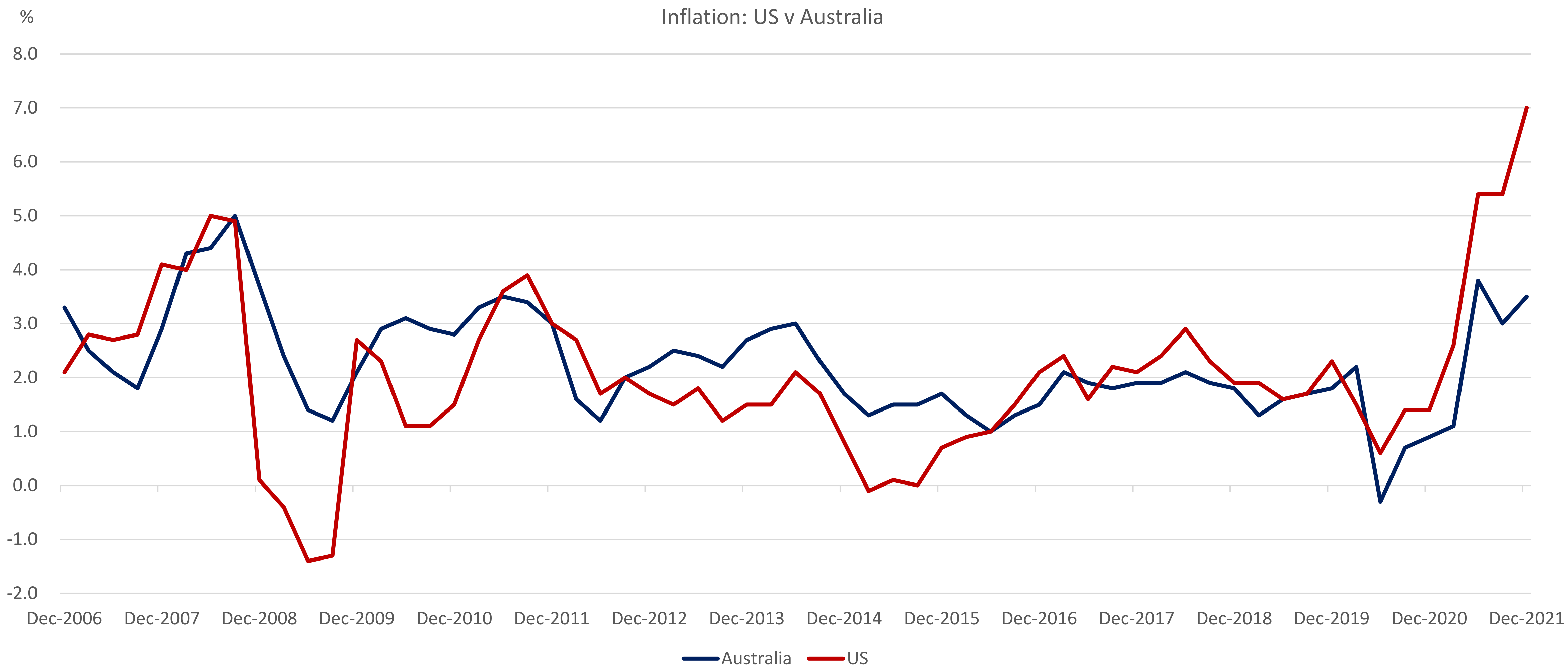
Inflation – last 15 years



Source: US Bureau of Labor Statistics & RBA
As at 31 December 2021

Investment Philosophy

We seek to buy and own:

Companies with a **competitive advantage**,

with **recurring earnings**,

run by **capable management,**

that can **grow**,

.......at a **reasonable price**.

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What sort of companies are we looking for :

- Industry leaders
- Recurring earnings
- Experienced management
- Strong balance sheets
- Company specific growth drivers

……………………………………………………………at the right price

Top 10 stocks

Top 10 holdings	
AusNet	6.0%
Orica	5.3%
Aurizon	5.0%
Crown	4.8%
Ampol	4.3%
Amcor	4.3%
Pact	3.9%
Sonic Healthcare	3.4%
Origin Energy	3.3%
Tabcorp	3.1%

Source: QVE NTA as at 31 January 2022

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Recent strong performance helped by

- ❑ A number of takeover offers
- ❑ Selective participation in new IPO’s and placements
- ❑ Rerating of many portfolio companies’ share prices
- ❑ Buyback continues to be accretive to NTA and performance

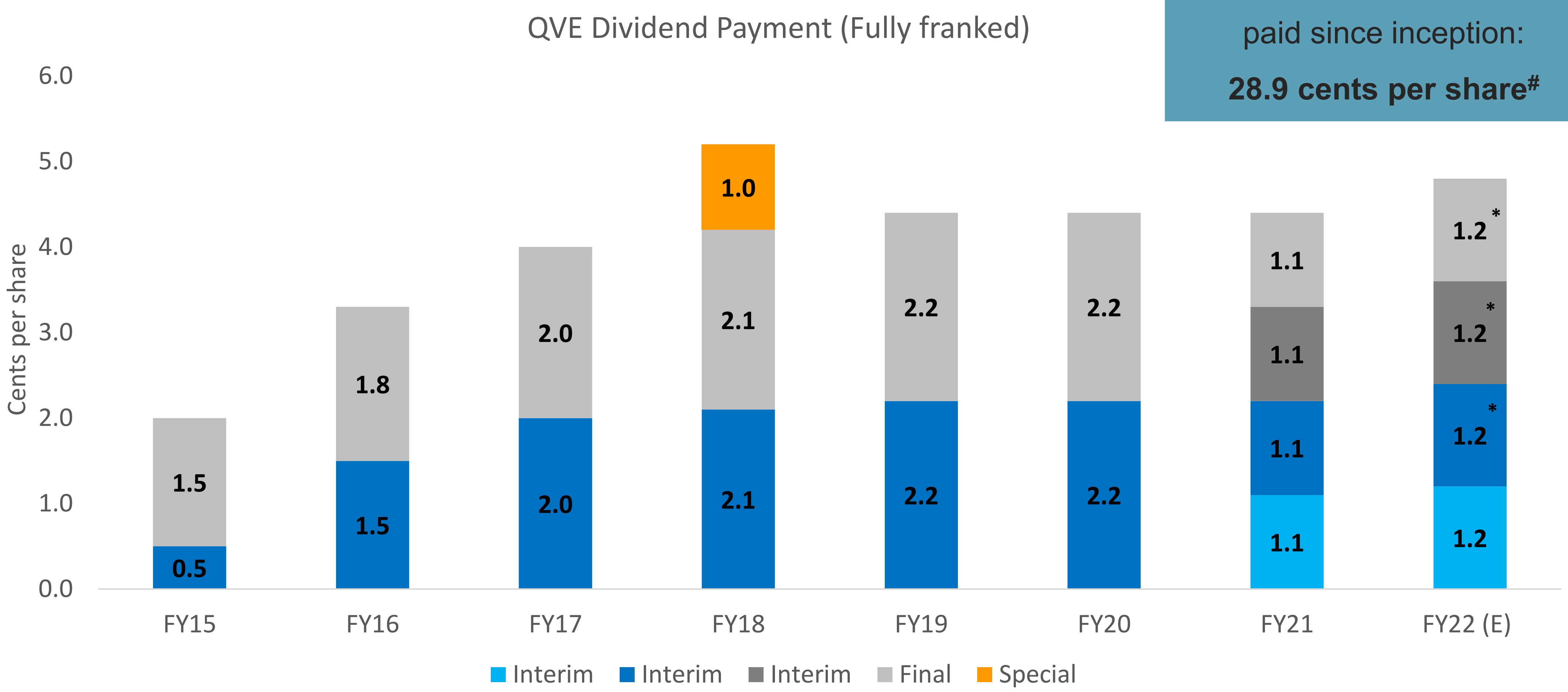
Current takeover offers for stocks held in the portfolio

- Ausnet
- Z Energy
- Crown Resorts
- Australian Pharmaceutical Industries

Historical Dividends to QVE Shareholders

Total fully franked dividends paid since inception:

28.9 cents per share#



**ASX Announcements; As at 28 January 2022*
 # Amount paid up till Q1 FY 2022, Dec qtr dividend will go ex-div on 14 February 2022, paid on 4 March 2022
Past performance is not a reliable indicator of future performance

Source: QVE Annual reports & QVE Announcements

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QVE's strategy

- Always on the look out for well-established, good quality stocks at the right price
- Topping up on favoured stocks in weakness
- Writing call options opportunistically to generate extra income
- Cash being used to buy back shares at the current discount to NTA

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Current outlook

- Inflation trending higher
- Interest rates trending higher
- Unemployment at near record lows

The outlook for many companies is good :

- Balance sheets are strong
- Demand outlook remains solid across most sectors
- Margins can be broadly maintained despite increased costs

Q & A

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