

31 January 2023

Net Tangible Assets (NTA)*

QVE NTA before tax	\$1.03
NTA after tax	\$1.06

Trailing 12 month yield on month end share price

Yield	5.19%
Grossed up yield including franking credits	7.41%

*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 started 2023 strongly with investors showing a willingness to take on more risk given the view that inflation may have peaked in many parts of the world. This optimism led the MSCI World Index to rise +6.5%, led by the Nasdaq which soared +10.7%. Emerging Markets were also strong, up +6.6%, boosted by continued strength in the Chinese sharemarket as the country re-opens from its prolonged Covid-induced lockdown. In Europe the Stoxx was also up significantly, +9.9%, rising due to positive economic data and the unusually warm winter leading to lower than feared energy prices.

Commodity prices were mixed in January. Iron ore again rose strongly, up +9.8%, gaining as demand from China increased. Industrial metals were also up significantly for the month, buoyed by China's reopening and increasing optimism on the global economic outlook. Copper was up +8.2%, Aluminium rose +7.3% while Nickel eased - 3.3%, although it remains up nearly +30% from a year ago. Oil was broadly flat over the month, while Gold enjoyed one of its best starts to the year, rising +6.1%.

Locally, the ASX300 was also very strong, up +6.3%. The ASX 300 ex20 sector also had a good month rising +5.8%, led by a very strong Resources sector which jumped +9.6% while the ex20 Industrials sector, which rose +4.7% lagged the overall market rise. All sectors, apart from the Utilities sector, rose with the more cyclical sectors of the market leading the gains. Positive trading updates by a range of retailers also saw the Consumer Discretionary sector up +11.3%, while Communication Services gained +9.8% thanks to strong gains in media-related stocks.

The **QVE portfolio** had a solid month, up +2.0%, although it was well behind the benchmark's very strong performance of +5.8%. The main reason the portfolio lagged the benchmark was a very strong performance by resources companies, following gains in commodity prices over the month. News that China's reopening is happening faster than expected helped sentiment towards a range of commodities, with increases in the lithium and gold price also playing a factor.

Many of the portfolio's stocks performed well amid a more positive outlook from investors. Some of the portfolio's more cyclical holdings such as GUD, Nine Entertainment and Ooh Media all performed well while Codan and Ampol did well for the month after positive trading updates.

Stocks which held performance back in January included Orica and New Hope Corporation, which pulled back after recent strong months. Origin Energy was also down, despite giving a positive update which pointed to solid operating performance and increased profits. The drop was due to doubts as to whether the takeover bid from Brookfield and EIG partners would proceed as due diligence was again extended. Aurizon and Amcor also declined on concerns about their upcoming interim results although we remain comfortable with both stocks longer term outlook given their strong market position and management teams. Mayne Pharma had a poor month, despite paying a special dividend, after announcing it was deferring its decision to return capital to shareholders after announcing a recent acquisition.

We remain wary of the recent very strong sharemarket rally given that markets seem to have priced in an early easing of interest rate increases due to inflation coming off its highs. We believe there are risks to this scenario, and as such we continue to position the portfolio in well-established, profitable companies with strong market positions that we believe represent sound long-term value.

Portfolio Performance	1 month	3 months	1 Year	3 years [^]	5 Years [^]	Since listing [^] 22-Aug-2014
QVE NTA (pre tax)	+2.0%	+3.0%	-0.5%	+1.9%	+2.3%	+5.4%
QVE NTA (after tax)	+1.4%	+2.1%	+0.6%	+2.2%	+2.4%	+4.8%
Benchmark**	+5.8%	+7.5%	+4.7%	+3.7%	+6.8%	+8.9%

[^]% 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 benchmark on a rolling 5-year basis	

Latest QVE News

December 2022 Quarter Dividend

The Board of QV Equities Limited has declared a fully franked quarterly dividend of 1.3 cents per share for the December quarter. Key dates:

- Ex-Dividend Date: 14 February 2023
- Dividend Record Date: 15 February 2023
- Dividend Payment Date: 3 March 2023

Portfolio Managers

Simon Conn and Anton Tagliaferro



Key Equity Investments

ASX Code	Weight
Aurizon	AZJ 5.8%
Orica	ORI 5.4%
Ampol	ALD 5.1%
Sonic Healthcare	SHL 4.2%
Amcor PLC	AMC 3.9%
Coles	COL 3.5%
Brambles	BXB 3.3%
The Lottery Corporation	TLC 3.0%
Skycity	SKC 3.0%
Suncorp	SUN 2.6%

Sector Allocation

Materials	15.6%
Cash	10.2%
Industrials	10.2%
Financials	10.1%
Energy	9.3%
Health Care	9.3%
Consumer Discretionary	8.9%
Consumer Staple	8.5%
Real Estate	7.1%
Communication Services	6.6%
Utilities	3.2%
Information Technology	1.0%

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Release authorised by Company Secretary, Zac Azzi.

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