

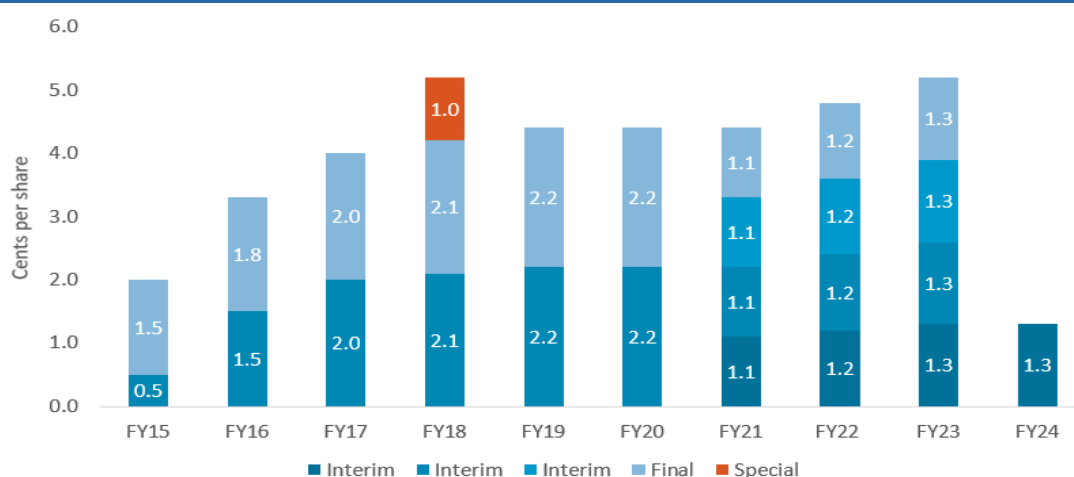
31 DECEMBER 2023

QVE Equities (QVE) is a Listed Investment Company (LIC) managed by Australian equities asset manager IML. It invests in high-quality, good value companies listed on the ASX outside the top 20, aiming to provide a rate of return which exceeds the return of its benchmark on a rolling 5+ year basis. QVE aims to deliver a consistent quarterly income stream for shareholders, while also growing capital gradually over time.

QVE COMPANY NEWS

- [QVE 2023 in review](#) – Simon Conn and Marc Whittaker discuss the portfolio's performance over CY 2023.
- An interim quarterly dividend of 1.3 cents per share (cps) was paid on 1 December 2023 for the Sept 23 quarter. The Board intends to maintain quarterly dividends of 1.3 cps for the remainder of FY 2024* [Key dividend dates and more](#)
*Subject to the Company maintaining sufficient profit reserves and there being no material impacts, changes or unforeseen events

QVE HISTORICAL DIVIDENDS (FULLY FRANKED)



Total fully franked dividends declared or paid since inception

39 CENTS PER SHARE

Source: QV Equities. Past performance is not a reliable indicator of future performance as a result past dividends are not indicative of future dividends.

RATINGS

Zenith: Recommended

Independent Investment Research: Recommended +

COMPANY SNAPSHOT

| | |
|-------------------------------|--|
| ASX code | QVE |
| NTA ¹ before tax | 1.02 |
| NTA ¹ after tax | 1.06 |
| Dividend frequency | Quarterly |
| Yield ² | 5.88% |
| Grossed up yield ³ | 8.39% |
| FY23 dividends ⁴ | 5.2 cps |
| Management fee | 0.90% p.a. of the NAV up to \$150m 0.75% p.a. over \$150m |
| Performance fee | Nil |
| Shares on issue | 227M |
| Portfolio Managers | Simon Conn Marc Whittaker |
| Listing date | 22 August 2014 |

SHAREHOLDER BENEFITS

What should you expect when you invest with QVE?

Consistent income, growing over time*

QVE aims to pay quarterly, fully-franked dividends, giving Australian investors additional income through tax offsets or refunds.

Portfolio diversification

QVE invests outside the ASX Top20, providing diversification benefits for investors who hold shares in the largest Australian companies.

Experienced Board and Investment Manager with a 25-year track record.

Past performance is not a reliable indicator of future performance as a result past dividends are not indicative of future dividends.

*Refers to dividend income. See QVE historical dividends chart above.

1. 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. 2. Trailing 12 month yield on month end share price 3. Includes franking credits 4. Dividends paid for the financial year 2023 reporting period. Past performance is not a reliable indicator of future performance.

UPDATE FROM THE INVESTMENT MANAGER

MARKET CONTEXT

- Global share markets rallied strongly late in the year as data revealed an easing in inflation pressures, leading to expectations amongst investors that interest rates were likely to ease some time in 2024 in the US and Australia.
- For the quarter, the MSCI World Index gained +9.5%, led by the Nasdaq which was up +13.8%. The Australian share market was also up strongly for the quarter, with the ASX 300 up +8.4% and ex-20 Index up +6.4%. Most ex-20 sectors rose with Healthcare, Materials, Communication Services, IT and Real Estate all recording strong gains.

PORTFOLIO COMMENTARY

- In a volatile year for sharemarkets, the **QVE Portfolio** had a positive year returning +8.8%, which was slightly behind the benchmark's gain of +9.9%. The portfolio benefitted from a number of good contributors over the year, including Ampol, Sonic Healthcare, A2B, Mayne Pharma, United Malt and GUD Holdings.
- For the quarter, QVE recorded a strong gain of +5.0%, although it lagged the benchmark's performance of +6.4%, with A2B, Pact Group, Mayne Pharma, Charter Hall Retail and Aurizon all posting strong returns. While the Materials and IT sectors delivered strong gains, we remain cautious of them given their cyclical nature and extended valuations. We remain comfortable with the portfolio's positioning following the strong December quarter rally.
- A2B (A2B), the taxi-services and payments company, was up +30% reaching a 5-year high after announcing a takeover offer from existing shareholder ComfortDelGro, of \$1.45 per share in cash, ex a special fully-franked dividend of 60 cents. This was a pleasing outcome and a direct result of an activist campaign led by IML (QVE's investment manager) to replace the previous management team, with a mandate to refocus on the core business and realise the value of A2B's significant property portfolio.
- Mayne Pharma (MYX), the specialty pharma company, rebounded strongly following its October trading update which highlighted improved revenue and gross margins across its Women's Health and Dermatology divisions. The company also announced a meaningful patent extension on its key NEXTSTELLIS contraceptive product, out to 2036, and highlighted US\$10 million in cost savings across the first half of FY24, putting it on track to report positive EBITDA and operating cash flow for the year.
- Tabcorp (-11.2%) and Sky City (-5.6%) had disappointing quarters, with updates from both companies revealing softness in gaming and wagering revenues as consumers reduce discretionary spend. While Sky City is facing near-term regulatory pressures we believe this is more than accounted for in the share price and its medium to long-term position remains attractive. The weakness in Tabcorp was despite the renewal of its exclusive Victorian wagering licence on much more favourable terms, with the company guiding to a \$38m pro-forma profit improvement on commencement of the new license in CY2024.
- During the quarter we trimmed our positions in Mayne Pharma and Brambles, exited our positions in Codan and Newcrest and added to our positions in Origin, EVT and APA on share price weakness. We also participated in capital raisings by Steadfast and Sigma Health at attractive prices, while initiating new positions in Resmed and SG Fleet. We also sold out of Pact Group, accepting Bennamon Industries' revised takeover offer.

OUTLOOK

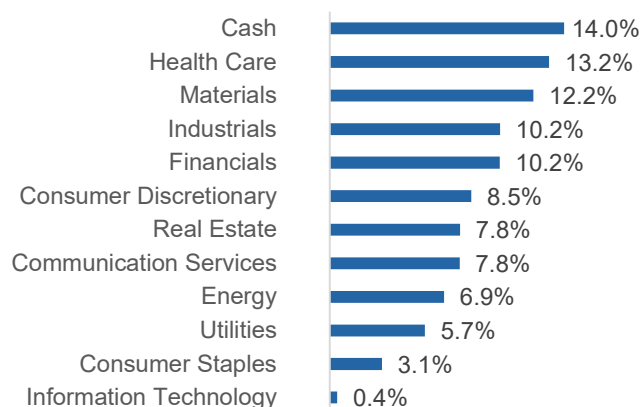
- We remain cautious on the extent of this rally. While inflation appears to be falling in most developed markets it remains elevated, especially in Australia, and is combining with higher interest rates to weigh on the consumer. We expect markets to remain volatile and trading conditions to continue to be difficult for many businesses in 2024 given cost pressures persist.
- We continue to focus on well-established companies with strong competitive advantages and recurring earnings that are likely to perform well in a range of economic conditions, while actively looking for new opportunities.

| PERFORMANCE | 1 MONTH | 3 MONTHS | 1 YEAR | 3 YEARS [^] | 5 YEARS [^] | SINCE LISTING [^] 22 AUG 2014 |
|-------------------------|---------|----------|--------|----------------------|----------------------|---|
| QVE NTA (pre-tax) | +5.6% | +5.0% | +8.8% | +6.7% | +4.9% | +5.5% |
| Benchmark ^{**} | +6.6% | +6.4% | +9.9% | +5.7% | +8.9% | +8.4% |

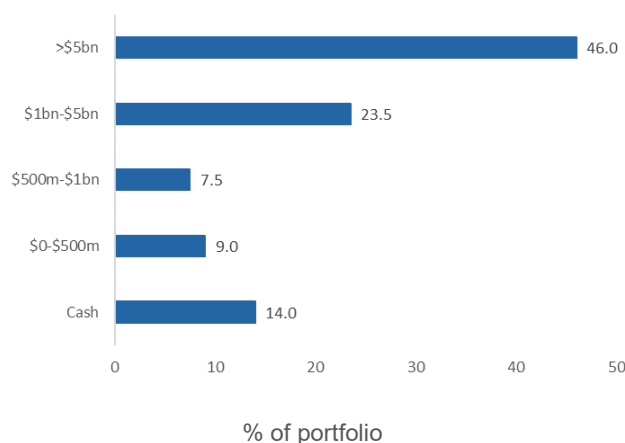
[^] Performance per annum. ^{**} The benchmark is the S&P/ASX 300 Ex20 Accumulation. The above returns are after fees, assume all declared dividends are reinvested, and exclude tax paid from pre-tax NTA. Past performance is not a reliable indicator of future performance.

PORTFOLIO DATA*

SECTOR WEIGHTS



MARKET CAP BANDS



TOP 10 HOLDINGS

| | | |
|--------------------------|-----|------|
| Aurizon | AZJ | 5.3% |
| Orica | ORI | 4.6% |
| Sonic Healthcare | SHL | 4.3% |
| APA | APA | 3.9% |
| Amcor PLC | AMC | 3.3% |
| Suncorp | SUN | 2.9% |
| Ampol | ALD | 2.8% |
| Skycity Entertainment | SKC | 2.6% |
| Charter Hall Retail REIT | CQR | 2.4% |
| Brambles | BXB | 2.4% |

PORTFOLIO INFORMATION

| | |
|---------------|-------------------------------|
| Benchmark | S&P/ASX 300 Ex20 Accumulation |
| No. of stocks | 49 |
| Cash weight | 14% |

Important note: Shares of Listed Investment Companies (including QVE) can trade at a discount or a premium to the Net Tangible Assets (NTA) per share of the Company. The share price of any company is based on demand for the shares, compared to the supply of the shares.

* Numbers may not add up to 100% due to rounding.

Release authorised by Company Secretary, Zac Azzi.



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Please direct distribution enquiries to your representative from [Natixis Investment Managers](#)

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