

30 APRIL 2024

QV Equities (QVE) aims to deliver a consistent quarterly income stream for shareholders, while also aiming to grow their capital over time. 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.

### COMPANY NEWS

- QVE announced on 12 March 2024 jointly with WAM Leaders Limited (ASX: WLE) that the parties have entered into a Scheme Implementation Agreement (SIA) to merge the two entities through a Scheme of Arrangement (Proposed Transaction). Per the announcement, QVE shareholders will be given the opportunity to vote on the Proposed Transaction and detailed information relating to the Proposed Transaction will be provided to QVE shareholders in due course. [Read the full ASX announcement.](#) Please note QVE and WLE have further amended the SIA to clarify the payment of the cash consideration, as announced on 3 May 2024. [Read the full announcement on the amended SIA here](#)
- An interim quarterly dividend of 1.3 cents per share was declared on 24 April for the March 2024 quarter.

### PORTFOLIO COMMENTARY

- The QVE Portfolio returned -3.0%, which was below the benchmark's drop of -2.6%. This was due in large part to the general underperformance of Industrial stocks after higher-than-expected inflation data over March and April. In comparison, Resource stocks held up better given the strength in gold, copper and other commodity prices.
- Integral Diagnostics was up strongly after data showed imaging benefits are growing at close to 8%. SG Fleet rose +6.4% after recent sales data showed Australian new car sales are at record volumes, supporting the strength of its order pipeline. SkyCity was down -14.9% on negative sentiment towards the sector given soft updates from Australian peers. Experienced gaming executive, Jason Walbridge, is returning to NZ to start as its new CEO in July. Sonic Healthcare was down -9.0% after recent data showed Australian pathology volumes remain below trend, however we expect volumes to return to trend growth over time.
- The latest CPI data showed that inflation remains sticky, which means RBA rate cuts are unlikely in the medium term and brings back the possibility of rate rises. We expect costs to remain a challenge for businesses and cost-of-living pressures to continue weighing on the consumer. Given the gains recorded over recent months, we are focusing on locking-in these gains. Noting QVE's obligations under the SIA, it is expected that QVE will increase its cash holdings ahead of the potential merger with WLE.

PERFORMANCE	1 MONTH	3 MONTHS	1 YEAR	3 YEARS^	5 YEARS^	SINCE LISTING^ 22 AUG 2014
QVE NTA (pre-tax)	-3.0%	+0.9%	+6.0%	+4.9%	+3.5%	+5.6%
Benchmark**	-2.6%	+5.1%	+8.7%	+5.8%	+7.0%	+8.7%

^ 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 a reliable indicator of future performance.

### SECTOR WEIGHTS\*\*\*

Cash	23.9%
Health Care	13.4%
Materials	8.6%
Industrials	8.5%
Real Estate	8.4%
Consumer Discretionary	7.6%
Communication Services	7.4%
Energy	7.0%
Financials	6.8%
Utilities	6.2%
Consumer Staples	1.7%
Information Technology	0.3%

### TOP 10 HOLDINGS

TOP 10 HOLDINGS	ASX CODE	WEIGHT
Aurizon	AZJ	4.9%
APA	APA	4.3%
Sonic Healthcare	SHL	4.0%
Ancor PLC	AMC	3.7%
Orica	ORI	3.4%
Ampol	ALD	2.5%
Skycity Entertainment	SKC	2.4%
Charter Hall Retail REIT	CQR	2.3%
Suncorp	SUN	2.2%
Brambles	BXB	2.2%

### PORTFOLIO INFORMATION

Benchmark	S&P/ASX 300 Ex20 Accumulation
No. of stocks	45
Cash weight	24%

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

## COMPANY SNAPSHOT

ASX code	QVE
NTA <sup>1</sup> before tax (cum div)	1.03
NTA <sup>1</sup> after tax (cum div)	1.07
Dividend frequency	Quarterly
Yield <sup>2</sup>	5.31%
Grossed up yield <sup>3</sup>	7.58%
FY23 dividends <sup>4</sup>	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

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

**Important note:** Shares of a Listed Investment Company (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.

## SHAREHOLDER BENEFITS

**What should you expect when you invest with QVE?**

**Consistent income, growing over time\*** – QVE aims to pay a quarterly, fully franked dividends, which gives Australian investors additional income through tax offsets or refunds.

**Portfolio diversification** – as QVE invests outside the ASX Top 20, it provides diversification benefits for investors who already invest 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 on [QVE's website](#).*

Release authorised by Company Secretary, Zac Azzi.



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