

31 August 2023

Net Tangible Assets (NTA)*	
QVE NTA before tax (ex div)	\$ 1.02
NTA after tax (ex div)	\$ 1.05

Trailing 12 month yield on month end share price	
Yield	5.78%
Grossed up yield including franking credits	8.25%

\*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

After several months of gains, global sharemarkets declined in August, with the MSCI World Index down -2.0%. A sharp move higher in US 10-year bond yields early in the month weighed on markets, though they recovered somewhat following better than expected US economic data. Also weighing on sharemarkets was increasing caution on the Chinese economy, with the property market a particular area of concern. Commodities were mixed, with Iron Ore strongest, up +5.9%, defying pessimism around longer-term Chinese iron ore demand, while oil gained +1.3%. The ASX300 had a relatively quiet month overall, finishing down -0.8%, with the local company reporting season dominating news. The Consumer Discretionary sector was among the strongest sectors, up +2.4%, buoyed by better than feared results from many retailers. The Healthcare sector was weakest, down -6.2%, with many health care companies lagging in their recovery to more normal operating conditions post-Covid.

**The QVE portfolio** was down -0.8% for the month, ahead of the benchmark's drop of -1.4%. The portfolio's relative performance was helped by several stocks reporting strong operating results during reporting season.

TPG Telecom rallied early in August following confirmation that it is discussing the sale of its non-mobile fibre assets to Vocus. This would enable TPG to pay down debt and focus solely on its growing consumer business, which is performing well. TPG shares were further boosted after it upgraded full year guidance at its half-year result.

Ampol, the leading refiner and distributor of transport fuels, reported a very strong first half result, with growth across its retail and wholesale businesses in Australia and NZ. We believe its competitive position has materially improved over the past several years and it is very well placed for the long transition period to electric vehicles. Ampol is currently benefitting from higher refining margins as global refining capacity is increasingly constrained.

Automotive aftermarket parts and accessories provider GUD rallied strongly after its result highlighted good margin control and strong pricing. Pleasingly debt also fell due to its sale of non-core Davey Water business and better inventory management. The result also gave comfort that the APG accessories business is on track to deliver to the level of earnings anticipated when it was purchased in early 2022.

Brambles rallied strongly after reporting a strong FY2023 result, in which it reported +19% growth in operating profits, improved cash flow and a strong FY2024 outlook. The result is testament to the company's strong market position, which allowed it to more than offset cost increases through higher pricing, for its global pallet pool.

Mayne Pharma had a disappointing month with lower-than-expected US revenue for its key women's contraceptive product, Nextstellis weighing on the share price. With script volumes growing, management reconfirmed the product is on track to reach a breakeven run rate in the first half of FY2024 and to contribute strongly thereafter.

During August we initiated a new position in EVT Limited, a leading entertainment and hotel company that is trading at a discount to its property-supported asset backing. We used share price weakness to top up existing positions in Tabcorp, Charter Hall Retail, APA and Medibank, while trimming Regis Healthcare, GUD and HomeCo on strength.

As expected, reporting season was mixed given the differing impact of high inflation and rising interest rates on companies over the last 12 months, with outlook statements generally cautious given cost pressures continue to build. We continue to focus on well-established companies with strong recurring earnings and competitive advantage that we believe can continue to perform well, despite potentially mixed economic conditions in the year ahead. We also remain alert to opportunities to buy good-quality companies at attractive valuations as they become available.

Portfolio Performance	1 month	3 months	1 Year	3 years <sup>^</sup>	5 Years <sup>^</sup>	Since listing <sup>^</sup> 22-Aug-2014
QVE NTA (pre tax)	-0.8%	+4.6%	+3.5%	+9.8%	+2.6%	+5.6%
QVE NTA (after tax)	-0.4%	+2.8%	+2.7%	+7.4%	+2.5%	+4.8%
Benchmark**	-1.4%	+2.8%	+6.6%	+7.8%	+5.7%	+8.5%

<sup>^</sup>% 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 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

QVE full year results were announced on 16 August, see [the full announcement here](#).

The QVE AGM will be held on 25 October, at 10am at Dexus Place, 1 Margaret St Sydney, [register here](#).

For those unable to attend the AGM in person an investment update will be held the following day via webinar at 3pm, [register to attend here](#).

## Portfolio Managers

Simon Conn and Marc Whittaker



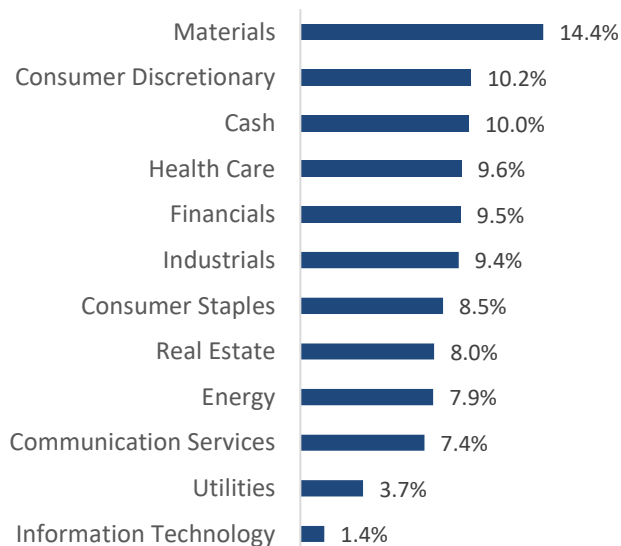
## Key Equity Investments

### ASX Code

### Weight

Aurizon	AZJ	5.7%
Orica	ORI	5.4%
Ampol	ALD	4.7%
Sonic Healthcare	SHL	3.9%
Amcors	AMC	3.6%
Coles	COL	3.5%
Skycity Entertainment	SKC	3.2%
The Lottery Corporation	TLC	2.8%
Suncorp	SUN	2.7%
APA	APA	2.6%

## Sector Allocation



Release authorised by Company Secretary, Zac Azzi.

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