

# **QV Equities Limited**

ABN 64 169 154 858

## **Appendix 4E – Preliminary Final Report For the year ended 30 June 2021**

## Preliminary Final Report

This preliminary final report is for the year ended 30 June 2021.

### Results for announcement to the market

(All comparisons to the year ended 30 June 2020).

	\$	Down \$	% movement
Revenue from ordinary activities*	9,359,796	5,575,605	37%
Profit from ordinary activities before tax attributable to equity holders	6,606,332	5,293,417	44%
Profit from ordinary activities after tax attributable to equity holders	5,633,706	4,844,525	46%

\*The revenue reduction is mainly due to the fact that many companies held in the investment portfolio significantly reduced or cancelled their dividends due to COVID-19.

Dividend Information	Amount per Share (Cents)	Franked Amount per Share (Cents)	Tax Rate for Franking
Interim dividend September 2020 quarter (paid 4 December 2020)	1.1	1.1	30%
Interim dividend December 2020 quarter (paid 5 March 2021)	1.1	1.1	30%
Interim dividend March 2021 quarter (paid 4 June 2021)	1.1	1.1	30%
Final dividend June 2021 quarter (to be paid 3 September 2021)	1.1	1.1	30%
<b>Total dividends per share for the year</b>	<b>4.4</b>	<b>4.4</b>	

### Final dividend dates

Ex – dividend date	16 August 2021
Record date	17 August 2021
Payment date	3 September 2021

Net tangible assets	30 June 2021	30 June 2020
Net tangible asset backing (per share) before tax	\$1.09	\$0.94
Net tangible asset backing (per share) after tax	\$1.08	\$0.98

### Audit

This report is based on the financial report which has been audited. All the documents comprise the information required by Listing Rule 4.3A.

# **QV Equities Limited**

ABN 64 169 154 858

## **Annual Report 2021**

Year ended 30 June 2021

# QV Equities Limited

ABN 64 169 154 858

## Corporate Directory

<b>Directors</b>	Peter McKillop (Independent Director, Chairman) Jennifer Horrigan (Independent Director) Eamonn Roles (Independent Director) Anton Tagliaferro (Non-independent Director) Simon Conn (Non-independent Director)
<b>Secretary</b>	Zac Azzi
<b>Investment Manager</b>	Investors Mutual Limited Level 24, 25 Bligh Street Sydney NSW 2000 (AFSL 229988)
<b>Registered Office</b>	Level 24, 25 Bligh Street Sydney NSW 2000 Telephone: (02) 9232 7500 Fax: (02) 9232 7511 Email: <a href="mailto:info@qvequities.com">info@qvequities.com</a> Website: <a href="http://www.qvequities.com">www.qvequities.com</a>
<b>Share Registrar</b>	Link Market Services Limited 1A Homebush Bay Drive Rhodes NSW 2138 Telephone: 1800 868 464
<b>Auditor</b>	Pitcher Partners Level 16, Tower 2 Darling Park, 201 Sussex Street, Sydney NSW 2000
<b>Stock Exchange</b>	Australian Securities Exchange (ASX) ASX code: QVE Ordinary shares

# QV Equities Limited

ABN 64 169 154 858

## Annual Report - 30 June 2021

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### Corporate Governance Statement

The Board of Directors of QV Equities Limited ("the Company") is responsible for corporate governance. The Board has chosen to prepare the Corporate Governance Statement ('CGS') in accordance with the fourth edition of the ASX Corporate Governance Council's Principles and Recommendations under which the CGS may be made available on a company's website. Accordingly, a copy of the Company's CGS is available on the Company's website: [www.qvequities.com](http://www.qvequities.com).

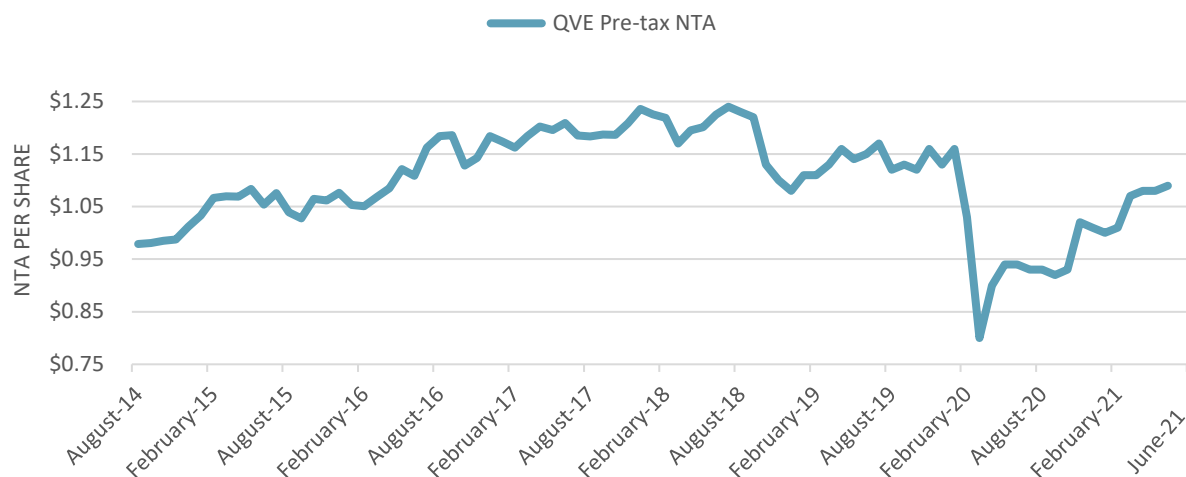
## Financial Highlights

### Year in Summary FY2021

<b>Profit after tax</b> <b>\$5,633,706</b> (\$10,478,231 in FY20)	<b>Management Expense Ratio</b> <b>1.11%</b> (1.05% in FY20)		
<b>Earnings Per Share (cents)</b> <b>2.26</b> Basic (3.85 in FY20)	<b>Portfolio Return (Pre-tax)*</b> <b>+23.4%</b>	<b>Benchmark*#</b> <b>+24.9%</b>	<b>ASX 300*</b> <b>+28.5%</b>
<b>Dividends</b> <b>4.4 cps</b> Fully Franked (declared for FY21) (4.4 cps in FY20)	<b>Portfolio Return (Post-tax)*</b> <b>+16.4%</b>		
<b>Net Assets</b> <b>\$263,369,217</b> (\$260,389,742 in FY20)	<b>Net Tangible Assets (NTA)</b> <b>\$1.09</b> (pre-tax cum div) <b>\$1.08</b> (post tax cum div)		

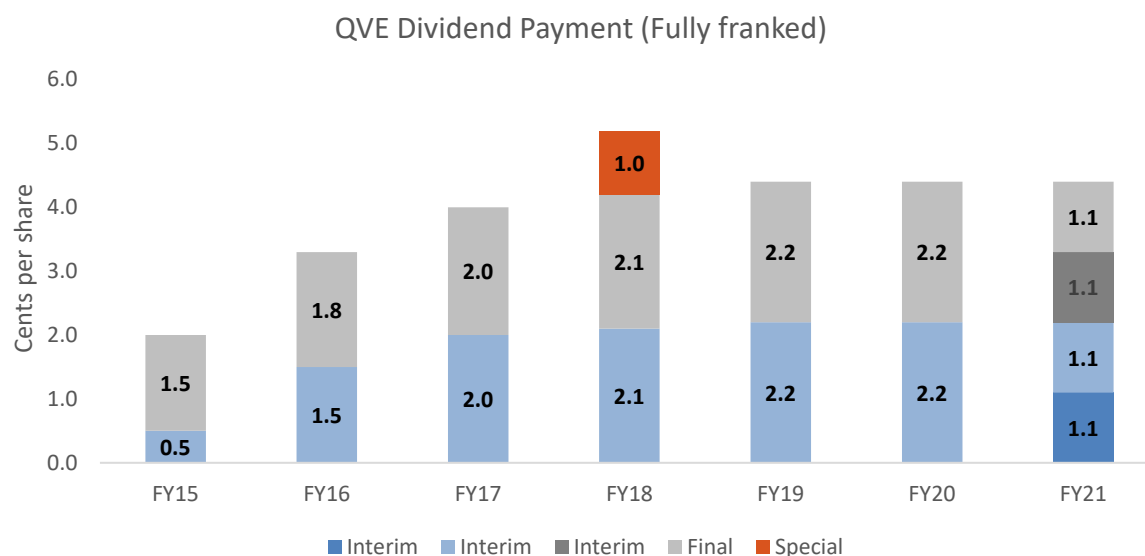
All data as at 30 June 2021 unless otherwise specified. \*Returns are measured for the 2021 financial year # S&P/ASX300 ex20 index

### Historical Net Tangible Assets



Source: Investors Mutual; 30 June 2021

### Historical Dividends



Source: Investors Mutual; 30 June 2021

## QV Equities Overview

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QV Equities Limited (“the Company”) is a Listed Investment Company, established to invest in a diversified portfolio of ASX-listed entities outside the S&P/ASX20 Index. The Company’s investment portfolio is managed by Investors Mutual Limited (IML).

### Investment Objective

The Company’s primary objective is to deliver long-term value to shareholders through a combination of capital growth and income by investing in a diversified portfolio of quality ASX-listed entities outside the S&P/ASX20 Index. The Company aims to achieve after-fee returns over a five-year-plus investment period higher than the S&P/ASX300 Accumulation Index, excluding that part of the return generated by S&P/ASX20 Accumulation Index securities.

### Foundation of the Company's Investment Strategy

The Australian sharemarket is heavily concentrated in larger entities both in terms of market capitalisation and industry sector weighting in the broader market’s main index. The S&P/ASX20 Index – representing the 20 largest entities by market capitalisation on the ASX – accounts for 54% of the S&P/ASX300 Index by market capitalisation and had a 34% concentration in the Financial and Resource sectors at 30 June 2021.

### Investment Strategy

The Company’s investment strategy is to create a diversified and balanced portfolio of ASX-listed securities outside the S&P/ASX20 Index, aiming to capitalise on IML’s disciplined investment approach and intensive research process. When assessing investment opportunities, IML’s team of highly-experienced analysts undertakes a comprehensive ‘bottom-up’ approach to identifying, researching and valuing companies. IML’s approach to identifying opportunities for the portfolio is systematic and disciplined, and focuses on finding those entities that meet IML’s investment criteria, and then determining an appropriate valuation for those entities. This is the same approach that IML has applied successfully for over 23 years.

In addition to long-term capital growth, IML is focused on long-term income growth for the portfolio, seeking investment opportunities that pay sustainable and growing dividends with attractive franking credits, with the portfolio being diversified across both industries and individual securities.

## A letter from the Chairman, Peter McKillop

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Dear Shareholders,

Financial year 2021 was a strong one for investors, with many sharemarkets around the world reaching record highs. Investor confidence was supported by the reopening of many economies as COVID-19 vaccines were made widely available in most developed economies.

The Australian sharemarket, as measured by the S&P/ASX300 Index, was no exception, delivering its best financial year return in over three decades. In Australia, the emergency fiscal stimulus introduced by the Federal Government in response to the first COVID-19 lockdowns was extended through to March 2021 and the Reserve Bank of Australia cut the cash rate to 0.1% and introduced its own asset purchasing program.

The Company's portfolio return to shareholders for the year ended 30 June 2021 was 23.4% compared to the portfolio's benchmark (ASX300 ex-20 Accumulation Index) return of 24.9%. This was a strong result for the portfolio, although relative performance was affected by the Manager's caution towards highly-valued and cyclical sectors such as Technology and Resources. The Manager considers many companies in these sectors to have higher risks in the current environment.

### Financial Results

The Company earned a net after-tax profit of \$5.6 million for the year ended 30 June 2021, down 46.2% from the prior financial year. On an earnings per share basis, the FY2021 result equates to after-tax earnings of 2.26 cents per share. This reduction in profit was due primarily to the impact COVID-19 and the associated lockdowns had on a number of the companies in the portfolio, as many of these companies reduced their dividends.

### Dividends

In an environment where interest rates are at record lows and where many investors are in need of regular income the Board adopted a policy, in October 2020, of paying dividends on a quarterly basis.

A final fully-franked dividend for the 2021 financial year of 1.1 cents per share will be paid on 3 September 2021 (the ex-dividend date for the final dividend will be 16 August 2021). In addition, fully-franked interim dividends of 1.1 cents per share were paid for the September 2020, December 2020 and March 2021 quarters. This takes total dividends per share to 4.4 cents for financial year 2021, in line with the prior year.

### On Market Buyback

The Board and IML are focused on building long-term value and income for shareholders and addressing the issue of the Company's shares trading at a discount to net tangible assets (NTA). An on-market share buyback has been in place since September 2019 and during the year was extended to September 2022. Apart from supporting the Company's share price, the main advantage of the buyback is that the shares are being purchased at a discount to NTA and cancelled, thereby increasing the NTA per share for remaining shareholders.

Since the buyback commenced, the Company has purchased 36.3 million shares at a cost of \$31.9 million to 17 August 2021.

### Annual General Meeting

Shareholders are invited to attend the Annual General Meeting (AGM) on **Wednesday 27 October 2021 at 4.00pm** (AEDT). Following the AGM, Investors Mutual will provide an update for shareholders on the Company's portfolio. It is intended that the AGM will be conducted in-person in Sydney, subject to government advice regarding corporate events.

Shareholders will receive further information about the AGM in September.



## Shareholder Communication

I trust you continue to find our regular communication informative and engaging. This information is delivered through a variety of formats:

- Weekly Net Tangible Assets (NTA) reports
- Monthly investment commentary
- Regular investment videos
- Portfolio Updates and Investment Insights from the Manager
- Annual shareholder briefings in major cities
- Regular webinars

I encourage you to subscribe to receive these updates and invitations through the Company's website [www.qvequities.com](http://www.qvequities.com).

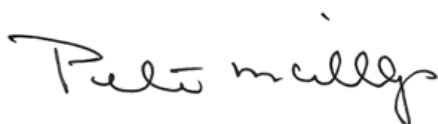
Your Board continues to believe that a carefully selected holding of ex-20 stocks, managed by Investors Mutual Limited, will provide you with reliable income and long-term capital growth.

The Manager remains disciplined and true to label, and as always seeks to invest in good quality companies, underpinned by reasonable valuations, with upside potential, sustainable earnings from a diverse range of sectors, and paying consistent levels of franked dividends.

I look forward to discussing the results presented in this Annual Report further at the Annual General Meeting on 27 October.

Thank you for your continuing support of QVE.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter McKillop', with a stylized, cursive script.

**Peter McKillop, Chairman**

18 August 2021

## Investment Manager's Report

Investors Mutual Limited ('IML') is pleased to deliver its investment report for QV Equities Limited ('QVE') for the financial year ended 30 June 2021.

Over the course of financial year 2021, global sharemarkets experienced one of the best 12-month periods on record to close at or near record highs. From COVID-19-induced lows in March 2020, unprecedented government and central bank stimulus together with ongoing record low interest rates and investor exuberance served to support economic growth and sharemarkets, with many companies' share prices recovering strongly over FY2021.

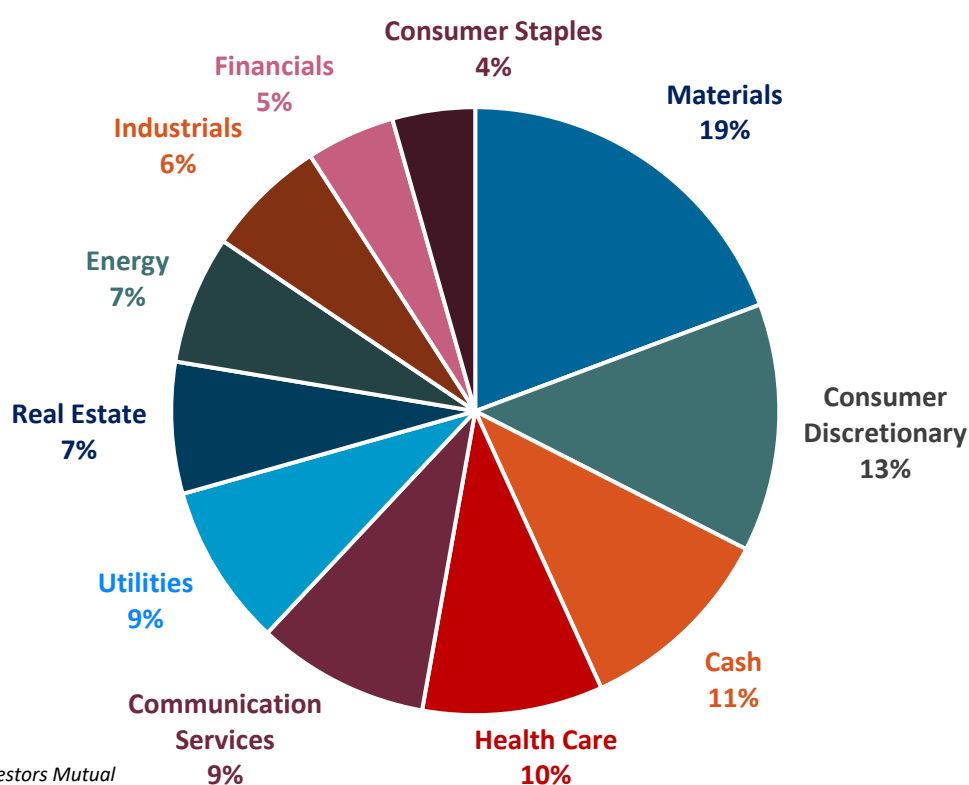
In such a setting, we remained disciplined and prudent in managing the QVE portfolio of stocks outside the ASX top 20. IML maintains strict adherence to the investment mantra which has defined its approach to investing through all market cycles for the past 23 years. IML looks to invest in well-established companies which possess the following clear quality characteristics:

- a competitive advantage over their peers;
- a recurring earnings stream;
- a capable management team;
- the ability to grow earnings and dividends over time; and
- an attractive entry price.

The Company's portfolio at 30 June 2021 was made up of 49 listed securities spread across various ASX sectors. The Company's top holdings included well-known companies such as Amcor and Tabcorp as well as other good quality companies such as Sonic Healthcare, Pact Group and AusNet.

### Portfolio Allocation at 30 June 2021

#### PORTFOLIO ALLOCATION AS AT 30 June 2021



Source: Investors Mutual

Key Equity Investments	Principal activity	Holding weight*
Crown Resorts	Australian-based casino owner and operator	4.96%
Pact Group	Rigid plastics packaging, contract manufacturing and pallet pooling company	4.90%
Amcor	Global packaging company	4.86%
Tabcorp	Wagering and lotteries company	4.71%
Aurizon	Australian rail company	4.17%
AusNet	Owner of electricity distribution and transmission assets	4.11%
Orica	Global manufacturer of commercial grade explosives and chemicals	3.77%
Sonic Healthcare	Global pathology company	3.65%
Ampol	Importer, retailer and refiner of petroleum products	3.60%
Southern Cross Media	Radio and television operator	2.77%
Origin Energy	Australian energy retailer	2.39%
Coles	Australian supermarket retailer	2.35%
HomeCo	Australian-owned property group	2.28%
SkyCity Entertainment	New Zealand/Australian casino operator	2.15%
Spark Infrastructure	Owner of electricity and transmission assets	2.13%
Nine Entertainment	Media company with holdings in radio, TV broadcasting, newspaper publications and digital media	2.09%
Pro-Pac Packaging	Packaging and distribution company	2.01%
Incitec Pivot	Manufacturer and distributor of industrial chemicals, fertilisers and explosives	1.98%
Virgin Money UK	UK retail bank	1.98%
Mayne Pharma	Pharmaceutical company	1.94%

\*Holding weight as at 30 June 2021

**The complete portfolio is shown on page 53-54 of this financial report.**

### Portfolio Performance

The QVE portfolio returned 23.4% before tax and after fees for the 12 months to 30 June 2021, compared to the benchmark ASX300 ex-20 Index's return of 24.9%.

This was a strong result for the QVE portfolio, particularly given that the benchmark's return was driven primarily by rallies in the more speculative or cyclical sectors such as Technology and Resources. Many companies in these sectors have highly volatile earnings and business models which are unproven and we remain comfortable with the portfolio's lower weighting to these sectors.

The portfolio benefited over the year from its exposure to holdings such as **Virgin UK**, **Pact Group**, **Tabcorp**, **Hipages** and **Home Consortium**, which all performed strongly. The share prices of media companies **Nine Entertainment** and **oOh!media** also improved as advertising spend recovered from the falls seen around the COVID-19 lockdowns. There were a few disappointing performers over the year including **Ampol**, **Orica** and **Aurizon**. These companies' earnings were affected by the impact of COVID-19 on underlying volumes and demand. However, we believe the potential remains for each of these companies to generate good cashflows and returns as conditions continue to normalise in future.

**Tabcorp** was a good performer in FY2021, gaining +58% over the year. Tabcorp is the leading wagering and lotteries operator in the country, with a well-established 'brick and mortar' offering complemented by a strongly growing digital offering. In the early stages of COVID-19 lockdowns, Tabcorp's shares were sold off as the company faced forced closure of its retail betting shops and gaming services operations. As a result, concerns around the risk of a breach of debt covenants saw Tabcorp improve its balance sheet with a capital

raising. At the same time, trading in the digital parts of the business, particularly lotteries, remained very strong. In the second half of FY2021, several strategic bidders expressed interest in acquiring the company's wagering business, which drove a strong share price recovery. The company has subsequently announced a demerger of its lotteries and Keno business which should unlock significant value for shareholders.

**Home Consortium**, a developer and manager of hyper-convenience retail and service centres, performed strongly for QVE, up +130% in FY2021. Underlying earnings remained resilient through the peak of COVID-19, highlighting the asset and tenant quality of the company's portfolio of assets, which are focused on daily needs, leisure and lifestyle and healthcare. Future earnings and asset valuations were also augmented by multiple, accretive acquisitions over the period. Highlighting management strength and the deep relationships they have in the market, many of these transactions were executed off-market and for lower prices than comparable on-market transactions. During FY2021, the company commenced its path toward an asset-light management model with the successful listing of the HomeCo Daily Needs REIT in November 2020.

Another very strong performer for QVE was **Virgin Money UK**, which moved +120% higher over FY2021. Virgin Money UK is a UK-based bank providing services under the Clydesdale Bank, Yorkshire Bank and Virgin Money brands. In line with the UK banking sector, Virgin Money UK shares fell on fears of the potentially negative effects COVID-19 was estimated to have on the UK economy. Since then, government support measures, a relatively successful vaccination program and an improvement in UK macro conditions have led to a broad re-rating of the UK banking sector. Virgin Money UK has benefited from this, with the valuation gap to domestic UK peers also closing to better reflect Virgin Money UK's relatively high-quality lending book, higher provisioning relative to other UK banks, greater scope for self-help initiatives and excess capital position.

Regarding **Ampol**, **Orica** and **Aurizon**, we continue to follow these companies closely. While their share price performances and contributions to the QVE portfolio to date have been below expectations, we continue to hold these companies. We are of the view that their share prices will recover over the medium term as the impact of factors such as COVID-19 on volume demand and prices abate and these companies' earnings recover. We believe that these companies' share prices currently significantly underestimate the improvement that we will see in the medium to longer term.

An increasing theme over the second half of the financial year was an upsurge in corporate activity, with a number of ASX-listed companies receiving takeover approaches. This has occurred because record low interest rates has made borrowing costs for companies very attractive, as well as increased confidence in the outlook for Australia's economy, combined with the low valuations of certain ASX-listed companies.

Accordingly, it was not surprising to IML that QVE's holdings in **Australian Pharmaceutical Industries**, **Crown Resorts** and **Spark Infrastructure** all received takeover approaches in recent months. Over IML's history we have often held companies which have received takeover bids and we see it as an important part of our role to extract full value in these situations. This occurs when we identify an opportunity or see value where the market does not. All of these companies own strategic assets, the full values of which were not reflected in the share prices, creating the opportunity for a corporate to seek to acquire these companies.

Many other companies in the QVE portfolio could similarly be recipients of takeover approaches as many of these companies are significantly undervalued. **Mayne Pharma**, **Z Energy**, **Southern Cross Media** and **A2B** have been long-term holdings of QVE which have been affected by COVID-19 and whose long-term potential is not being reflected in these companies' current share prices. We believe the market is not reflecting the improved outlook for these companies and the changes that have occurred in the nature of their operations. For example, Mayne Pharma has recently launched its ground-breaking oral contraceptive product Nextstellis in the USA, the first entirely new such product in this segment in over 20 years. The substantial earnings potential for this product is not reflected in the current share price, with Metrics, the company's Contract Drug Development and Manufacturing division, continuing to do well, and the company transitioning away from its traditional generics operation.

A2B is a business which saw its operations heavily affected by the lockdowns, with the company's taxi operations operating at significantly reduced levels. However, the current market valuation of A2B is mostly

supported by the property held on its balance sheet, meaning there is very limited value attributed in the current share price for the company's substantial taxi operations (which generated \$36 million EBITDA in FY19) and A2B's suite of technology products, which have been very successful in allowing the taxi industry locally to compete effectively with ride-share providers.

## Outlook

Sharemarkets around the world, including Australia's, remain well-supported as economic growth continues to rebound from COVID lows and central banks continue to hold interest rates at record low levels. The Australian sharemarket is now trading at record levels and as such we continue to steer away from some of the riskier parts of the sharemarket and remain focused on good quality companies which are well-managed, where valuations remain reasonable and which we firmly believe can do well over the next 3 - 5 years.

We remain focused on investing in reasonably valued companies which can grow their long-term earnings through their own initiatives rather than relying on strong economic growth. These initiatives include companies capable of making accretive bolt-on acquisitions, such as **Sonic Healthcare**; companies growing market share, such as **Integral Diagnostics**; companies restructuring their businesses, such as **Ampol**; companies that are on track for revenue growth, such as **AusNet**; or companies that are actively taking substantial costs out of their operations, such as **Pro-Pac Packaging**.

Although market conditions in recent years have not favoured IML's rational, value style, our focus on the fundamental value and quality of companies in this way has enabled us to deliver reliable income and long-term capital growth to our investors over IML's 23 years of existence, while achieving returns which are more consistent and less volatile than the overall sharemarket.

It remains a privilege, that we do not take for granted, to apply IML's quality and value investment philosophy and approach to investing to the QVE portfolio for another year. We believe that a good quality portfolio of well-established companies in the ex-20 sector of the market will yield regular income and solid returns in the future as well as offering investors the opportunity to diversify their exposure away from the ASX top 20 stocks.

We hope to meet as many of you as possible at our Annual General Meeting in October, health conditions and government regulations permitting.

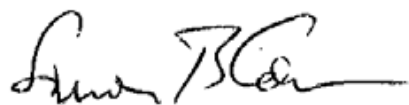
Thank you for your continued support.



Anton Tagliaferro

Investment Director - Investors Mutual Limited

18 August 2021



Simon Conn

Senior Portfolio Manager - Investors Mutual Limited

## Directors' Report

The Directors present their report together with the financial report of QV Equities Limited ("the Company") for the year ended 30 June 2021.

### Directors

The following persons were Directors of the Company from their appointment date and up to the date of this report:

Name	Position	Appointment date
Peter McKillop	Independent Director (Chairman)	17 April 2014
Jennifer Horrigan	Independent Director	26 April 2016
Eamonn Roles	Independent Director	30 August 2019
Anton Tagliaferro	Non-independent Director	30 April 2014
Simon Conn	Non-independent Director	14 June 2016

### Principal activities

The principal activity of the Company is making investments in a diversified portfolio of entities listed on the Australian Securities Exchange which are not included in the S&P/ASX 20 Index. The primary objective is to provide both long term capital growth and income. No change in this activity took place during the year or is likely in the future.

### Dividends

Dividends paid to shareholders were as follows:

2021	Dividend per share	Total amount	Date of payment	% Franked
Ordinary shares – interim 2021	1.1 cents	\$2,668,716	4/06/2021	100%
Ordinary shares – interim 2021	1.1 cents	\$2,697,591	5/03/2021	100%
Ordinary shares – interim 2021	1.1 cents	\$2,741,593	4/12/2020	100%
Ordinary shares – final 2020	2.2 cents	\$5,689,883	18/9/2020	100%
2020				
Ordinary shares – interim 2020	2.2 cents	\$5,956,380	17/03/2020	100%
Ordinary shares – final 2019	2.2 cents	\$6,079,577	20/09/2019	100%

Since year end, the Directors have declared a final fully franked dividend of 1.1 cents per fully paid ordinary share to be paid on 3 September 2021.

### Review of operations

Our Investment Manager ("the Manager"), Investors Mutual Limited ("IML") has patiently built a portfolio of quality ex 20 shares which IML believe are well placed to deliver the Company's objectives of long term capital growth and consistent income.

## Directors' Report (continued)

### Review of operations (continued)

Listed below is the Company's performance for the past 6 and 12 months:

Performance	Increase in QVE's NTA	Benchmark return
1 July 2020 to 30 June 2021	+16.4% post-tax   +23.4% pre-tax	+24.9%
1 January 2021 to 30 June 2021	+7.0% post-tax   +9.8% pre-tax	+8.9%

Note: these figures are calculated net of IML's management fee.

Investment operations for the year ended 30 June 2021 resulted in an operating profit before tax of \$6,606,332 (2020: \$11,899,749) and an operating profit after tax of \$5,633,706 (2020: \$10,478,231).

Net Tangible Assets (NTA) for each ordinary share as at 30 June 2021 (calculated on market value before applicable taxes and before provision for dividends) amounted to \$1.09 (2020: \$0.94) per share. NTA after provision for tax and before provision for dividends was \$1.08 (2020: \$0.98) per share.

The increase in the NTA during the financial year was primarily driven by an increase in the portfolio valuations with markets recovering from the COVID-19 induced lows.

Further information on the operating and financial review of the Company is contained in the Chairman's letter on pages 3 to 4 of the Annual Report.

### Financial position

The net asset value of the Company at 30 June 2021 was \$263,369,217 (2020: \$260,389,742).

### Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company during the year ended 30 June 2021.

### Matters subsequent to the end of the year

Since the end of the financial year, the Directors declared a fully franked final dividend of 1.1 cents per fully paid ordinary share payable on 3 September 2021. The Company bought back 2,033,355 shares for \$1,990,953 since 30 June 2021.

Subsequent to 30 June 2021 to the date of this report there has been no other events specific to the Company of which the Directors are aware which has had a material effect on the Company or its financial position.

### Likely developments and expected results of operations

The Company will continue to pursue its primary objective of providing long term capital growth and income through a diversified portfolio of the ASX listed entities outside of the S&P/ASX 20 index.

The outlook for corporate earnings remains uncertain with the ongoing presence of COVID-19 and the continued government policy and regulation changes to manage the pandemic.

Further information on the Company's business strategies and results is contained in the Investment Manager's Report on pages 5 to 8 of the Annual Report.

## Directors' Report (continued)

### Environmental regulation

The Company is not affected by any significant environmental regulation in respect of its operations.

To the extent that any environmental regulation may have an incidental impact on the Company's operations, the Directors of the Company are not aware of any breach by the Company of those regulations.

### Information on Directors

#### **Peter McKillop**

*Independent Director, Chairman*

#### ***Experience and expertise***

Peter McKillop has over 30 years' experience in the funds management, financial planning and superannuation industry. Peter was Managing Director of State Super Financial Services from 1990 until his retirement in 2011. During his time with State Super Financial Services, Peter was responsible for the overall management of the Company's activities, including compliance with all legislative requirements and ensuring that the product range remained appropriate to clients needs.

Prior to joining State Super Financial Services, Peter was the Group Manager Investment Services at Perpetual Funds Management Limited (Perpetual) where he engineered the launch of Perpetual's in-house funds into the retail area in 1987, including Perpetual's highly successful Industrial Share Fund.

Peter is a Fellow of the Chartered Accountants Australia & New Zealand and holds a Bachelor of Economics from the University of Sydney.

Peter was appointed as the Chairman of the Board on 14 June 2016.

#### ***Other current directorships***

Peter McKillop does not hold other directorships of listed companies.

#### ***Former directorships in last 3 years***

Peter McKillop has not held any other directorships of listed companies within the last three years.

#### ***Special responsibilities***

Chairman of the Board.

#### ***Interests in shares of the Company***

Details of Peter McKillop's interest in shares of the Company are included later in this report.

#### ***Interests in contracts***

Peter McKillop has no interests in contracts of the Company.



## Directors' Report (continued)

### Information on Directors (continued)

**Jennifer Horrigan**  
*Independent Director*

#### ***Experience and expertise***

Jennifer Horrigan has more than 25 years' experience across investment banking, financial communications, investor relations and strategic communications. She was most recently the Chief Operating Officer in Australia of the independent investment bank Greenhill & Co.

Jennifer holds a Bachelor of Business from the Queensland University of Technology, a Graduate Diploma in Applied Finance from Finsia and a Graduate Diploma in Management from the Australian Graduate School of Management (AGSM).

#### ***Other current directorships***

Jennifer Horrigan is a Director of APN Funds Management, Yarra Funds Management Ltd, APN Industria REIT (ASX: ADI), APN Convenience Retail REIT (ASX:AQR), A2B Australia Limited (ASX:A2B) and Redkite (national children's cancer charity).

#### ***Former directorships in last 3 years***

Jennifer Horrigan was formerly a Director of Generation Healthcare (ASX: GHC) and Breast Cancer Trials.

#### ***Special responsibilities***

Chair of the Audit and Risk Committee.

#### ***Interests in shares of the Company***

Details of Jennifer Horrigan's interest in shares of the Company are included later in this report.

#### ***Interests in contracts***

Jennifer Horrigan has no interests in contracts of the Company.

**Eamonn Roles**  
*Independent Director*

#### ***Experience and expertise***

Eamonn Roles has over 25 years' experience in the funds management and financial advisory industries incorporating Product Development & Management, Marketing, Strategy and Business Planning, and Operations. He commenced his career at PricewaterhouseCoopers in Ireland before joining the Australian firm.

Eamonn is a Chartered Accountant and holds a Graduate Diploma in Applied Finance from Finsia.

#### ***Other current directorships***

Eamonn Roles does not hold other directorships of listed companies.

#### ***Former directorships in last 3 years***

Eamonn Roles has not held any other directorships of listed companies.

#### ***Special Responsibilities***

Eamonn Roles is Chairman of the Nominations and Corporate Governance Committee.

## **Directors' Report (continued)**

### **Information on Directors (continued)**

#### ***Interests in shares of the Company***

Details of Eamonn Roles' interest in shares of the Company are included later in this report.

#### ***Interests in contracts***

Eamonn Roles has no interests in contracts of the Company.

#### **Anton Tagliaferro**

*Non-independent Director*

#### ***Experience and expertise***

Anton Tagliaferro has over 30 years' experience in the financial services industry. Anton founded IML in June 1998 and holds the position of Investment Director.

Anton commenced his professional year with Deloitte Haskins and Sells in London, where he gained the status of Chartered Accountant. Anton emigrated to Sydney in 1984 and joined the funds management industry in 1986 when he joined Prudential Assurance. Anton went on to successfully manage Australian equity portfolios for Perpetual, County Natwest Investment Management and BNP Investment Management before he established Investors Mutual as a specialist Australian Equities Manager in 1998 where he has been the Investment Director for the last 23 years.

Anton holds a Bachelor of Arts (Honours) in Accountancy and is a member of the Institute of Chartered Accountants and of the Financial Services Institute of Australasia.

#### ***Other current directorships***

Anton Tagliaferro is a Director and holds equity interests in IML.

#### ***Former directorships in last 3 years***

Anton Tagliaferro has not held any other directorships of listed companies.

#### ***Interests in shares of the Company***

Details of Anton Tagliaferro's interest in shares of the Company are included later in this report.

#### ***Interests in contracts***

Details of Anton Tagliaferro's interest in contracts with the Company are included later in this report.

#### **Simon Conn**

*Non-independent Director*

#### ***Experience and expertise***

Simon Conn has served as part of the Manager's investment team since June 1998 and has over 15 years' experience as a Senior Portfolio Manager in the small cap sector. While employed with the Manager, Simon is responsible for analysing stocks from a wide range of industry sectors which have given him the broad grounding to manage the Manager's small cap portfolios.

In 1992 Simon commenced his career at KPMG as a tax and investment consultant. In 1995 Simon joined the investment division of QBE Insurance Group where he was employed as an analyst across a range of asset classes including equities.

## **Directors' Report (continued)**

### **Information on Directors (continued)**

Simon holds a Bachelor of Economics and Bachelor of Laws from the University of Sydney. Simon is a qualified solicitor and is a Fellow of the Financial Services Institute of Australasia.

Simon was appointed to the Board on 14 June 2016.

### ***Other current directorships***

Simon Conn has not held any other directorships of listed companies.

### ***Former directorships in last 3 years***

Simon Conn has not held any other directorships of listed companies within the last three years.

### ***Interests in shares of the Company***

Details of Simon Conn's interest in shares of the Company are included later in this report.

### ***Interests in contracts***

Details of Simon Conn's interest in contracts with the Company are included later in this report.

### **Zac Azzi**

#### **Company Secretary**

Zac Azzi has over 25 years' financial services experience covering asset management, custody, platform and advice. Zac started his career in corporate accounting at AMP and then St George Bank. In 2003 Zac joined Old Mutual Australia Limited (Skandia) in the role of Head of Finance and Operations, and subsequently Chief Operating Officer (COO), helping establish and manage their Australian operations.

Zac subsequently joined SFG Australia Limited where he helped established their funds management and platform businesses before joining IML in August 2015 where he was appointed as COO and Company Secretary.

Zac holds a Bachelor of Commerce from Macquarie University, a Masters of Business Administration from the Australian Graduate School of Management and is also a Certified Practising Accountant.

## Directors' Report (continued)

### Meeting of Directors

The number of meetings of the Company's Board of Directors and each Board Committee held during the year ended 30 June 2021, and the number of meetings attended by each Director were:

	Meeting of committees					
	Directors' meetings		Audit and Risk		Nominations and Corporate Governance	
	A	B	A	B	A	B
<b>Directors</b>						
Peter McKillop	7	7	5	5	3	3
Jennifer Horrigan	7	7	5	5	3	3
Eamonn Roles	7	7	5	5	3	3
Anton Tagliaferro	7	7	-	-	-	-
Simon Conn	7	7	-	-	-	-

A = Number of meetings attended

B = Number of meetings held during the time the Director held office or was a member of the committee during the year

The Company has not established a Remuneration Committee as it has no paid employees. The services of Zac Azzi (COO and Company Secretary), Anton Tagliaferro (Executive Director) and Simon Conn (Executive Director) are provided to the Company without additional charge as part of the arrangements with IML.

### Remuneration report (audited)

This report details the nature and amount of remuneration for each Director of QV Equities Limited in accordance with the *Corporations Act 2001*.

Fees and payments to Directors reflect the demands that are made on and the responsibilities of the Directors and are reviewed annually by the Board. The Company determines the remuneration levels and ensures they are competitively set to attract and retain qualified and experienced Directors.

Directors' base fees are set at a maximum of \$100,000 per annum. Directors do not receive bonuses nor are they issued options on securities. Directors' fees cover all main Board activities and membership of committees. Under the ASX Listing Rules, the maximum fees paid to Directors may not be increased without the approval from the Company at a general meeting. Directors seek approval from time to time as appropriate.

## Directors' Report (continued)

### Remuneration report (audited) (continued)

#### Company performance

The following table reflects the Company's performance and Directors' remuneration over five years:

<b>Five Year Financial Summary</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Profit after tax (\$m)	5.6	10.5	9.4	11.1	8.5
Basic EPS (cents)	2.26	3.85	3.40	4.05	3.61
Total dividends (cents per share)	4.4	4.4	4.4	5.2	4.0
NTA per share post-tax at 30 June (\$)	1.08	0.98	1.13	1.18	1.16
Share price at 30 June (\$)	0.995	0.795	1.030	1.140	1.329
Total Directors remuneration (\$)	100,000	100,000	100,000	100,000	100,000

As outlined above, Directors' fees are not directly linked to the Company's performance.

#### (a) Details of remuneration

The following table shows details of the remuneration paid and payable by the Company to the Directors for the year ended 30 June 2021 and 30 June 2020.

##### 2021

	<b>Short term employee benefits Directors' fees \$</b>	<b>Post-employment benefits superannuation \$</b>	<b>Total \$</b>
<b>Non-Executive Directors</b>			
Peter McKillop	9,132	30,868	40,000
Jennifer Horrigan	27,366	2,634	30,000
Eamonn Roles	27,366	2,634	30,000
<b>Total key management personnel compensation</b>	<b>63,864</b>	<b>36,136</b>	<b>100,000</b>

##### 2020

	<b>Short term employee benefits Directors' fees \$</b>	<b>Post-employment benefits superannuation \$</b>	<b>Total \$</b>
<b>Non-Executive Directors</b>			
Peter McKillop	27,397	12,603	40,000
Jennifer Horrigan	27,397	2,603	30,000
John McBain	4,566	434	5,000
Eamonn Roles	22,831	2,169	25,000
<b>Total key management personnel compensation</b>	<b>82,191</b>	<b>17,809</b>	<b>100,000</b>

Directors receive a superannuation guarantee contribution required by the government, which was 9.5% of individual benefits for financial year 2021 and did not receive any other retirement benefits. Directors may also elect to salary sacrifice their fees into superannuation.

## Directors' Report (continued)

### Remuneration report (audited) (continued)

#### (b) Director related entity remuneration

All transactions with related entities were made on normal commercial terms and conditions.

Anton Tagliaferro is a Director and holds an equity interests in IML, the entity appointed to manage the investment portfolio of QV Equities Limited. In its capacity as the Manager, IML was paid a management fee of 0.90% p.a. (plus GST) of the portfolio net asset value on the first \$150 million and then 0.75% p.a. (plus GST) thereafter, amounting to \$2,297,676 (2020: \$2,611,265) inclusive of GST. The amount expensed in the Statement of Comprehensive Income after allowing for the reduced input tax credit was \$2,141,016 (2020: \$2,433,224). As at 30 June 2021, the balance payable to the Manager was \$185,890 (2020: \$188,491).

Simon Conn is a Portfolio Manager of the Manager, and he holds equity interests in the Manager.

No other Directors have received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related Company with the Director or with a firm of which he is a member or with a Company in which he has substantial financial interest.

Directors' fees are not directly linked to the Company's performance. Further details of the Company's performance are detailed in the Chairman's Letter and Investment Manager's Report.

#### (c) Remuneration of Executives

There are no payments made to the Executives by the Company. IML remunerated Anton Tagliaferro, Simon Conn and Zac Azzi as employees of the Manager during the financial year. The Manager is appointed to provide the day to day management of the Company and is remunerated as outlined above.

#### (d) Equity instrument disclosures relating to Directors

As at 30 June 2021, the Company's Directors and their related parties held the following interests in the Company:

##### *Ordinary shares held*

2021

Directors	Balance as at 30 June 2020	Acquisitions	Disposals	Balance as at 30 June 2021**
Peter McKillop	504,560	32,500	-	537,060
Jennifer Horrigan	29,200	-	-	29,200
Eamonn Roles	100,000	55,000	-	155,000
Anton Tagliaferro	6,050,000	2,000,000	-	8,050,000
Simon Conn	230,000	170,000	-	400,000
	6,913,760	2,257,500	-	9,171,260

## Directors' Report (continued)

### Remuneration report (audited) (continued)

#### (d) Equity instrument disclosures relating to Directors (continued)

2020

Directors	Balance as at 30 June 2019	Acquisitions	Disposals	Balance as at 30 June 2020
Peter McKillop	435,895	68,665	-	504,560
Jennifer Horrigan	-	29,200	-	29,200
John McBain*	224,142	-	-	n/a
Eamonn Roles	-	100,000	-	100,000
Anton Tagliaferro	5,050,000	1,000,000	-	6,050,000
Simon Conn	150,000	80,000	-	230,000
	<u>5,860,037</u>	<u>1,277,865</u>	<u>-</u>	<u>6,913,760</u>

\*John McBain resigned from the Company effective 30 August 2019 and his shareholding balance as at 30 June 2020 is not included.

\*\* The Directors' shareholding balances as at 30 June 2021 were the same at the date of the report except for Anton Tagliaferro who held 8,100,000 shares at the date of this report.

Directors and Director-related entities acquired ordinary shares in the Company on the same terms and conditions available to other shareholders.

#### **End of Remuneration Report**

#### **Insurance and indemnification of Officers and Auditors**

During the financial year, the Company paid a premium in respect of a contract to insure the Directors of the Company, the Company Secretary and any related body corporate against liability incurred as such by a Director or Secretary to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid during or since the end of the financial year, for any person who is or has been an auditor of the Company.

#### **Proceedings on behalf of the Company**

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

## Directors' Report (continued)

### Non-audit services

The Board of Directors, in accordance with the advice from the Audit Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 20 did not compromise the external auditor's independence for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)*.

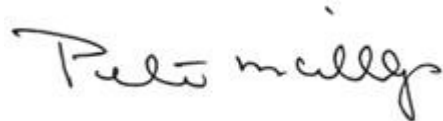
### Rounding of amounts

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/ Directors' Report) Instrument 2016/191*, issued by the Australian Securities and Investment Commission, relating to 'rounding off'. Amounts in this report have been rounded off in accordance with that Corporation Instrument to the nearest dollar unless otherwise stated.

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 20.

This report is made in accordance with a resolution of the Board of Directors.



**Peter McKillop, Chairman**

**18 August 2021**



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**Auditor's Independence Declaration  
To the Directors of QV Equities Limited  
ABN 64 169 154 858**

In relation to the independent audit of QV Equities Limited for the year ended 30 June 2021,  
I declare that to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor's independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.



**C I Chandran**  
Partner

**Pitcher Partners**  
Sydney

18 August 2021

**QV Equities Limited**  
**Statement of Comprehensive Income**  
**For the year ended 30 June 2021**

**Statement of Comprehensive Income**

	30 June 2021	30 June 2020
Notes	\$	\$
<b>Investment income</b>		
Dividend/distribution income	6,548,716	11,185,636
Interest income	147,613	500,649
Realised gains on options and futures	2,702,658	3,086,218
Unrealised (losses)/gains on options	(123,261)	121,523
Other income	84,070	41,375
<b>Net investment income</b>	<u>9,359,796</u>	<u>14,935,401</u>
<b>Expenses</b>		
Management fees	2,141,016	2,433,224
Directors' fees	100,000	100,000
ASX fees	72,370	78,496
Registry fees	75,889	70,097
Insurance fees	261,701	178,001
Other expenses	102,488	175,834
<b>Total expenses</b>	<u>2,753,464</u>	<u>3,035,652</u>
<b>Profit before income tax</b>	<u>6,606,332</u>	<u>11,899,749</u>
Income tax expense	5 <u>972,626</u>	<u>1,421,518</u>
<b>Profit after income tax</b>	<u>5,633,706</u>	<u>10,478,231</u>
<b>Other comprehensive income</b>		
<b>Items that will not be recycled to profit and loss</b>		
Movement in fair value of long term equity investments, net of tax	30,154,715	(39,203,368)
<b>Items that will be recycled to profit and loss</b>		
Movement in fair value of floating rate notes, net of tax	<u>22,801</u>	<u>(172,735)</u>
<b>Other comprehensive income, net of tax</b>	<u>30,177,516</u>	<u>(39,376,103)</u>
<b>Total comprehensive income/(loss) for the year, net of tax</b>	<u>35,811,222</u>	<u>(28,897,872)</u>
<b>Earnings per share</b>		
Basic and diluted earnings per share (cents per share)	13 <b>2.26</b>	3.85

*The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.*

**QV Equities Limited**  
**Statement of Financial Position**  
**As at 30 June 2021**

**Statement of Financial Position**

		<b>30 June 2021</b>	30 June 2020
	Notes	\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	<b>19,027,433</b>	31,204,620
Receivables	7	<b>954,841</b>	453,501
Prepayments		<b>152,513</b>	90,568
<b>Total current assets</b>		<b><u>20,134,787</u></b>	<u>31,748,689</u>
<b>Non-current assets</b>			
Long term investments	8	<b>246,182,122</b>	220,112,578
Deferred tax assets	5	<b>4,202,090</b>	12,765,887
<b>Total non-current assets</b>		<b><u>250,384,212</u></b>	<u>232,878,465</u>
<b>Total assets</b>		<b><u>270,518,999</u></b>	<u>264,627,154</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade creditors and other payables	10	<b>1,144,653</b>	1,805,457
Current tax liabilities	5	<b>4,856,094</b>	939,610
Financial liabilities at fair value	9	<b>1,149,035</b>	1,492,345
<b>Total current liabilities</b>		<b><u>7,149,782</u></b>	<u>4,237,412</u>
<b>Total liabilities</b>		<b><u>7,149,782</u></b>	<u>4,237,412</u>
<b>Net assets</b>		<b><u>263,369,217</u></b>	<u>260,389,742</u>
<b>Equity</b>			
Issued capital	11	<b>253,069,464</b>	272,103,428
Asset revaluation reserve		<b>(9,730,977)</b>	(29,628,264)
Capital profits reserve	12	<b>17,094,620</b>	13,392,726
Profits reserve		<b>2,936,110</b>	4,521,852
<b>Total equity</b>		<b><u>263,369,217</u></b>	<u>260,389,742</u>

*The Statement of Financial Position should be read in conjunction with the accompanying notes.*

QV Equities Limited  
Statement of Changes in Equity  
For the year ended 30 June 2021

**Statement of Changes in Equity**

	Notes	Issued capital \$	Asset revaluation reserve \$	Capital profits reserve \$	Profits reserve \$	Retained profits \$	Total \$
<b>Balance at 1 July 2020</b>		<u>272,103,428</u>	<u>(29,628,264)</u>	<u>13,392,726</u>	<u>4,521,852</u>	<u>-</u>	<u>260,389,742</u>
Profit for the year		-	-	-	-	5,633,706	5,633,706
<b>Other comprehensive Income:</b>							
Net revaluation of investments		-	30,177,516	-	-	-	30,177,516
<b>Total comprehensive Income for the year</b>		-	30,177,516	-	-	5,633,706	35,811,222
<b>Transactions with equity holders in their capacity as owners:</b>							
Dividends provided for or paid	14	-	-	(6,578,335)	(7,219,448)	-	(13,797,783)
Share buyback - redemption	11	(19,033,964)	-	-	-	-	(19,033,964)
<b>Other</b>							
Realised profits/(losses) on sale of investments transferred to capital profits reserve	12	-	(10,280,229)	10,280,229	-	-	-
Transfer to profits reserve		-	-	-	5,633,706	(5,633,706)	-
<b>Balance at 30 June 2021</b>		<u>253,069,464</u>	<u>(9,730,977)</u>	<u>17,094,620</u>	<u>2,936,110</u>	<u>-</u>	<u>263,369,217</u>

*The Statement of Changes in Equity should be read in conjunction with the accompanying note.*

**QV Equities Limited**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2021**  
**(continued)**

**Statement of Changes in Equity (continued)**

	Notes	Issued capital \$	Asset revaluation reserve \$	Capital profits reserve \$	Profits reserve \$	Retained profits \$	Total \$
Balance at 1 July 2019		282,529,624	9,189,720	15,019,704	5,010,719	-	311,749,767
Profit for the year		-	-	-	-	10,478,231	10,478,231
Other comprehensive income:							
Net revaluation of investments		-	(39,376,103)	-	-	-	(39,376,103)
Total comprehensive income for the year		-	(39,376,103)	-	-	10,478,231	(28,897,872)
Transactions with equity holders in their capacity as owners:							
Shares issued from dividend reinvestment plan	11	365,149	-	-	-	-	365,149
Dividends provided for or paid	14	-	-	(1,068,859)	(10,967,098)	-	(12,035,957)
Share buyback - redemption	11	(10,791,345)	-	-	-	-	(10,791,345)
Other							
Realised profits/(losses) on sale of investments transferred to capital profits reserve	12	-	558,119	(558,119)	-	-	-
Transfer to profits reserve		-	-	-	10,478,231	(10,478,231)	-
Balance at 30 June 2020		272,103,428	(29,628,264)	13,392,726	4,521,852	-	260,389,742

*The Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

**QV Equities Limited**  
**Statement of Cash Flow**  
**For the year ended 30 June 2021**

**Statement of Cash Flow**

	30 June 2021	30 June 2020
Notes	\$	\$
<b>Cash flows from operating activities</b>		
Dividends/distributions received	6,506,141	11,425,521
Interest received	147,729	520,474
Net realised gains on exchange traded options	2,241,290	2,864,451
Payments for other expenses	(2,848,071)	(3,101,464)
Other income	97,448	41,375
Income tax paid	(1,499,483)	(2,174,792)
<b>Net cash inflow from operating activities</b>	6 <u>4,645,054</u>	<u>9,575,565</u>
<b>Cash flows from investing activities</b>		
Payments for investments	(68,126,016)	(80,360,574)
Proceeds from sale of investments	84,596,052	83,920,962
<b>Net cash inflow from investing activities</b>	<u>16,470,036</u>	<u>3,560,388</u>
<b>Cash flows from financing activities</b>		
Dividends paid	(13,797,783)	(11,670,808)
Payments for share buyback	(19,494,494)	(10,330,815)
<b>Net cash outflow from financing activities</b>	<u>(33,292,277)</u>	<u>(22,001,623)</u>
<b>Net decrease in cash and cash equivalents</b>	(12,177,187)	(8,865,670)
Cash and cash equivalents held at beginning of the year	31,204,620	40,070,290
<b>Cash and cash equivalents at the end of the year</b>	6 <u>19,027,433</u>	<u>31,204,620</u>
<b>Non-cash transactions:</b>		
Shares issued via dividend reinvestment plan	-	365,149

*The above Statement of Cash Flow should be read in conjunction with the accompanying notes.*

## **1 General information**

QV Equities Limited ("the Company") is a listed investment company domiciled in Australia. The Company was established with the primary objective of providing long term capital growth and income, through a diversified portfolio of the ASX listed entities outside of the S&P/ASX 20 Index. The portfolio is managed by Investors Mutual Limited.

The Company was registered with the Australian Securities Commission (ASIC) on 17 April 2014 and commenced operations on 22 August 2014.

The financial statements were authorised for issue by the Board on 18 August 2021.

## **2 Summary of significant accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below. The annual financial statements are for the entity QV Equities Limited.

### **(a) Basis of preparation**

These general purpose annual financial statements for the year ended 30 June 2021 have been prepared in accordance with the Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. The Company is a for-profit entity for financial reporting purposes under the Australian Accounting Standards.

#### *(i) Compliance with IFRS*

The financial statements of the Company also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### *(ii) New accounting standards and Interpretations*

There are no new standards or interpretations applicable that would have a material impact for the Company.

#### *(iii) Standards issued but not yet effective*

There are no other standards that have been issued but not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### **(b) Investments**

#### *(i) Recognition and initial measurement*

Long term equity investments and investments held for sale are recognised initially at cost. Financial liabilities are recognised initially at cost.

## 2 Summary of significant accounting policies (continued)

### (b) Investments (continued)

#### *(ii) Classification and subsequent measurement*

The Company classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the investments.

For long term equity securities, the cash flows do not represent solely payments of principal and interest and they are not held for trading. Therefore, the Company has made an irrevocable election to present fair value movements on these securities in other comprehensive income which accumulates in the asset revaluation reserve. On derecognition the cumulative gain /loss on these securities are transferred to the capital profits reserve.

For floating rate securities, the contractual cash flows are solely payments of principal and interest and the business model objective is achieved by both collecting contractual cash flows and selling these financial assets. Therefore, the Company mandatorily presents these securities in other comprehensive income which accumulates in the asset revaluation reserve. On derecognition the cumulative gain/loss on these securities are recycled to the profit or loss.

The Company holds call options which are derivative financial instruments classified as financial liabilities at fair value through profit and loss, changes in the fair value of options are recognised in profit or loss for the year.

#### *(iii) Derecognition*

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Realised gains or losses on long term equity investments are transferred from the asset revaluation reserve to the capital profits reserve.

#### *(iv) Valuation*

All investments are classified and measured as being at fair value, please refer to note 4 for more information on the Company's policy for measuring fair value.

### (c) Revenue

#### *(i) Interest income*

Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

#### *(ii) Dividend income*

Dividend income is recognised in the profit or loss on the day on which the relevant investment is first quoted on an "ex-dividend" basis.

### (d) Expenses

All expenses, including management fees, are recognised in the profit and loss on an accruals basis.



## **2 Summary of significant accounting policies (continued)**

### **(e) Income tax**

The income tax expense or benefit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate, adjusted by changes in the deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends to either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### **(f) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), unless GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flows.

### **(g) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk to changes in value.

### **(h) Receivables**

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less expected credit losses.

Receivables may include interest, dividends and trust distributions. Interest, dividends and trust distributions are accrued in accordance with the policy note set out in note 2(c).

## 2 Summary of significant accounting policies (continued)

### (h) Receivables and unsettled sale of Shares (continued)

All receivables, unless otherwise stated are non interest bearing, unsecured and generally received in 30 days of being recorded as a receivable.

### (i) Trade creditors and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the reporting date which was unpaid. These amounts are unsecured and are usually paid within 30 days of recognition. Purchases of securities and investments that are unsettled at the reporting date are included in payables and are normally settled within 2 business days of trade dates.

### (j) Share capital

Ordinary shares will be classified as equity. Costs directly attributable to the issue of ordinary shares will be recognised as a deduction from equity, net of tax. Shares bought back will be recognised as a reduction to ordinary shares.

### (k) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

It is the Boards' policy that all dividends paid will be franked to the maximum extent possible.

### (l) Earnings per share

#### (i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares.
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and shares bought back during the year.

#### (ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of ordinary shares that would have been outstanding assuming the conversion of options.

## 2 Summary of significant accounting policies (continued)

### (m) Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191*, the amounts in the Directors' report and in the financial report have been rounded to the nearest dollar unless otherwise stated.

### (n) Functional and presentation currency

The functional and presentation currency of the Company is Australian dollars.

### (o) Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements.

Apart from the items mentioned below, there are no key judgements, estimates and assumptions that have a risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year.

#### *Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences only if the Company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

## 3 Financial risk management

The Company's financial instruments consist of deposits with banks, listed and unlisted investments, trade and other receivables and trade and other payables. The main risks the Company is exposed to through its financial instruments are market risk - consisting of interest rate risk and other price risk, credit risk and liquidity risk.

Under delegation from the Board, the Manager is responsible for the daily monitoring and risk assessment of the Company's financial market risk.

### (a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. By its nature, as a listed investment company that invests in tradable securities, the Company will always be subject to market risk as it invests its capital in securities which are not risk free as the market price of these securities can fluctuate.

The Manager seeks to reduce market risk for the Company by diversification of the investment portfolio across numerous stocks and multiple industry sectors. The Manager reviews the relative weightings of the individual securities and market sectors daily.

#### (i) Price risk

The Company is exposed to equities securities price risk. This arises from investments held by the Company and classified in the Statement of Financial Position as long term investments and financial liabilities at fair value.

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (i) Price risk (continued)

The Company seeks to manage and constrain other price risk by diversification of the investment portfolio across multiple stocks and industry sectors. The portfolio is maintained by the Manager within a range of parameters governing the levels of acceptable exposure to stocks and industry sectors. The relative weightings of the individual securities and relevant market sectors are reviewed on a daily basis such that risk can be managed by reducing exposure where necessary.

The Company's industry sector weighting of investments including options as at 30 June 2021 and 30 June 2020 is listed below:

Industry sector	2021 %	2020 %
Financials	4.7	2.3
Materials	19.2	19.7
Health Care	9.7	9.3
Utilities	8.6	8.8
Consumer Discretionary	13.4	12.2
Industrials	6.4	4.9
Energy	6.8	10.3
Listed Property Trusts	7.0	4.5
Communication Services	9.1	6.2
Consumer Staple	4.4	2.8
Information Technology	<u>0.0</u>	<u>1.0</u>
	89.3	82.0
Cash	<u>10.7</u>	<u>18.0</u>
	<u>100.0</u>	<u>100.0</u>

#### **Sensitivity analysis**

A sensitivity analysis relating to price risk was performed on investments held by the Company at the end of the reporting year. The sensitivity assumes all other variables remain constant.

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (i) Price risk (continued)

Investments represent 91% (2020: 82%) of gross assets at year end. The following table illustrates the effect on the Company's equity from possible changes in price risk that were reasonably possible based on the risk the Company was exposed to at reporting date, assuming a flat tax rate of 30% (2020: 30%).

	Impact on Total Comprehensive income	
	2021	2020
	\$	\$
Increase 5%	8,576,158	7,651,708
Decrease 5%	(8,576,158)	(7,651,708)
Increase 10%	17,152,316	15,303,416
Decrease 10%	(17,152,316)	(15,303,416)

##### (ii) Cash flow and fair value interest rate risk

The Company's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

The table below summarises the Company's exposure to interest rate risk. It includes the Company's assets and liabilities at fair value, categorised by the earlier of contractual repricing or maturity dates.

	Floating interest rate	Non-interest bearing	Total
	\$	\$	\$
<b>30 June 2021</b>			
<b>Financial assets</b>			
Cash and cash equivalents	19,027,433	-	19,027,433
Receivables	-	954,841	954,841
Long term investments	3,976,590	242,205,532	246,182,122
	<u>23,004,023</u>	<u>243,160,373</u>	<u>266,164,396</u>
<b>Financial liabilities</b>			
Trade creditors and other payables	-	(1,144,653)	(1,144,653)
Financial liabilities at fair value	-	(1,149,035)	(1,149,035)
	-	<u>(2,293,688)</u>	<u>(2,293,688)</u>
<b>Net exposure to interest rate risk</b>	<u>23,004,023</u>	<u>240,866,685</u>	<u>263,870,708</u>

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

##### (ii) Cash flow and fair value interest rate risk (continued)

	Floating interest rate	Non-interest bearing	Total
	\$	\$	\$
30 June 2020			
<b>Financial assets</b>			
Cash and cash equivalents	31,204,620	-	31,204,620
Receivables	-	453,501	453,501
Long term investments	<u>3,944,200</u>	<u>216,168,378</u>	<u>220,112,578</u>
	<u>35,148,820</u>	<u>216,621,879</u>	<u>251,770,699</u>
<b>Financial liabilities</b>			
Trade creditors and other payables	-	(1,805,457)	(1,805,457)
Financial liabilities at fair value	<u>-</u>	<u>(1,492,345)</u>	<u>(1,492,345)</u>
	<u>-</u>	<u>(3,297,802)</u>	<u>(3,297,802)</u>
Net exposure to interest rate risk	<u>35,148,820</u>	<u>213,324,077</u>	<u>248,472,897</u>

The weighted average interest rate of the Company's interest bearing financial assets at 30 June 2021 is 0.61% (2020: 1.06%).

#### **Sensitivity analysis**

At 30 June 2021, if interest rates had increased/decreased by 75 basis points (2020: 75 basis points) from the year end rates with all other variables held constant, post-tax profit for the year would have been \$127,822 (2020: \$237,150) higher/\$127,822 (2020: \$237,150) lower, mainly as a result of higher/lower interest income from interest bearing financial assets.

#### (b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market prices generally incorporate credit risk assessments into valuations and risk of loss is implicitly provided for in the carrying value of assets and liabilities as they are marked to market at balance date.

The total credit risk for assets is therefore limited to the amount carried in the Statement of Financial Position.

The Manager is responsible for ensuring there is appropriate diversification across counterparties and that they are of a sufficient quality rating. The Manager minimises the Company's concentration of credit risk by undertaking transactions in ASX listed securities with a large number of approved brokers. Payment is only made once a broker has received securities and delivery of securities only occurs once the broker received payment.

### 3 Financial risk management (continued)

#### (b) Credit risk (continued)

##### *Cash*

The majority of the Company's short term deposits are invested with financial institutions that have a Standard and Poor's AA or A1 credit rating. The majority of maturities are within three months.

##### *Receivables*

The majority of the Company's receivables arise from dividends and distributions yet to be received.

None of these assets exposed to credit risk are overdue or considered to be impaired.

#### (c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's cash receipts depend on the level of dividends and interest received and the exercise of options that may be on issue. The Company's cash payments are the purchase of securities, expenses paid and dividends that are paid to shareholders. Payables are due within less than 6 months. In the case of call options, there are no contractual cash flows as if the option is exercised the contract will be settled in the securities over which the option is written.

The Manager monitors the Company's cash flow requirements daily by reference to known purchase and sale of securities, dividends and interest received. Should these decrease by a material amount the Company can alter its cash outflows as appropriate. The Company also holds a portion of its portfolio in cash and term deposits sufficient to ensure that it has cash readily available to meet all payments. Finally, the assets of the Company are largely in the form of tradable securities which can be sold on market if necessary.

The Company is not exposed to material liquidity risk.

### 4 Fair value measurement

The Company measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Long term investments
- Financial liabilities held for trading

#### **Fair value hierarchy**

*AASB 13: Fair value measurement* requires disclosure of fair value measurements by level of the fair value hierarchy:

**Level 1** - measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

**Level 2** - measurements based on inputs other than quoted prices included in level 1 that are observable for the asset or liability; and

**Level 3** - measurements based on unobservable inputs from the asset or liability.

#### 4 Fair value measurement (continued)

(i) *Recurring fair value measurements*

The following table presents the Company's assets measured and recognised at fair value as at 30 June 2021 and 30 June 2020.

As at 30 June 2021	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Financial assets</b>				
Long term investments:				
Listed equities	220,407,856	-	-	220,407,856
Listed unit trusts	21,797,676	-	-	21,797,676
Floating rate notes	<u>3,976,590</u>	-	-	<u>3,976,590</u>
<b>Total</b>	<u>246,182,122</u>	-	-	<u>246,182,122</u>
<b>Financial liabilities</b>				
Financial liabilities held for trading:				
Options	1,144,035	-	-	1,144,035
Futures	<u>5,000</u>	-	-	<u>5,000</u>
<b>Total</b>	<u>1,149,035</u>	-	-	<u>1,149,035</u>
As at 30 June 2020	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Financial assets</b>				
Long term investments:				
Listed equities	198,249,379	-	-	198,249,379
Listed unit trusts	17,918,999	-	-	17,918,999
Floating rate notes	<u>3,944,200</u>	-	-	<u>3,944,200</u>
<b>Total</b>	<u>220,112,578</u>	-	-	<u>220,112,578</u>
<b>Financial liabilities</b>				
Financial liabilities held for trading:				
Options	<u>1,492,345</u>	-	-	<u>1,492,345</u>
<b>Total</b>	<u>1,492,345</u>	-	-	<u>1,492,345</u>

Included within Level 1 of the hierarchy are listed investments. The fair value of these financial assets and liabilities have been based on the last close prices at the end of the reporting year.

During the year \$nil (2020: \$nil) has been transferred from Level 2 to Level 1. There were no transfers in and out of Level 2 and Level 3.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.



#### 4 Fair value measurement (continued)

(ii) Disclosed fair values

The carrying amounts of receivables and payables other than tax items are reasonable approximations of their fair values due to their short-term nature.

#### 5 Taxation

##### (a) Income tax expense

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

	30 June 2021 \$	30 June 2020 \$
Prima Facie tax on profit from ordinary activities before income tax of 30% (2020: 30%)	1,981,900	3,569,925
<b>Increase/(decrease) in income tax expense due to:</b>		
Gross up of imputation credits received	420,710	798,392
Imputation credits on dividends received	(1,402,367)	(2,661,307)
Gross up of foreign income tax offsets	3,779	62,694
Foreign income tax offsets	(12,598)	(208,979)
Franked dividend income receivable	1,227	(5,427)
Tax deferred and income from trust distributions	-	(167,708)
Cash flow boost received	(3,000)	-
Under/(over) provision in previous year	(3,000)	42,328
Share buyback costs raised directly in equity	(14,025)	(8,400)
	<u>972,626</u>	<u>1,421,518</u>

##### Tax expense composition:

Current tax expense	819,801	1,463,524
Movement in deferred tax liabilities	93,480	(141,276)
Movement in deferred tax assets	73,357	65,342
Under provision in previous year	13	42,328
Share buyback costs raised directly in equity	(14,025)	(8,400)
	<u>972,626</u>	<u>1,421,518</u>

##### Effective tax rate is:

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the end of the current financial year.

14.72%      11.95%

## 5 Taxation (continued)

### (b) Deferred tax assets

	30 June 2021 \$	30 June 2020 \$
<b>This balance comprises temporary differences attributable to:</b>		
Accruals	10,890	18,061
Share issue costs capitalised	16,261	68,422
Transfer from deferred tax liabilities	4,174,939	12,679,404
	<u>4,202,090</u>	<u>12,765,887</u>
<b>Movements</b>		
Opening balance	12,765,887	134,635
Share issue costs capitalised	14,025	8,400
Charged to statement of comprehensive income	(73,357)	(65,342)
Impact of retrospective tax change	-	8,790
Transfer from deferred tax liabilities	(8,504,465)	12,679,404
The rate used at 30 June 2021 is 30% (2020: 30%)	<u>4,202,090</u>	<u>12,765,887</u>

### (c) Current tax liabilities

	30 June 2021 \$	30 June 2020 \$
Balance at beginning of year	939,610	1,631,044
Current year income tax on operating profit	822,814	1,463,524
Current year realised capital gain	4,596,166	-
Net income tax paid	(1,499,483)	(2,174,792)
Under provision of income tax in previous year	(3,013)	19,834
	<u>4,856,094</u>	<u>939,610</u>

## 5 Taxation (continued)

### (d) Deferred tax liabilities

	30 June 2021 \$	30 June 2020 \$
<b>This balance comprises temporary differences attributable to:</b>		
Fair value adjustment on equity investments	(3,961,403)	(12,500,525)
Revaluation of options	(84,732)	(49,315)
Income receivable not assessable for tax until receipt	16,875	33,642
Tax deferred distributable income	(145,679)	(163,206)
Transfer to deferred tax assets*	4,174,939	12,679,404
	-	-
<b>Movements</b>		
Opening balance	-	4,588,095
Charged to statement of comprehensive income	93,480	(141,276)
Impact to other comprehensive income	8,410,972	(16,931,180)
Under/(over) provision	13	(195,043)
Transfer to deferred tax assets*	(8,504,465)	12,679,404
The rate used at 30 June 2021 is 30% (2020: 30%)	-	-

\*Debit balance on deferred tax liabilities transferred to deferred tax assets.

## 6 Cash and cash equivalents

	30 June 2021 \$	30 June 2020 \$
Cash at bank	19,027,433	31,204,620
<b>Total cash and cash equivalents</b>	<b>19,027,433</b>	<b>31,204,620</b>

## 6 Cash and cash equivalents (continued)

*Reconciliation of operating profit after tax to cash inflows from operating activities*

	30 June 2021	30 June 2020
	\$	\$
Net profit after income tax	5,633,706	10,478,231
<b>Changes in operating assets and liabilities</b>		
Unrealised losses/(gains) on options	123,261	(121,523)
(Increase)/decrease in dividends/distributions receivable	(42,575)	239,885
Decrease in interest receivable	116	19,825
(Increase) in prepayments	(61,945)	(5,026)
(Decrease) in sundry creditors and accruals	(480,651)	(282,553)
Decrease in deferred tax assets	59,332	48,152
(Decrease) in current tax provision	(679,670)	(465,107)
Increase/(decrease) in deferred tax liabilities	93,480	(336,319)
	<u>(988,652)</u>	<u>(902,666)</u>
<b>Net cash inflow from operating activities</b>	<u>4,645,054</u>	<u>9,575,565</u>

## 7 Receivables

	30 June 2021	30 June 2020
	\$	\$
Receivable – investment debtors	472,257	-
Interest receivable	-	116
Dividends/distributions receivable	436,965	394,390
Other receivables	45,619	58,995
<b>Total receivables</b>	<u>954,841</u>	<u>453,501</u>

None of the receivables are past the due date or impaired.

## 8 Long term investments

Financial assets held at fair value through other comprehensive income are all held as long term investments and include the following:

	30 June 2021 \$	30 June 2020 \$
Listed securities	246,182,122	220,112,578

The fair value of investments is based on the fair value measurement hierarchy disclosed in note 4(i).

The total dividends received on these investments sold, included in the Statement of Comprehensive Income were:

	2021 \$	2020 \$
<b>Dividend income:</b>		
Listed securities held at year-end	6,115,184	7,005,622
Listed securities sold during the year	433,532	4,180,014
<b>Total dividend</b>	<u>6,548,716</u>	<u>11,185,636</u>

During the year, the total fair value of investments sold in the normal course of the business and to preserve capital were:

	2021 \$	2020 \$
<b>Fair value at disposal date</b>		
Listed securities	85,068,309	83,694,166
<b>Loss/(gain) on disposal after tax</b>		
Listed securities	(10,280,229)	558,119

## 9 Financial liabilities held at fair value

Financial liabilities held at fair value through profit or loss are held for trading and include the following:

	30 June 2021	30 June 2020
	\$	\$
Exchange traded options	866,595	1,327,962
Exchange traded options revaluation	282,440	164,383
<b>Total financial liabilities at fair value</b>	<b>1,149,035</b>	<b>1,492,345</b>

## 10 Trade creditors and other payables

	30 June 2021	30 June 2020
	\$	\$
Payable - investment creditors	833,725	995,096
Payable - share buyback	-	460,530
Payable - other expenses	310,928	349,831
<b>Total trade creditors and other payables</b>	<b>1,144,653</b>	<b>1,805,457</b>

## 11 Issued capital

### (a) Share capital

	30 June 2021	30 June 2021	30 June 2020	30 June 2020
	Number of Shares	Total amount \$	Number of shares	Total amount \$
Fully paid ordinary shares	<u>242,506,634</u>	<u>253,069,464</u>	264,818,778	272,103,428

## 11 Issued capital (continued)

### (b) Movements in ordinary share capital

2021

Date		Number of shares	Share price* \$	Total amount \$
01/07/2020	Opening balance	264,818,778		272,103,428
	Ordinary shares issued under dividend reinvestment plan	-	-	-
30/06/2021	Share buyback - redemption	<u>(22,312,144)</u>	0.85	<u>(19,033,964)</u>
	Closing balance	<u>242,506,634</u>		<u>253,069,464</u>

2020

Date		Number of shares	Share price* \$	Total amount \$
01/07/2019	Opening balance	276,344,417		282,529,624
	Ordinary shares issued under dividend reinvestment plan - final 2019	380,059	0.96	365,149
	Share buyback - redemption	<u>(11,905,698)</u>	0.91	<u>(10,791,345)</u>
30/06/2020	Closing balance	<u>264,818,778</u>		<u>272,103,428</u>

\* Rounded to two decimal places.

### (c) Fully paid ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

### (d) Capital management

The Company's objectives in managing capital is to continue to provide shareholders with dividends and capital appreciation over the longer term.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, buyback shares or sell assets to reduce debt.

The Company is not subject to any externally imposed capital requirements.

## 12 Reserves

### (a) Capital profits reserve

Realised gains or losses on long term equity investments are transferred from the asset revaluation reserve to the capital profits reserve for dividend payments.

	<b>30 June 2021 \$</b>	30 June 2020 \$
Realised (loss)/profit on sale of investments transferred to reserves	<u><b>10,280,229</b></u>	<u>(558,119)</u>
<b>Movements:</b>		
Opening balance	<b>13,392,726</b>	15,019,704
Transfer from asset revaluation reserve – gains/(losses) on sale of equities	<b>10,280,229</b>	(558,119)
Dividends provided for or paid	<u><b>(6,578,335)</b></u>	<u>(1,068,859)</u>
<b>Closing balance</b>	<u><b>17,094,620</b></u>	<u>13,392,726</u>

### (b) Asset revaluation reserve

Changes in the fair value of long term investments are presented in other comprehensive income through the assets revaluation reserve. Upon disposal of long term investment the realised gain or loss is transferred from the asset revaluation reserve to the capital profits reserve.

## 13 Earnings per share

	<b>30 June 2021 cents</b>	30 June 2020 cents
<b>(a) Basic and diluted earnings per share</b>		
Total earnings per share attributable to the ordinary equity holders of the Company	<u><b>2.26</b></u>	<u>3.85</u>
<b>(b) Weighted average number of shares used as denominator</b>		
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share is based on the weighted average number of shares on issue during the year.	<u><b>249,046,600</b></u>	<u>272,040,430</u>

Diluted earnings per share and basic earnings per share are the same as there are no potential dilutive ordinary shares.



## 14 Dividends

### (a) Dividends paid during the year

Dividends paid fully franked at 30% (2020: 30%) tax rate.

	30 June 2021 \$	30 June 2020 \$
Final dividend FY20: 2.2 cents per share fully franked paid 18 September 2020 (Final dividend FY19: 2.2 cents per share fully franked paid 20 September 2019)	5,689,883	6,079,577
Interim dividend FY21: 1.1 cents per share fully franked paid 4 December 2020	2,741,593	-
Interim dividend FY21: 1.1 cents per share fully franked paid 5 March 2021 (Interim dividend FY20: 2.2 cents per share fully franked paid 17 March 2020)	2,697,591	5,956,380
Interim dividend FY21: 1.1 cents per share fully franked paid 4 June 2021	<u>2,668,716</u>	<u>-</u>
	<u>13,797,783</u>	<u>12,035,957</u>

### (b) Dividends not recognised at the end of the reporting period

	30 June 2021 \$	30 June 2020 \$
In addition to the above dividends, since year end the Directors have recommended the payment of a final dividend of 1.1 cents per fully paid ordinary share, fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 3 September 2021 (2020: 18 September 2020) out of the profits of the Company at 30 June 2021 and 30 June 2020, but not recognised as a liability at year end is:	<u>2,667,573</u>	<u>5,826,013</u>

## 14 Dividends (continued)

### (c) Dividends franking account

The fully franked final dividend to be paid on 3 September 2021 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in relation to the year ended 30 June 2021.

	30 June 2021 \$	30 June 2020 \$
Opening balance of franking account	4,323,424	4,645,592
Franking credits on dividends received	1,402,367	2,661,307
Tax paid during the period	1,499,483	2,174,792
Franking credits on ordinary dividends paid	<u>(5,913,336)</u>	<u>(5,158,267)</u>
<b>Closing balance of franking account</b>	<b>1,311,938</b>	<b>4,323,424</b>
Adjustment for tax payable on the current period profits	<u>4,856,094</u>	<u>939,610</u>
Franking credits available for use in subsequent reporting periods	<b>6,168,032</b>	<b>5,263,034</b>
Adjusted for dividends declared subsequent to reporting period 30% (2020: 30%)	<u>(1,143,246)</u>	<u>(2,496,863)</u>
<b>Adjusted franking account balance</b>	<b><u>5,024,786</u></b>	<b><u>2,766,171</u></b>

The Company's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from investments and the payment of tax.

## 15 Key management personnel

The names and position held of the Company's key management personnel (including Directors) in office at any time during the financial year are:

Peter McKillop	Independent Director (Chairman)
Jennifer Horrigan	Independent Director
Eamonn Roles	Independent Director
Anton Tagliaferro	Non-Independent Director
Simon Conn	Non-Independent Director

### (a) Remuneration

Detailed remuneration disclosures are provided in the Remuneration Report of the Directors' Report on page 15 and 16.

	30 June 2021 \$	30 June 2020 \$
Short term employee benefits - Directors fees	63,865	82,191
Post employment benefits - Superannuation	<u>36,135</u>	<u>17,809</u>
	<b><u>100,000</u></b>	<b><u>100,000</u></b>

## 15 Key management personnel (continued)

### (b) Share holdings of Directors

The number of ordinary shares in the Company that were held during the financial year by each Director of the Company including their related parties, are set out below:

#### Ordinary shares held

#### 2021

Directors	Balance as at 30 June 2020	Acquisitions	Disposals	Balance as at 30 June 2021
Peter McKillop	504,560	32,500	-	537,060
Jennifer Horrigan	29,200	-	-	29,200
Eamonn Roles	100,000	55,000	-	155,000
Anton Tagliaferro	6,050,000	2,000,000	-	8,050,000
Simon Conn	230,000	170,000	-	400,000
	<b>6,913,760</b>	<b>2,257,500</b>	<b>-</b>	<b>9,171,260</b>

#### 2020

Directors	Balance as at 30 June 2019	Acquisitions	Disposals	Balance as at 30 June 2020
Peter McKillop	435,895	68,665	-	504,560
Jennifer Horrigan	-	29,200	-	29,200
John McBain*	224,142	-	-	n/a
Eamonn Roles	-	100,000	-	100,000
Anton Tagliaferro	5,050,000	1,000,000	-	6,050,000
Simon Conn	150,000	80,000	-	230,000
	<b>5,860,037</b>	<b>1,277,865</b>	<b>-</b>	<b>6,913,760</b>

\*John McBain resigned from the Company effective 30 August 2019 and his shareholding balance as at 30 June 2020 is not included.

## 16 Related party transactions

All transactions with related entities were made on commercial terms and conditions no more favorable than those available to other parties unless otherwise stated.

Anton Tagliaferro is a Director and holds equity interest in Investors Mutual Limited, the entity appointed to manage the investment portfolio of QV Equities Limited. In its capacity as the Manager, IML was paid a management fee of 0.90% p.a. (plus GST) on the portfolio net asset value for the first \$150 million and then 0.75% (plus GST) thereafter, amounting to \$2,297,676 (2020: \$2,611,265) inclusive of GST. The amount expensed in the Statement of Comprehensive Income after allowing for the reduced input tax credit was \$2,141,016 (2020: \$2,433,224). As at 30 June 2021, the balance payable to the Manager was \$185,890 (2020: \$188,491).

No Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related Company with the Director or with a firm of which he is a member or with a company in which he has substantial financial interest.

## **16 Related party transactions (continued)**

Simon Conn is a Portfolio Manager of the Manager, and he holds equity interests in the Manager.

## **17 Segment information**

The Company has one reportable segment. The Company is engaged solely in investment activities conducted in Australia, deriving revenue from dividend income, interest income, and from the sale of its investments.

## **18 Contingencies and commitments**

The Company had no commitments or contingent liabilities as at 30 June 2021 and 30 June 2020.

## **19 Events occurring after the reporting period**

Since the end of the financial year, the Directors declared a fully franked final dividend of 1.1 cents per fully paid ordinary share payable on 3 September 2021. The Company bought back 2,033,355 shares for \$1,990,953 since 30 June 2021.

Subsequent to 30 June 2021 to the date of this report there has been no other events specific to the Company of which the Directors are aware which has had a material effect on the Company or its financial position.

## **20 Remuneration of auditors**

	<b>30 June 2021</b>	30 June 2020
	\$	\$
<b>Audit and other assurance services:</b>		
Audit and review of financial report	<b>44,600</b>	43,300
<b>Non-assurance services:</b>		
Tax services	<b>10,400</b>	10,200
	<b>55,000</b>	53,500

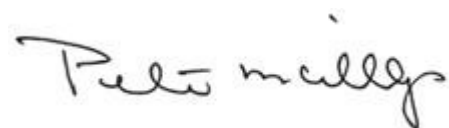
The Company's Audit Committee oversees the relationship with the Company's external auditors. The Audit Committee reviews the scope of the audit and the proposed fee. It also reviews the cost and the scope of the other tax compliance services of the related entity of the audit firm, to ensure that they do not compromise independence.

In the Directors' opinion,

- (1) the financial statements and notes set out on pages 21 to 47 are in accordance with the *Corporations Act 2001* including:
- (a) complying with the *Australian Accounting Standards*, the *Corporations Regulations 2001* and any other mandatory professional reporting requirements;
  - (b) complying with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements; and
  - (c) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the year end on that date.
- (2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by S295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'Peter McKillop', is written over a light grey circular stamp.

**Peter McKillop, Chairman**

**18 August 2021**

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**Independent Auditor's Report  
To the Members of QV Equities Limited  
ABN 64 169 154 858**

**Report on the Audit of the Financial Report**

*Opinion*

We have audited the financial report of QV Equities Limited ("the Company"), which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of QV Equities Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

*Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be on the same terms if given to the Directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<b><i>Key audit matter</i></b>	<b><i>How our audit addressed the matter</i></b>
<b><i>Existence and Valuation of Financial Assets</i></b>	
<b><i>Refer to Note 8: Financial Assets</i></b>	
<p>We focused our audit effort on the existence and valuation of the Company's financial assets as they represent the most significant driver of the Company's Net Tangible Assets and Profit.</p> <p>The majority of the Company's investments are considered to be non-complex in nature with fair value based on readily observable data from the ASX or other observable markets. Consequently, these investments are classified under Australian Accounting Standards as "Level 1" (i.e. where the valuation is based on quoted prices in an active market).</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>▪ Obtaining an understanding of and evaluating the investment management processes and controls;</li> <li>▪ Reviewing and evaluating the independent auditor's reports on the design and operating effectiveness of internal controls (ASAE 3402 <i>Assurance Reports on Controls at a Service Organisation</i>) for the Custodians;</li> <li>▪ Making enquiries as to whether there have been any changes to these controls or their effectiveness for the period to which the auditor's report relate to and obtaining bridging letters;</li> <li>▪ Obtaining confirmations of the investment holdings directly from the Custodians;</li> <li>▪ Assessing and recalculating the Company's valuation of individual investment holdings using independent pricing sources;</li> <li>▪ Evaluating the accounting treatment of revaluations of financial assets for current/deferred tax and unrealised gains or losses; and</li> <li>▪ Assessing the adequacy of disclosures in the financial statements.</li> </ul>

*Other Information*

The Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 30 June 2021 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the Directors for the Financial Report*

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

*Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.



*Auditor's Responsibilities for the Audit of the Financial Report (Continued)*

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on the Remuneration Report**

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 15 to 18 of the Directors' Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of QV Equities Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

### *Responsibilities*

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



**C I Chandran**  
Partner

18 August 2021



**Pitcher Partners**  
Sydney

## Shareholder Information

The shareholder information set out below was applicable as at 30 June 2021.

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report, is listed below:

### A. Long term equity investments

QV Equities Limited portfolio as at 30 June 2021:

	2021		2020	
Ordinary shares, trust units or stapled securities	Holding units	Fair value \$	Holding units	Fair value \$
A2B Australia Limited	2,100,000	2,646,000	1,800,000	1,458,000
Abacus Property Group	500,000	1,575,000	-	-
Alumina Ltd*	1,000,000	1,645,000	1,000,000	1,625,000
Amcor Limited*	900,000	13,617,000	1,000,000	14,480,000
Ampol Limited (formerly Caltex Australia)*	380,000	10,719,800	430,000	12,607,600
Aurizon Holdings Limited*	2,900,000	10,788,000	2,500,000	12,300,000
AusNet Services Limited	6,200,000	10,850,000	6,000,000	10,020,000
Australian Clinical Labs Ltd	650,000	2,210,000	-	-
Australian Pharmaceutical Industries Limited	3,500,000	3,902,500	1,700,000	1,946,500
Bank of Queensland Limited	250,000	2,277,500	-	-
Best and Less Groups Holdings	164,609	355,555	-	-
BWP Trust	-	-	800,000	3,064,000
Charter Hall Retail REIT	1,300,000	4,940,000	1,200,000	4,020,000
Cleanaway Waste Management Ltd	1,000,000	2,640,000	-	-
Clearview Wealth Limited	1,600,000	800,000	1,600,000	432,000
Coles Group Limited*	500,000	8,545,000	600,000	10,302,000
Crown Resorts Limited	1,100,000	13,101,000	1,220,000	11,797,400
Event Hospitality and Entertainment Ltd	350,000	4,424,000	390,000	3,279,900
Fletcher Building Limited	-	-	750,000	2,587,500
Genesis Energy Limited	-	-	2,000,000	5,320,000
Hipages Group Holdings Ltd	900,000	2,691,000	-	-
Home Consortium	450,000	2,448,000	-	-
Homeco Daily Needs REIT	4,300,000	6,020,000	-	-
Iluka Resources Limited	-	-	150,000	1,281,000
Incitec Pivot Limited	2,200,000	5,236,000	3,500,000	6,562,500
Insurance Australia Group SHS*	900,000	4,644,000	-	-
Integral Diagnostics Limited	480,000	2,496,000	1,200,000	4,680,000
Link Administration Holdings Limited	-	-	600,000	2,460,000
Mayne Pharma Group Limited	16,000,000	5,120,000	15,000,000	5,775,000
Metcash Limited*	1,350,000	5,386,500	500,000	1,360,000
Mirvac Group	-	-	500,000	1,085,000
National Storage REIT	564,483	1,117,677	-	-
New Hope Corporation Limited	1,650,000	2,854,500	1,500,000	2,047,500
Newcrest Mining Limited*	100,000	2,528,000	101,172	3,189,953
Nine Entertainment Co. Holdings Limited	1,900,000	5,529,000	2,500,000	3,450,000
Oceanagold Corp	350,000	854,000	-	-
Oil Search Limited*	800,000	3,048,000	1,460,000	4,628,200
Ooh Media Limited	1,300,000	2,275,000	1,800,000	1,638,000
Orica Limited	750,000	9,960,000	600,000	9,984,000
Origin Energy Limited	1,400,000	6,314,000	700,000	4,088,000

## Shareholder Information (continued)

### A. Long term equity investments (continued)

	2021		2020	
Ordinary shares, trust units or stapled securities	Holding units	Fair value \$	Holding units	Fair value \$
Orora Limited	-	-	800,000	2,032,000
Pact Group Holdings Ltd	3,500,000	12,950,000	4,000,000	8,760,000
Pro-Pac Packaging Limited	26,500,000	5,300,000	22,000,000	3,960,000
Regis Healthcare Ltd	1,200,000	2,340,000	700,000	987,000
Shopping Centres Australasia Property Group	1,000,000	2,520,000	1,500,000	3,270,000
Skycity Entertainment Group Limited	1,750,000	5,687,500	2,950,000	6,578,500
Sonic Healthcare Limited*	300,000	11,520,000	390,000	11,867,700
Southern Cross Media Group Limited**	3,500,000	7,315,000	33,035,000	5,781,125
Spark Infrastructure Group	2,500,000	5,625,000	3,000,000	6,480,000
Spark New Zealand Limited	-	-	300,000	1,272,000
Tabcorp Holding Limited	2,400,000	12,432,000	2,700,000	9,126,000
TPG Telecom Ltd*	350,000	2,191,000	-	-
United Malt Group Ltd	550,000	2,464,000	-	-
Virgin Money UK PLC (formerly Cybg PLC)*	1,500,000	5,520,000	3,200,000	5,296,000
Z Energy Limited	1,100,000	2,783,000	1,300,000	3,289,000
<b>Floating rate notes</b>				
Crown Resorts Limited unsecured sub floating rate note	41,000	3,976,590	41,000	3,944,200
<b>Total equities</b>		<b>246,182,122</b>		<b>220,112,578</b>
<b>Cash</b>		<b>19,027,433</b>		<b>31,204,620</b>
<b>Total portfolio</b>		<b>265,209,555</b>		<b>251,317,198</b>

\* Part or all of the security was subject to call options written by the Company as at 30 June 2021.

\*\* Southern Cross Media had a one for 10 share consolidation during the year.

There were 592 (2020: 561) investment transactions during the financial year. The total brokerage paid on these transactions was \$289,564 (2020: \$305,661).

### B. Distribution of equity securities

Analysis of numbers of shareholders by size of holding as at 30 June 2021:

Holding	Number of shareholders	Ordinary shares	Percentage
1 – 1,000	249	78,389	0.03
1,001 – 5,000	614	2,049,397	0.85
5,001 – 10,000	821	6,668,179	2.75
10,001 – 100,000	3,647	122,837,179	50.65
100,001 and over	321	110,873,490	45.72
	<b>5,652</b>	<b>242,506,634</b>	<b>100.00</b>

There were 175 holders of less than a marketable parcel of ordinary shares holding a total of 17,809 shares.

## Shareholder Information (continued)

### C. Equity security holders

Twenty largest shareholders - ordinary shares:

Name	Ordinary shares	
	Numbers held	Percentage of issued shares
HSBC Custody Nominees (Australia) Limited	27,203,791	11.22%
AKAT Investments Pty Ltd <Tag Family A/C>	5,050,000	2.08%
Navigator Australia Limited <MLC Investment Sett A/C>	3,973,588	1.64%
Nulis Nominees (Australia) Limited <Navigator Mast Plan Sett A/C>	3,523,486	1.45%
Bennamon Pty Ltd	3,045,795	1.26%
Citicorp Nominees Pty Limited	2,667,050	1.10%
Buttonwood Nominees Pty Ltd	1,218,299	0.50%
Netwealth Investments Limited <Wrap Services A/C>	1,024,581	0.42%
AKAT Investments Pty Ltd <Tag Super Fund A/C>	1,000,000	0.41%
Investors Mutual Ltd	1,000,000	0.41%
TAG Family Foundation Pty Ltd <Tag Family Foundation A/C>	1,000,000	0.41%
J P Morgan Nominees Australia Pty Limited	942,532	0.39%
Atrol Pty Ltd <The Atrol Super Fund A/C>	900,000	0.37%
Netwealth Investments Limited <Super Services A/C>	851,680	0.35%
Australian Executor Trustees <No 1 Account>	832,317	0.34%
BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv. Ltd DRP	708,555	0.29%
Australian Executor Trustees <IPS Super A/C>	642,864	0.27%
Fairview Investments Pty Limited	600,000	0.25%
Mrs Kerran Leonie Dall + Mrs Tiffany Ann Fincher <KLD Superannuation Fund A/C>	512,295	0.21%
Pension Holdings Pty Ltd C/- LE Cornu Lewis Hancock	500,000	0.21%
		<hr/> 23.58%

### D. Substantial shareholders

1607 Capital Partners LLC ("1607") held 11.09% of the shares in QVE on 7 July 2020.