

QV Equities Limited

ABN 64 169 154 858

Appendix 4E – Preliminary Final Report For the year ended 30 June 2023

Preliminary Final Report

This preliminary final report is for the year ended 30 June 2023.

Results for announcement to the market

(All comparisons to the year ended 30 June 2022).

		Up	%
	\$	\$	movement
Revenue from ordinary activities	12,883,832	3,016,959	31%
Profit from ordinary activities before tax attributable to equity holders	10,139,780	3,236,651	47%
Profit from ordinary activities after tax attributable to equity holders	9,180,337	3,031,638	49%

Dividend Information

	Amount per Share (Cents)	Franked Amount per Share (Cents)	Tax Rate for Franking
Interim dividend September 2022 quarter (paid 2 December 2022)	1.3	1.3	30%
Interim dividend December 2022 quarter (paid 3 March 2023)	1.3	1.3	30%
Interim dividend March 2023 quarter (paid 2 June 2023)	1.3	1.3	30%
Final dividend June 2023 quarter (to be paid 1 September 2023)	1.3	1.3	30%
Total dividends per share for the year	5.2	5.2	

Final dividend dates

Ex – dividend date	15 August 2023
Record date	16 August 2023
Payment date	1 September 2023

Net tangible assets

	30 June 2023	30 June 2022
Net tangible asset backing (per share) before tax	\$1.00	\$1.04
Net tangible asset backing (per share) after tax	\$1.05	\$1.06

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 2023

Year ended 30 June 2023

QV Equities Limited

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Corporate Directory

Directors	Peter McKillop (Independent Director, Chairman) Jennifer Horrigan (Independent Director) (Resigned 31 March 2023) Eamonn Roles (Independent Director) Linda Fox (Independent Director) (Appointed 31 March 2023) Anton Tagliaferro (Non-independent Director) Simon Conn (Non-independent Director)
Secretary	Zac Azzi
Investment Manager	Investors Mutual Limited Level 24, 25 Bligh Street Sydney NSW 2000 (AFSL 229988)
Administrator and Custodian	Citigroup Pty Limited Level 11, 2 Park Street Sydney NSW 2000
Registered Office	Level 24, 25 Bligh Street Sydney NSW 2000 Telephone: (02) 9232 7500 Fax: (02) 9232 7511 Email: info@qvequities.com Website: www.qvequities.com
Share Registrar	Link Market Services Limited 1A Homebush Bay Drive Rhodes NSW 2138 Telephone: 1800 868 464
Auditor	Pitcher Partners Level 16, Tower 2 Darling Park, 201 Sussex Street Sydney NSW 2000
Stock Exchange	Australian Securities Exchange (ASX) ASX code: QVE Ordinary shares

QV Equities Limited

ABN 64 169 154 858

Annual Report - 30 June 2023

Contents	Page
Financial Highlights	1
Chairman's Letter	3
Investment Manager's Report	5
Directors' Report	9
Auditor's Independence Declaration	19
Financial Statements	
Statement of Comprehensive Income	20
Statement of Financial Position	21
Statement of Changes in Equity	22
Statement of Cash Flow	23
Notes to the Financial Statements	24
Directors' Declaration	45
Independent Auditor's Report to the Shareholders	46
Shareholder Information	50

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.

Financial Highlights

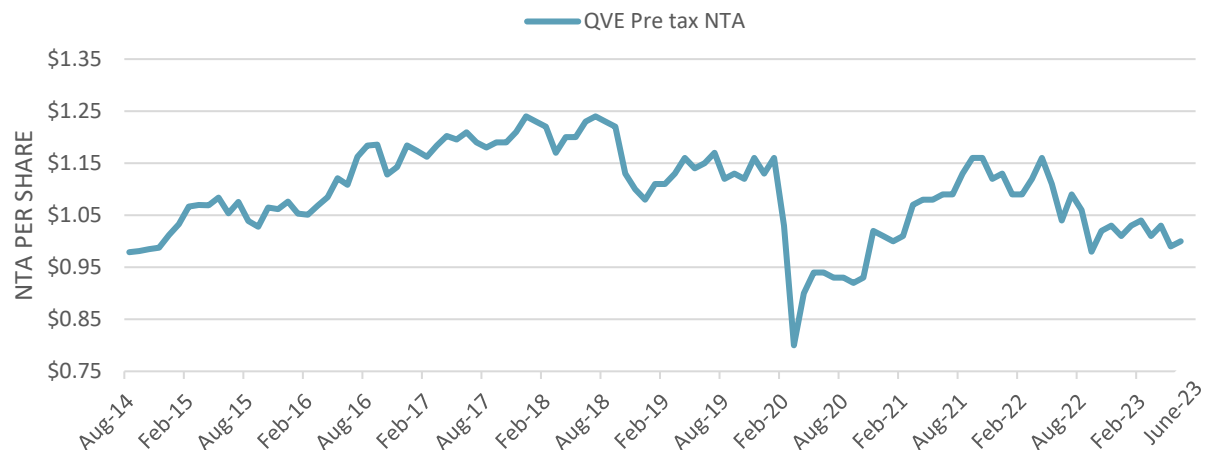
Year in Summary FY2023

Profit After Tax \$9,180,337 (\$6,148,699 in FY22)			
Earnings Per Share (cents) 4.02 Basic (2.64 in FY22)	Investment Portfolio Return (Pre-tax)* +4.2%	Benchmark# 14.9%	ASX 300* 14.4%
Dividends 5.2 cps Fully Franked (declared for FY23) (4.8 cps in FY22)	Investment Portfolio Return (Post-tax)* +3.2%		
Net Assets** \$239,263,370 (\$243,126,059 in FY22)	Net Tangible Assets (NTA) \$1.00 (pre-tax cum div) \$1.05 (post tax cum div)		

All data as at 30 June 2023 unless otherwise specified. *Returns are measured for the 2023 financial year after total expenses.

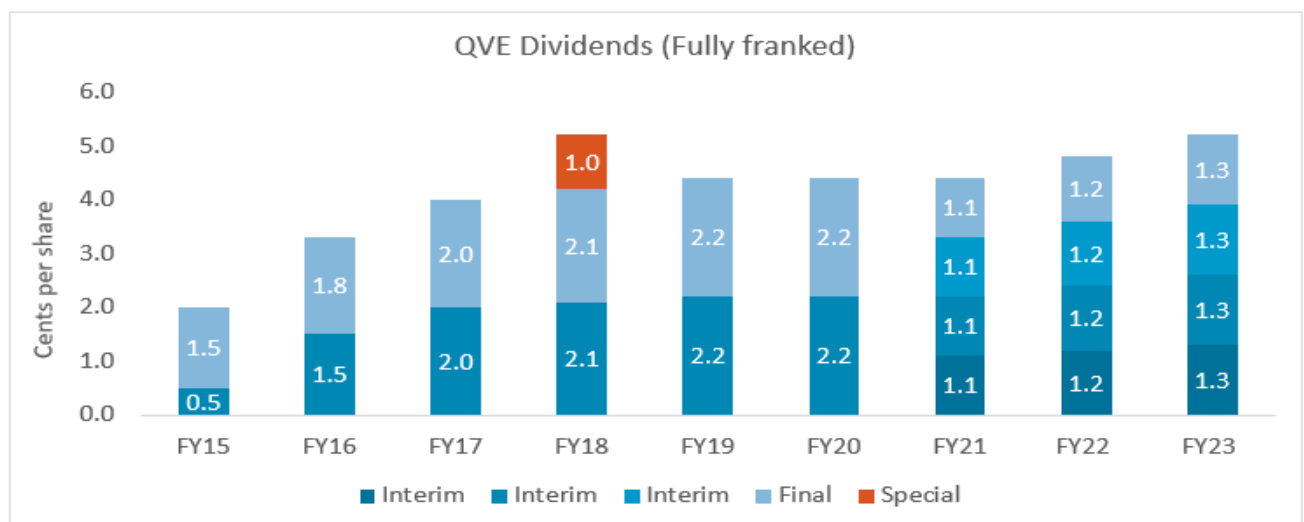
#S&P/ASX300 ex20 Accumulation Index. **Whilst the portfolio had a positive return of 3.2% the reduction in Net Assets was mainly due to dividends and expense payments.

Historical Net Tangible Assets



Source: QV Equities; 30 June 2023

Historical Dividends



Source: QVE Annual Reports & QVE ASX Announcements

QV Equities Overview

QV Equities Limited ('the Company' or 'QVE') is a Listed Investment Company, established to invest in a diversified portfolio of ASX-listed entities outside the S&P/ASX20 Accumulation 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 Accumulation 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 Accumulation Index – representing the 20 largest entities by market capitalisation on the ASX – accounts for 60% of the S&P/ASX300 Accumulation Index by market capitalisation and had a 45% concentration in the Financial and Resource sectors at 30 June 2023.

Investment Strategy

The Company's investment strategy is to create a diversified and balanced portfolio of ASX-listed securities outside the S&P/ASX20 Accumulation 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 more than 25 years.

In addition to long-term capital growth, the Company 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

Dear Shareholders,

Share markets ended the year to June 2023 strongly as investor interest in AI started a rally in technology stocks which then grew in the belief that interest rates may be nearing their peak. This capped off a good, though tumultuous year for sharemarkets despite a tense geopolitical environment, a US banking crisis, high inflation and one of the fastest ever interest rate raising cycles. The MSCI World Index finished up 17% for the year, led by the Nasdaq which soared to a return of +26% driven by very strong performances from megacap US-based technology stocks.

The Australian sharemarket, as measured by the S&P/ASX 300 Accumulation Index, finished the financial year up 14.4%. Strength in commodity prices helped the ASX 300 Resources to a return of +22.1% for the year, driven by optimism around China's post pandemic re-opening. This optimism extended into the mid-cap range, with a strong rally in the lithium sector and many highly-priced technology stocks, leading to a return of +14.9% for QVE's benchmark, the (S&P/ASX300 ex-20 Accumulation Index). It was a more difficult year for small cap stocks, particularly small cap industrials, as concerns over inflation and high interest rates caused investors to switch to large cap companies in search of greater liquidity and certainty, a trend that adversely affected the Company's share portfolio providing a modest return of +4.2% for the year after fees.

However, the quality of the companies in the portfolio enabled a continuation of the trend of paying higher dividends each year to shareholders.

Financial Results

The Company earned a net profit after tax of \$9.2 million for the year ended 30 June 2023, compared to \$6.1 million in the year ended 30 June 2022, an increase of 49%. This increase in profit was due primarily to an increase in dividends received combined with higher interest and option income. The Company's conservative options strategy continues to provide consistent income throughout sharemarket cycles.

Dividends

Your Board understands the importance of a regular income stream to shareholders and is committed to continuing its policy of paying quarterly dividends, and where prudent increasing dividend payments. Your Board recognises the importance of maintaining adequate reserves to allow these regular dividend payments and to this end had \$24 million in combined capital profits and revenue reserves at the end of June 2023.

A final fully-franked dividend for the financial year 2023 of 1.3 cents per share will be paid on 1 September, 2023 (the ex-dividend date for the final dividend will be 15 August 2023). This is in addition to the fully-franked interim dividends of 1.3 cents that were paid for the September 2022, December 2022 and March 2023 quarters. This takes total dividends per share to 5.2 cents for the financial year 2023, 8.3% higher than the previous financial year. This is equivalent to a yield of 5.6% for financial year 2023 (calculated on the closing share price on 30 June, 2023). When franking credits are included it equates to a gross yield of 7.9%.

On Market Buyback

Your Board continues to attempt to reduce the discount between the net tangible assets (NTA) per share and the Company's sharemarket price.

An on-market share buyback has been in place since September 2019. 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, on purchase the shares are cancelled, thereby increasing the NTA per share for remaining shareholders.

Since the buyback commenced, the Company has purchased 49.1 million shares at a cost of \$44.8 million to 31 July, 2023.

Annual General Meeting

You are invited to attend the Annual General Meeting ('AGM') on **Wednesday, 25 October 2023 at 10am** (AEDT) at Dexus Place, Auditorium, Level 5, 1 Margaret Street, Sydney, NSW 2000. Following the AGM, IML will provide an update on the Company's portfolio. This investment update will also be held the following day via a webinar, for those who are unable to attend in person. You will receive further information about the AGM in September, including how to register for attendance.

Shareholder Communication

I trust you continue to find our regular communication informative and engaging. In recent months we have provided more in-depth information on the performance of the portfolio, and specific stocks within it, through in-depth 'Stock of the Month' videos as well as devoting a greater share of the monthly reports to portfolio commentary. At the same time, we continue to provide regular updates:

- Weekly Net Tangible Assets reports
- Monthly investment commentary
- Regular investment videos
- Portfolio updates and investment insights from IML
- Shareholder briefing events
- Regular webinars

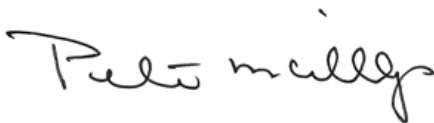
I encourage you to subscribe to receive these updates and invitations through our website www.qvequities.com.

Your Board continues to believe that a carefully selected holding of ex-20 stocks, managed by IML, will provide you with reliable income and long-term capital growth. IML remains disciplined and true to label, and as always seeks to invest in profitable, well-established companies, underpinned by reasonable valuations, with growth potential and sustainable earnings from a diverse range of sectors. We are particularly focused on paying consistent levels of franked dividends in these uncertain economic times.

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

Thank you for your continuing support of QVE.

Yours sincerely



Peter McKillop, Chairman

16 August 2023

Investment Manager's Report

IML is pleased to deliver its investment report for QV Equities Limited for the financial year ended 30 June 2023.

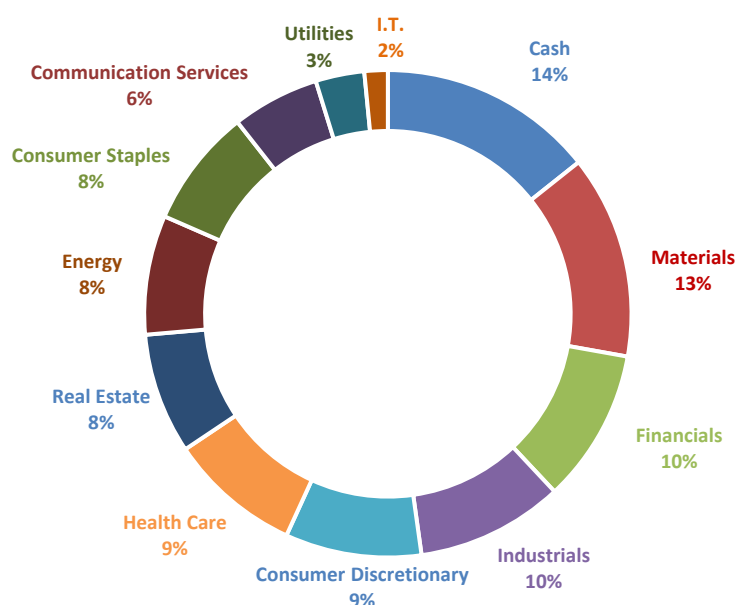
Market Review

The year to 30 June 2023 was almost a reversal of what we saw in the previous 12-months. There was a broad-based sell off early in the financial year as investor concern grew about high inflation, rising interest rates, and growing fears of recession. Markets then consolidated somewhat before climbing strongly as investors took comfort in moderating inflation in the US and dovish commentary by central banks that interest rate hikes were closer to the end, as well as government fiscal initiatives that supported economic growth. In particular for the Australian market, policies targeting a move towards electric vehicles saw elevated demand for commodities required to facilitate this transition.

In the early part of the calendar year we witnessed a narrow-based rally in sharemarkets, with the Technology and Resources sectors pushing the market higher, despite extended valuations in these sectors. As the year progressed, and economic data out of the US remained resilient around employment and growth, a broader rally developed. This is despite a deterioration of economic data in China and evidence that higher interest rates and cost of living pressures are starting to bite in Australia and other economies around the globe.

Portfolio Allocation at 30 June 2023

The Company's portfolio at 30 June 2023 was made up of 48 listed securities spread across various ASX sectors. The top holdings include well-known, good quality companies such as Aurizon, Orica, Ampol, Amcor and Sonic Healthcare.



Key Equity Investments	Principal activity	Holding weight*
Aurizon	Australian rail company	6.2%
Orica	Global manufacturer of commercial grade explosives and chemicals	5.2%
Ampol	Importer, retailer and refiner of petroleum products	4.6%
Amcor	Global packaging company	3.3%
Coles	Australian supermarket retailer	3.2%
Lottery Corporation	Lotteries company	3.1%
Sonic Healthcare	Global pathology company	3.0%
Skycity Entertainment	New Zealand/Australian casino operator	2.8%
Suncorp	Australian insurance, banking and finance operator	2.7%
IAG	General insurance provider	2.3%
Medibank	Health insurance provider	2.2%
Metcash	Distributor of food, liquor and hardware	2.2%
Brambles	Global supplier of reusable pallets and containers	2.2%
APA	Australian energy infrastructure business	2.1%
Charter Hall REIT	Australian REIT focused on Daily Needs retailers	2.1%
G.U.D.	Manufactures and distributes automotive products and water pressure systems	1.9%
TPG Telecom	Telecommunications company	1.8%
Virgin Money UK	Provides personal, business banking and mortgage services	1.8%
Santos	Oil and gas producer	1.7%
Australian Clinical Labs	Pathology service provider	1.7%

*Holding weight as at 30 June 2023

The complete portfolio is shown on pages 50-51 of the Financial Report.

Portfolio Performance

The QVE portfolio returned +4.2% before tax and after fees for the 12 months to 30 June 2023, compared to the benchmark S&P/ASX300 ex-20 Accumulation Index's return of +14.9%.

While this was a disappointing result, it was a tale of two halves for the QVE portfolio. The portfolio's disciplined preference for good quality, resilient and cash generative companies, instead of speculative and over-priced technology stocks, as well as IML's caution around the Resources sector given slowing economic growth, saw many of QVE's holdings lag in the first half of the year. However, as markets moved more towards quality and value stocks over the second half of the year, the relative performance of the QVE portfolio improved significantly.

Over 25 years, IML has always invested in well-established companies which possess the following clear 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 portfolio benefited over the year from its exposure to holdings such as Origin, A2B, Brambles, Virgin Money

UK and New Hope, which all performed strongly. The share prices of financial companies including Suncorp, IAG and Virgin Money UK all improved significantly as rising rates were perceived to be positive for the insurance trading margin and net interest margins of insurers and banks respectively.

Origin Energy gained +46% over the year as it entered a binding scheme of arrangement to be acquired by a consortium including asset manager Brookfield at \$8.91 a share (assuming a AUD/USD exchange rate of 70c). Origin is a large, integrated Australian energy company which owns and operates wholesale and retail electricity and gas businesses, as well as exploration and production businesses of natural gas and electricity generation. QVE was attracted to Origin due to its resilient, recurring earnings and its ability to grow revenues over time, as well as its hard to replicate asset base.

The bid for Origin is a continuation of the strong momentum in corporate activity that we have seen on the ASX since the second half of financial year 2021. This has continued despite the increase in interest rates and speaks to the longer-term confidence in the outlook for Australia's economy, combined with the attractive valuations of many good quality ASX-listed companies in the ex-20 part of the market.

QVE also benefited over the year from takeover bids for maltster United Malt Group, from European peer Malteries Soufflet, and for gold miner Newcrest Mining, from North American peer Newmont. 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. We believe there are many other companies in the QVE portfolio that could be recipients of takeover approaches in the years ahead, particularly given the discount to fair value.

Brambles, a global leader in pallet pooling through the well-established CHEP brand, performed well, up +38% in financial year 2023. Its underlying earnings have continued to grow despite the uncertainty of the last three years, highlighting the resilient end-markets of its portfolio of assets, which are focused on fast moving consumer goods, beverages, retail and general manufacturing. The company also demonstrated in the year its ability to maintain margins in a rising cost environment by passing on higher input costs to its customers. The company is generating stronger cashflow than expected which, together with improved pallet availability, has allowed it to start to pursue new business opportunities. This is testament to the disciplined approach to pricing and capital expenditure being applied by Brambles' reinvigorated management team and Board.

Another very strong performer for QVE was A2B, which increased +35% over financial year 2023. A2B is the leading taxi payments network operator under the Cabcharge brand and the owner and operator of Australia's largest taxi network under the 13Cabs brand. A2B's strong price performance partly reflected the improving outlook for its core taxi business coming out of the pandemic lockdowns. The company in March announced the sale of its significant O'Riordan St property in Alexandria, Sydney for a price of \$78m. This was a strong outcome in a softening property market and is in line with the independent value established in May 2022, which speaks to the strategic location of the property as well as the diligence by management in maximising the sale price. The sale is expected to result in a sizeable, fully franked special dividend being paid to shareholders by the end of this calendar year. This outcome is the result of a more focussed strategy under a new management team, which was installed after agitation by shareholders, including IML on behalf of the QVE portfolio.

Weighing on performance for financial year 2023 were disappointing performances by Pact, SkyCity Entertainment and Amcor. Pact's earnings have been impacted by higher costs and slower demand from its consumer and agricultural customers, with poor weather late in the year also partly to blame. Pact has initiated a comprehensive cost out program while asset sales remain a focus. Pact's core plastic rigids business remains at the forefront of plastic resin reuse initiatives although the market remains focused on the need for it to strengthen its balance sheet through an asset sale. In June, Pact announced that Aldi had signed a re-use contract for its home brands, following a similar agreement with Woolworths, validating Pact's position in the Australian circular economy.

The Amcor share price declined late in the year following its third quarter update which highlighted that customers were destocking after they had carried elevated inventories through the pandemic, resulting in lower

volumes across its Rigid and Flexible divisions. While disappointing, the defensive nature of packaging demand means Amcor should be relatively resilient in a lower economic growth environment, while the valuation remains attractive.

With regards to SkyCity, the operator of the Auckland and Adelaide casinos, we believe that investors are excessively discounting its share price due to potential fines that may be levied around certain regulatory breaches in its Australian casino operations. The company's share price is underpinned by a significant property portfolio and strong cash generative gaming operations.

Outlook

Global share markets, including Australia's, have moved higher over the last twelve months, despite the greater volatility we have seen as central banks have wound back stimulus and tightened monetary conditions in the face of high inflation. At the same time, governments have embarked on debt-driven fiscal policies which have provided near term support to asset prices.

While the Australian share market now trades at fairer levels, good value remains across a number of quality companies in the ex-20 part of the market. We continue to be 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 Australian Clinical Labs; companies restructuring and recovering from the pandemic headwinds such as SkyCity Entertainment and A2B; companies that are on track for revenue growth, such as The Lotteries Corporation and Orica and that can benefit from higher interest rates, such as IAG and Aurizon.

We believe the economic outlook remains uncertain, given consumption softness and higher costs of living. As it stands today, inflation remains significantly higher than the cash rate, and this means that real interest rates remain negative. While goods inflation has moderated, services inflation remains high, underpinning inflation at a rate well above the target range set by the RBA, leaving Australia's real interest rates in negative territory. This is unsustainable in our view and suggests that interest rates may need to increase further. In this context, we believe QVE's focus on resilient companies with solid fundamentals will hold it in good stead over the coming year.

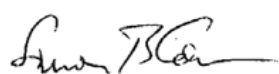
The QVE portfolio retains a strong focus on generating dividend income from its portfolio holdings, overlaid with a conservative options strategy which augments this income focus.

It remains a privilege, that we do not take for granted, to apply IML's quality and value investment philosophy and approach to the QVE portfolio. This approach has enabled IML to deliver reliable and growing income and long-term capital growth to our investors over IML's 25 years of existence, while achieving returns which are less volatile than the overall sharemarket.

We believe that a portfolio of well-established, profitable companies, with a strong market position and recurring earnings, 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 QVE's Annual General Meeting in October.

Thank you for your continued support.



Simon Conn
Senior Portfolio Manager – IML



Marc Whittaker
Portfolio Manager - IML

16 August, 2023

Directors' Report

The Directors present their report together with the financial report of QV Equities Limited ('the Company or QVE') for the year ended 30 June 2023.

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 (Resigned 31 March 2023)
Eamonn Roles	Independent Director	30 August 2019
Linda Fox	Independent Director	31 March 2023
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 Accumulation Index. The primary objective is to provide both long term capital growth and income. No change in this activity took place during the year.

Dividends

Dividends paid to shareholders were as follows:

	Dividend per share	Total amount	Date of payment	% Franked
2023				
Ordinary shares – interim 2023	1.3 cents	\$2,961,454	02/06/2023	100%
Ordinary shares – interim 2023	1.3 cents	\$2,966,648	03/03/2023	100%
Ordinary shares – interim 2023	1.3 cents	\$2,975,554	02/12/2022	100%
Ordinary shares – final 2022	1.2 cents	\$2,747,886	02/09/2022	100%
2022				
Ordinary shares – interim 2022	1.2 cents	\$2,751,554	03/06/2022	100%
Ordinary shares – interim 2022	1.2 cents	\$2,765,752	04/03/2022	100%
Ordinary shares – interim 2022	1.2 cents	\$2,798,777	03/12/2021	100%
Ordinary shares – final 2021	1.1 cents	\$2,646,839	03/09/2021	100%

Since year end, the Directors have declared a final fully franked dividend of 1.3 cents per fully paid ordinary share to be paid on 1 September 2023.

Review of operations

Our Investment Manager ('the Manager'), Investors Mutual Limited ('IML') has been diligently building a portfolio of quality S&P/ASX300 ex20 Accumulation Index 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/(Decrease) in QVE's NTA	Benchmark return
1 January 2023 to 30 June 2023	+2.9% post-tax / +4.2% pre-tax	+6.0%
1 July 2022 to 30 June 2023	+3.2% post-tax / +4.2% pre-tax	+14.9%

Investment operations for the year ended 30 June 2023 resulted in an operating profit before tax of \$10,139,780 (2022: \$6,903,129) and an operating profit after tax of \$9,180,337 (2022: \$6,148,699).

Net Tangible Assets (NTA) for each ordinary share as at 30 June 2023 (calculated on market value before applicable taxes and before provision for dividends) amounted to \$1.00 (2022: \$1.04) per share. NTA after provision for tax and before provision for dividends was \$1.05 (2022: \$1.06) per share.

The slight decrease in the NTA during the financial year was primarily driven by dividends and expense payments exceeding portfolio returns.

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 2023 was \$239,263,370 (2022: \$243,126,059).

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 2023.

Matters subsequent to the end of the year

Since the end of the financial year, the Directors declared a fully franked final dividend of 1.3 cents per fully paid ordinary share payable on 1 September 2023.

Subsequent to 30 June 2023 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 Accumulation Index.

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 and 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)

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 qualified as Chartered Accountant and holds a Graduate Diploma in Applied Finance and Investment from the Financial Services Institute of Australasia.

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 Audit and Risk Committee from 1 April 2023. (Chairman of the Nomination and Corporate Governance Committee to 31 March 2023).

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.

Linda Fox

Independent Director

Experience and expertise

Linda Fox has more than 25 years' experience across wealth management, banking and professional services in organisations including start-ups, global and multi-billion-dollar enterprises. She was most recently the Chief Financial Officer of Colonial First State, part of the Commonwealth Bank of Australia.

Linda holds a Bachelor of Commerce (Accounting) from the University of Otago, Diploma for Graduates (Information Systems) from the University of Otago, a Masters of Business Administration from the Australian Graduate School of Management, a Graduate member of the Australian Institute of Company Directors and a member of the Chartered Accountants Australia and New Zealand.

Other current directorships

Linda Fox does not hold other directorships of listed companies.

Former directorships in last 3 years

Linda Fox has not held any other directorships of listed companies.

Directors' Report (continued)

Information on Directors (continued)

Special responsibilities

Chair of the Nomination and Corporate Governance Committee from 1 April 2023.

Interests in shares of the Company

Linda Fox has no interest in shares of the Company.

Interests in contracts

Linda Fox 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 held the position of Investment Director for 25 years until he retired from IML in March 2023.

Anton completed his accounting degree and studies in London and qualified as a Chartered Accountant with Deloitte Haskins and Sells in London in 1983. 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 specialist Australian Equities Manager in 1998.

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

Other current directorships

Anton Tagliaferro does not hold other directorships of listed companies.

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.

Directors' Report (continued)

Information on Directors (continued)

Experience and expertise (continued)

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.

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 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 2023, and the number of meetings attended by each Director were:

	Meeting of committees					
	Directors' meetings		Audit and Risk		Nomination and Corporate Governance	
	A	B	A	B	A	B
Directors						
Peter McKillop	7	7	5	5	3	3
Jennifer Horrigan (resigned 31 March 2023)	5	5	5	5	3	3
Eamonn Roles	7	7	4	5	3	3
Linda Fox (appointed 31 March 2023)	2	2	-	-	-	-
Anton Tagliaferro	5	7	-	-	-	-
Simon Conn	6	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 (Company Secretary), Anton Tagliaferro (Executive Director to 31 March 2023) and Simon Conn (Executive Director) were 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 currently set at \$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 payable to Directors set out in the Constitution may not be increased without the approval from the Company at a general meeting. Directors seek approval from time to time as appropriate.

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

Five Year Financial Summary	2023	2022	2021	2020	2019
Profit after tax (\$m)	9.2	6.1	5.6	10.5	9.4
Basic EPS (cents)	4.02	2.64	2.26	3.85	3.40
Total dividends (cents per share)	5.2	4.8	4.4	4.4	4.4
NTA per share post-tax at 30 June (\$)	1.05	1.06	1.08	0.98	1.13
Share price at 30 June (\$)	0.935	0.940	0.995	0.795	1.030
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.

Directors' Report (continued)

Remuneration report (audited) (continued)

(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 2023 and 30 June 2022.

2023

	Short term employee benefits Directors' fees \$	Post-employment benefits superannuation \$	Total \$
Non-Executive Directors			
Peter McKillop	12,550	27,450	40,000
Jennifer Horrigan	20,362	2,138	22,500
Eamonn Roles	27,119	2,881	30,000
Linda Fox	6,757	743	7,500
Total key management personnel compensation	66,788	33,212	100,000

2022

	Short term employee benefits Directors' fees \$	Post-employment benefits superannuation \$	Total \$
Non-Executive Directors			
Peter McKillop	12,501	27,499	40,000
Jennifer Horrigan	27,242	2,758	30,000
Eamonn Roles	27,242	2,758	30,000
Total key management personnel compensation	66,985	33,015	100,000

Directors receive a superannuation guarantee contribution required by the government, which was 10.5% of individual benefits for financial year 2023 and did not receive any other retirement benefits. Directors may also elect to salary sacrifice their fees into superannuation.

(b) Director related entity remuneration

Anton Tagliaferro resigned as a Director of IML on 5 January 2023 and no longer holds equity interests in IML, the entity appointed to manage the investment portfolio of the Company. On his retirement from IML on 31 March 2023, Mr Tagliaferro was retained in a consulting capacity until 30 June 2023. Simon Conn is a Director of IML and holds equity interests in IML.

Linda Fox is an external member of the IML Compliance Committee for IML's managed investment schemes and is remunerated directly by IML for this role.

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 \$2,181,021 (2022: \$2,390,503) inclusive of GST. The amount expensed in the Statement of Comprehensive Income after allowing for the reduced input tax credit was \$2,032,315 (2022: \$2,227,514). As at 30 June 2023, the balance payable to the Manager was \$163,413 (2022: \$169,565).

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

No other Director has received or became 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/she is a member or with a Company in which he/she has substantial financial interest.

Directors' Report (continued)

Remuneration report (audited) (continued)

(b) Director related entity remuneration (continued)

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. Anton Tagliaferro ceased employment with IML on 31 March 2023. The Manager is appointed to provide the day to day management of the Company and is remunerated as outlined on page 16.

(d) Equity instrument disclosures relating to Directors

As at 30 June 2023, the Company's Directors and their related parties held the following interests in the Company:

Ordinary shares held

2023

Directors	Balance as at 30 June 2022	Acquisitions	Disposals	Other	Balance as at 30 June 2023*
Peter McKillop	537,060	-	-	-	537,060
Jennifer Horrigan**	29,200	-	-	(29,200)	-
Eamonn Roles	155,000	-	-	-	155,000
Anton Tagliaferro***	8,500,000	760,000	-	(1,000,000)	8,260,000
Linda Fox****	-	-	-	-	-
Simon Conn	400,000	-	-	-	400,000
	9,621,260	760,000	-	(1,029,200)	9,352,060

*The Directors' shareholding balances as at 30 June 2023 were the same at the date of the report.

**Jennifer Horrigan resigned from the Company effective 31 March 2023 and her shareholding balance as at 30 June 2023 is not included.

***Anton Tagliaferro no longer has a relevant interest in the 1,000,000 shares owned by IML.

****Linda Fox was appointed as a director on 31 March 2023.

2022

Directors	Balance as at 30 June 2021	Acquisitions	Disposals	Other	Balance as at 30 June 2022
Peter McKillop	537,060	-	-	-	537,060
Jennifer Horrigan	29,200	-	-	-	29,200
Eamonn Roles	155,000	-	-	-	155,000
Anton Tagliaferro	8,050,000	450,000	-	-	8,500,000
Simon Conn	400,000	-	-	-	400,000
	9,171,260	450,000	-	-	9,621,260

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

Directors' Report (continued)

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.

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)*.

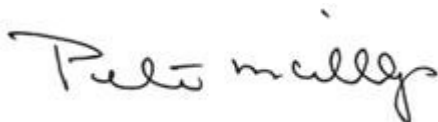
Rounding of amounts

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 dollars 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 19.

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



Peter McKillop, Chairman

16 August 2023

Pitcher Partners Sydney Partnership

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Sydney NSW 2000

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Sydney NSW 2001

p. +61 2 9221 2099
e. sydneypartners@pitcher.com.au

**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 2023, 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

16 August 2023

QV Equities Limited
Statement of Comprehensive Income
For the year ended 30 June 2023

Statement of Comprehensive Income

		30 June 2023	30 June 2022
	Notes	\$	\$
Investment Income			
Dividend and distribution income		10,023,709	8,089,828
Interest income		542,627	144,482
Realised gains on options and futures		3,156,944	614,754
Unrealised gains/(losses) on options		(844,429)	994,218
Other income		4,981	23,591
Total investment income		<u>12,883,832</u>	<u>9,866,873</u>
Expenses			
Management fees		2,032,315	2,227,514
Directors' fees	15	100,000	100,000
ASX fees		76,349	70,312
Registry fees		70,064	75,113
Insurance fees		298,614	308,436
Other expenses		166,710	182,369
Total expenses		<u>2,744,052</u>	<u>2,963,744</u>
Profit before income tax		10,139,780	6,903,129
Income tax expense	5	959,443	754,430
Profit after income tax attributable to owners		<u>9,180,337</u>	<u>6,148,699</u>
Other comprehensive income			
Items that will not be recycled to profit and loss			
Movement in fair value of long term equity investments, net of tax		(111,265)	(1,947,403)
Items that will be recycled to profit and loss			
Movement in fair value of floating rate notes, net of tax		–	138,454
Other comprehensive (loss), net of tax		<u>(111,265)</u>	<u>(1,808,949)</u>
Total comprehensive income for the year, net of tax attributable to owners		<u>9,069,072</u>	<u>4,339,750</u>
Earnings per share			
Basic and diluted earnings per share (cents per share)	13	4.02	2.64

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 2023

Statement of Financial Position

	Notes	30 June 2023 \$	30 June 2022 \$
Assets			
Current assets			
Cash and cash equivalents	6	17,118,574	32,092,735
Receivables	7	867,071	2,089,625
Prepayments		137,695	143,890
Total current assets		18,123,340	34,326,250
Non-current assets			
Financial assets at fair value	8	212,495,010	206,870,930
Deferred tax assets	5	11,258,560	10,667,089
Total non-current assets		223,753,570	217,538,019
Total assets		241,876,910	251,864,269
Liabilities			
Current liabilities			
Trade creditors and other payables	10	647,947	1,892,072
Current tax liabilities	5	441,143	5,719,638
Financial liabilities at fair value	9	1,524,450	1,126,500
Total current liabilities		2,613,540	8,738,210
Total liabilities		2,613,540	8,738,210
Net assets		239,263,370	243,126,059
Equity			
Issued capital	11	238,169,259	239,449,478
Asset revaluation reserve	12	(22,886,047)	(25,545,039)
Capital profits reserve	12	19,817,693	25,549,403
Profits reserve	12	4,162,465	3,672,217
Total equity		239,263,370	243,126,059

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 2023

Statement of Changes in Equity

	Notes	Issued capital \$	Asset revaluation reserve \$	Capital profits reserve \$	Profits reserve \$	Retained profits \$	Total \$
Balance at 1 July 2022		239,449,478	(25,545,039)	25,549,403	3,672,217	–	243,126,059
Profit for the year		–	–	–	–	9,180,337	9,180,337
Other comprehensive income:							
Net revaluation of investments		–	(111,265)	–	–	–	(111,265)
Total comprehensive income for the year		–	(111,265)	–	–	9,180,337	9,069,072
Transactions with equity holders in their capacity as owners:							
Dividends provided for or paid	14	–	–	(2,961,453)	(8,690,089)	–	(11,651,542)
Share buyback - redemptions	11	(1,280,219)	–	–	–	–	(1,280,219)
Other:							
Realised profits/(losses) on sale of investments transferred to capital profits reserve	12	–	2,770,257	(2,770,257)	–	–	–
Transfer to profits reserve		–	–	–	9,180,337	(9,180,337)	–
Balance at 30 June 2023		238,169,259	(22,886,047)	19,817,693	4,162,465	–	239,263,370
	Notes	Issued capital \$	Asset revaluation reserve \$	Capital profits reserve \$	Profits reserve \$	Retained profits \$	Total \$
Balance at 1 July 2021		253,069,464	(9,730,977)	17,094,620	2,936,110	–	263,369,217
Profit for the year		–	–	–	–	6,148,699	6,148,699
Other comprehensive income:							
Net revaluation of investments		–	(1,808,949)	–	–	–	(1,808,949)
Total comprehensive income for the year		–	(1,808,949)	–	–	6,148,699	4,339,750
Transactions with equity holders in their capacity as owners:							
Dividends provided for or paid	14	–	–	(5,550,330)	(5,412,592)	–	(10,962,922)
Share buyback - redemptions	11	(13,619,986)	–	–	–	–	(13,619,986)
Other:							
Realised profits/(losses) on sale of investments transferred to capital profits reserve	12	–	(14,005,113)	14,005,113	–	–	–
Transfer to profits reserve		–	–	–	6,148,699	(6,148,699)	–
Balance at 30 June 2022		239,449,478	(25,545,039)	25,549,403	3,672,217	–	243,126,059

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

QV Equities Limited
Statement of Cash Flow
For the year ended 30 June 2023

Statement of Cash Flow

	30 June 2023	30 June 2022
Notes	\$	\$
Cash flows from operating activities		
Dividends/distributions received	9,850,669	7,758,337
Interest received	626,973	60,137
Net realised gains on exchange traded options	2,674,672	1,571,905
Other income	14,588	20,056
Payments for other expenses	(2,756,659)	(2,941,650)
Income tax paid	(6,368,269)	(5,568,789)
Net cash inflow from operating activities	6 <u>4,041,974</u>	899,996
Cash flows from investing activities		
Payments for investments	(35,322,712)	(85,773,519)
Proceeds from sale of investments	29,314,815	122,450,935
Net cash inflow/(outflow) from investing activities	<u>(6,007,897)</u>	36,677,416
Cash flows from financing activities		
Dividends paid	(11,651,542)	(10,962,922)
Payments for share buyback	(1,356,696)	(13,549,188)
Net cash (outflow) from financing activities	<u>(13,008,238)</u>	(24,512,110)
Net (decrease)/increase in cash and cash equivalents	(14,974,161)	13,065,302
Cash and cash equivalents at beginning of the year	32,092,735	19,027,433
Cash and cash equivalents at the end of the year	6 <u>17,118,574</u>	32,092,735

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 Accumulation 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 16 August 2023.

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 2023 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 on the financial statements of the Company.

(iii) Standards issued but not yet effective

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

(b) Financial assets and financial liabilities

(i) Recognition and initial measurement

Financial assets are recognised initially at fair value including transaction costs. Financial liabilities are recognised initially at fair value.

2 Summary of significant accounting policies (continued)

(b) Financial assets and financial liabilities (continued)

(ii) Classification and subsequent measurement

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

For financial assets, the contractual 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 and financial liabilities 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 financial assets 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.

(iii) Trust distribution income

Trust distribution income is recognised in the profit or loss when the Company's right to receive payment is established.

(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 and unsettled sale of shares

Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, 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 were 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 issued capital.

(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/(loss) attributable to owners of the Company.
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for 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. Future taxable amounts are determined based on the historical performance of the Company. Deferred tax assets are reviewed at each reporting period. The Company considers that it is probable that future taxable profits will be available to utilise those deferred tax assets set out in note 5(c).

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 financial assets 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 2023 and 30 June 2022 is listed below:

Industry sector	2023 %	2022 %
Financials	10.2	7.8
Materials	13.5	16.8
Health Care	8.8	9.2
Utilities	3.2	1.9
Consumer Discretionary	9.0	9.8
Industrials	9.8	9.6
Energy	7.9	8.3
Listed Property Trusts	8.0	7.3
Communication Services	5.8	6.0
Consumer Staple	7.9	6.5
Information Technology	1.6	1.3
	<u>85.7</u>	<u>84.5</u>
Cash	14.3	15.5
	<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 87% (2022: 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% (2022: 30%).

	Impact on Total Comprehensive income	
	2023	2022
	\$	\$
Increase 5%	7,383,970	7,201,055
Decrease 5%	(7,383,970)	(7,201,055)
Increase 10%	14,767,939	14,402,110
Decrease 10%	(14,767,939)	(14,402,110)

(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 performance, 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
	\$	\$	\$
30 June 2023			
Financial Assets			
Cash and cash equivalents	17,118,574	–	17,118,574
Receivables	–	867,071	867,071
Financial assets at fair value	–	212,495,010	212,495,010
	17,118,574	213,362,081	230,480,655
Financial liabilities			
Trade creditors and other payables	–	(647,947)	(647,947)
Financial liabilities at fair value	–	(1,524,450)	(1,524,450)
Total liabilities	–	(2,172,397)	(2,172,397)
Net exposure to interest rate risk	17,118,574	211,189,684	228,308,258

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 2022			
Financial Assets			
Cash and cash equivalents	32,092,735	–	32,092,735
Receivables	–	2,089,625	2,089,625
Long term investments	4,179,130	202,691,800	206,870,930
	<u>36,271,865</u>	<u>204,781,425</u>	<u>241,053,290</u>
Financial liabilities			
Trade creditors and other payables	–	(1,892,072)	(1,892,072)
Financial liabilities at fair value	–	(1,126,500)	(1,126,500)
Total liabilities	–	<u>(3,018,572)</u>	<u>(3,018,572)</u>
Net exposure to interest rate risk	<u>36,271,865</u>	<u>201,762,853</u>	<u>238,034,718</u>

The weighted average interest rate of the Company's interest bearing financial assets at 30 June 2023 is 2.34% (2022: 0.51%).

Sensitivity analysis

At 30 June 2023, if interest rates had increased/decreased by 75 basis points (2022: 75 basis points) from the year end rates with all other variables held constant, post-tax profit for the year would have been \$121,612 (2022: \$150,226) higher and \$121,612 (2022: \$150,226) 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 receives 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 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. 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. Refer to the table.

The Company is not exposed to material liquidity risk.

	Contractual cash flow \$	Less than a month \$	1-6 months \$	6-12 months \$	1-5 years \$	More than 5 years \$
30 June 2023						
Non-Derivative financial liabilities						
Investment creditors	348,029	348,029	–	–	–	–
Other payables	299,918	199,915	100,003	–	–	–
Total	647,947	547,944	100,003	–	–	–
Derivative financial liabilities						
Exchange traded options	1,524,450	997,200	527,250	–	–	–
Sub total	1,524,450	997,200	527,250	–	–	–
	2,172,397	1,545,144	627,253	–	–	–

3 Financial risk management (continued)

(c) Liquidity risk (continued)

30 June 2022	Contractual cash flow \$	Less than a month \$	1-6 months \$	6-12 months \$	1-5 years \$	More than 5 years \$
Non-Derivative financial liabilities						
Investment creditors	1,496,875	1,496,875	—	—	—	—
Share buyback	76,477	76,477	—	—	—	—
Other payables	318,720	227,334	91,386	—	—	—
Total	1,892,072	1,800,686	91,386	—	—	—
Derivative financial liabilities						
Exchange traded options	1,126,500	580,900	545,600	—	—	—
Sub total	1,126,500	580,900	545,600	—	—	—
	3,018,572	2,381,586	636,986	—	—	—

4 Fair value measurement

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

- Financial assets
- 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 2023 and 30 June 2022.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
As at 30 June 2023				
Financial assets				
Financial assets at fair value:				
Listed equities	189,395,760	–	–	189,395,760
Listed unit trusts	23,099,250	–	–	23,099,250
Total	<u>212,495,010</u>	<u>–</u>	<u>–</u>	<u>212,495,010</u>
Financial liabilities				
Financial liabilities held for trading:				
Options	1,524,450	–	–	1,524,450
Total	<u>1,524,450</u>	<u>–</u>	<u>–</u>	<u>1,524,450</u>
 As at 30 June 2022				
Financial assets				
Financial assets at fair value:				
Listed equities	185,996,300	–	–	185,996,300
Listed unit trusts	16,695,500	–	–	16,695,500
Floating rate notes	4,179,130	–	–	4,179,130
Total	<u>206,870,930</u>	<u>–</u>	<u>–</u>	<u>206,870,930</u>
Financial liabilities				
Financial liabilities held for trading:				
Options	1,126,500	–	–	1,126,500
Total	<u>1,126,500</u>	<u>–</u>	<u>–</u>	<u>1,126,500</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 closing prices at the end of the reporting year.

During the year \$nil (2022: \$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 2023 \$	30 June 2022 \$
Prima Facie tax on profit from ordinary activities before income tax of 30% (2022: 30%)	3,041,934	2,070,939
Increase/(decrease) in income tax expense due to:		
Gross up of imputation credits received	862,946	550,927
Imputation credits on dividends received	(2,876,489)	(1,836,421)
Gross up of foreign income tax offsets	246	10,162
Foreign income tax offsets	(819)	(33,875)
Franked dividend income receivable	–	(10,800)
Under/(over) provisions in previous year	(68,375)	7,988
Share buyback costs raised directly in equity	–	(4,490)
	<u>959,443</u>	<u>754,430</u>
Tax expense composition:		
Current tax expense	1,028,627	208,459
Movement in deferred tax liabilities	(60,791)	543,437
Movement in deferred tax assets	59,982	(964)
Under/(over) provision in previous year	(68,375)	7,988
Share buyback costs raised directly in equity	–	(4,490)
	<u>959,443</u>	<u>754,430</u>
Effective tax rate is:	9.46%	10.93%
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.		

5 Taxation (continued)

(b) Current tax liabilities

	30 June 2023	30 June 2022
	\$	\$
Balance at the beginning of the period	5,719,638	4,856,094
Current year income tax on taxable income	1,028,624	203,970
Realised capital gain	–	6,215,211
Net income tax paid	(6,368,269)	(5,568,789)
Under provision of income tax in previous year	61,150	13,152
	441,143	5,719,638

(c) Deferred tax assets/liabilities

	30 June 2023	30 June 2022
	\$	\$
This deferred tax assets balance comprises temporary differences attributable to:		
Accruals	19,987	13,398
Share issue costs capitalised	9,984	15,367
Capital losses	988,908	–
Net revaluation of investments	10,304,036	11,113,902
Unrealised losses on options	39,795	–
Over provision	122,707	–
Deferred tax assets	11,485,417	11,142,667

The deferred tax liabilities balance comprises temporary differences attributable to:

Unrealised gains on options	–	213,531
Income receivable not assessable for tax until receipt	43,200	34,320
Tax deferred distributable income	183,657	227,727
Deferred tax liabilities	226,857	475,578

Net deferred tax assets adjusted for deferred tax liabilities

11,258,560	10,667,089
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The overall movement in deferred tax asset and liabilities account is as follows:

Opening balance	10,667,089	4,202,090
Share issue costs capitalised	–	650
Capital losses	990,113	965
Charged to profit or loss	60,791	(543,437)
Tax effect of asset revaluation reserve movement	(797,698)	7,002,306
Tax effect of income from distribution	215,558	12,504
Over/(under) provision	122,707	(7,989)
The rate used at 30 June 2023 is 30% (2022: 30%)	11,258,560	10,667,089

6 Cash and cash equivalents

	30 June 2023	30 June 2022
	\$	\$
Cash at bank	17,118,574	32,092,735
Total cash and cash equivalents	17,118,574	32,092,735

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

	30 June 2023	30 June 2022
	\$	\$
Net profit after income tax	9,180,337	6,148,699
Changes in operating assets and liabilities		
Unrealised losses/(gains) on options	844,429	(994,218)
Dividend/distribution income reinvested	–	(164,296)
Increase in dividends/distributions receivable	(173,040)	(167,195)
Decrease/(increase) in interest receivable	84,346	(84,346)
Decrease/(increase) in other income receivable	9,608	(3,535)
Decrease in prepayments	6,195	8,623
(Decrease)/increase in sundry creditors and accruals	(501,075)	970,623
Decrease/(increase) in deferred tax assets	(990,115)	(1,615)
Decrease in current tax liabilities	(4,357,920)	(5,356,181)
(Decrease)/increase in deferred tax liabilities	(60,791)	543,437
	(5,138,363)	(5,248,703)
Net cash inflow from operating activities	4,041,974	899,996

7 Receivables

	30 June 2023	30 June 2022
	\$	\$
Receivable - proceeds from investment sales	50,326	1,351,967
Interest receivable	–	84,346
Dividends/distributions receivable	777,200	604,160
Other receivables	39,545	49,152
Total receivables	867,071	2,089,625

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

The expected credit loss assessment on receivables is not material.

8 Financial assets at fair value

Financial assets held at fair value through other comprehensive income include the following:

	30 June 2023	30 June 2022
	\$	\$
Listed securities	212,495,010	206,870,930

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, included in the Statement of Comprehensive Income were:

	2023	2022
	\$	\$
Dividend income:		
Listed securities held at year-end	9,359,309	6,520,876
Listed securities sold during the year	664,400	1,568,952
Total dividend	<u>10,023,709</u>	<u>8,089,828</u>

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

	2023	2022
	\$	\$
Fair value at disposal date		
Listed securities	56,438,492	136,297,618
Gains/(losses) on disposal after tax		
Listed securities	(2,770,257)	14,005,113

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 2023	30 June 2022
	\$	\$
Exchange traded options	1,391,800	1,838,279
Exchange traded options revaluation	132,650	(711,779)
Total financial liabilities at fair value	<u>1,524,450</u>	<u>1,126,500</u>

10 Trade creditors and other payables

	30 June 2023	30 June 2022
	\$	\$
Payable - unsettled investment purchases	348,029	1,496,875
Payable - share buyback	–	76,477
Payable - other expenses	299,918	318,720
Total trade creditors and other payables	647,947	1,892,072

11 Issued capital

(a) Share Capital

	30 June 2023 Number of Shares	30 June 2023 Total amount \$	30 June 2022 Number of Shares	30 June 2022 Total amount \$
Fully paid ordinary shares	227,660,294	238,169,259	229,049,493	239,449,478

(b) Movement in ordinary share capital

2023

Date		Number of shares	Share price* \$	Total amount \$
01/07/2022	Opening balance	229,049,493		239,449,478
	Share buyback	(1,389,199)	0.92	(1,280,219)
30/06/2023	Closing balance	227,660,294	–	238,169,259

2022

Date		Number of shares	Share price* \$	Total amount \$
01/07/2021	Opening balance	242,506,634		253,069,464
	Share buyback	(13,457,141)	1.01	(13,619,986)
30/06/2022	Closing balance	229,049,493	-	239,449,478

* Rounded to two decimal places

11 Issued capital (continued)

(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. There are no separate classes of shares and each share has the same rights attaching to it as all other shares of the Company.

(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) 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.

(b) 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 future dividend payments purposes.

(c) Profits reserve

Retained earnings are transferred to the profit reserve for future dividend payments.

13 Earnings per share

	30 June 2023 cents	30 June 2022 cents
(a) Basic and diluted earnings per share		
Total earnings per share attributable to the ordinary equity holders of the Company	4.02	2.64
(b) Weighted average number of shares used as denominator		
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 issues during the year.	228,416,565	233,106,211

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% (2022: 30%) tax rate.

	30 June 2023 \$	30 June 2022 \$
Final dividend FY22: 1.2 cents per share fully franked paid 2 September 2022	2,747,886	
Final dividend FY21: 1.1 cents per share fully franked paid 3 September 2021		2,646,839
Interim dividend FY23: 1.3 cents per share fully franked paid 2 December 2022	2,975,554	
Interim dividend FY22: 1.2 cents per share fully franked paid 3 December 2021		2,798,777
Interim dividend FY23: 1.3 cents per share fully franked paid 3 March 2023	2,966,648	
Interim dividend FY22: 1.2 cents per share fully franked paid 4 March 2022		2,765,752
Interim dividend FY23: 1.3 cents per share fully franked paid 2 June 2023	2,961,454	
Interim dividend FY22: 1.2 cents per share fully franked paid 3 June 2022		2,751,554
	<u>11,651,542</u>	<u>10,962,922</u>

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

	30 June 2023 \$	30 June 2022 \$
In addition to the above dividends, since year end the Directors have recommended the payment of a final dividend of 1.3 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 1 September 2023 (2022: 2 September 2022) out of the profits of the Company at 30 June 2023 and 30 June 2022, but not recognised as a liability at year end is:	2,959,584	2,748,594

14 Dividends (continued)

(c) Dividends franking account

The fully franked final dividend to be paid on 1 September 2023 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 2023.

	30 June 2023 \$	30 June 2022 \$
Opening balance of franking account	4,116,506	1,311,938
Franking credits on dividends received	2,876,489	1,836,421
Tax paid during the period	6,368,269	5,568,789
Franking credits on ordinary dividends paid	(4,993,518)	(4,698,395)
Closing balance of franking account	8,367,746	4,018,753
Adjustment for tax payable on the current period profits	441,143	5,719,638
Franking credits available for use in subsequent reporting periods	8,808,889	9,738,391
Adjusted for dividends declared subsequent to reporting period 30% (2022: 30%)	(1,268,393)	(1,177,969)
Adjusted franking account balance	7,540,496	8,560,422

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 disclosures

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 (Resigned 31 March 2023)
Eamonn Roles	Independent Director
Linda Fox	Independent Director (Appointed 31 March 2023)
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 to 17.

	30 June 2023 \$	30 June 2022 \$
Short term employee benefits - Directors fees	66,787	66,985
Post employment benefits - Superannuation	33,213	33,015
	100,000	100,000

15 Key management personnel disclosures (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

2023 Directors	Balance as at 30 June 2022	Acquisitions	Disposals	Other	Balance as at 30 June 2023
Peter McKillop	537,060	-	-	-	537,060
Jennifer Horrigan**	29,200	-	-	(29,200)	-
Eamonn Roles	155,000	-	-	-	155,000
Anton Tagliaferro***	8,500,000	760,000	-	(1,000,000)	8,260,000
Linda Fox****	-	-	-	-	-
Simon Conn	400,000	-	-	-	400,000
	9,621,260	760,000	-	(1,029,200)	9,352,060

**Jennifer Horrigan resigned from the Company effective 31 March 2023 and her shareholding balance as at 30 June 2023 is not included.

***Anton Tagliaferro no longer has a relevant interest in the 1,000,000 shares held by IML.

****Linda Fox was appointed as a director on 31 March 2023.

2022

Directors	Balance as at 30 June 2021	Acquisitions	Disposals	Other	Balance as at 30 June 2022
Peter McKillop	537,060	-	-	-	537,060
Jennifer Horrigan	29,200	-	-	-	29,200
Eamonn Roles	155,000	-	-	-	155,000
Anton Tagliaferro	8,050,000	450,000	-	-	8,500,000
Simon Conn	400,000	-	-	-	400,000
	9,171,260	450,000	-	-	9,621,260

16 Related party transactions

Anton Tagliaferro resigned as a Director of IML on 5 January 2023 and no longer holds equity interests in IML, the entity appointed to manage the investment portfolio of the Company. On his retirement from IML on 31 March 2023, Mr Tagliaferro was retained in a consulting capacity until 30 June 2023. Simon Conn is a Director of IML and holds equity interests in IML.

Linda Fox is an external member of the IML Compliance Committee for IML's managed investment schemes and is remunerated directly by IML for this role.

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 \$2,181,021 (2022: \$2,390,503) inclusive of GST. The amount expensed in the Statement of Comprehensive Income after allowing for the reduced input tax credit was \$2,032,315 (2022: \$2,227,514). As at 30 June 2023, the balance payable to the Manager was \$163,413 (2022: \$169,565).

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

No Director has received or became 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/she is a member or with a Company in which he/she has substantial financial interest.

17 Segment information

The Company has only 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 and options.

18 Contingencies and commitments

The Company had no commitments or contingent liabilities as at 30 June 2023 and 30 June 2022.

19 Events occurring after the reporting period

Since the end of the financial year, the Directors declared a fully franked final dividend of 1.3 cents per fully paid ordinary share payable on 1 September 2023.

Subsequent to 30 June 2023 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

	30 June 2023	30 June 2022
	\$	\$
Audit and other assurance services:		
Audit and review of financial report	54,900	47,700
Non-assurance services:		
Tax services	12,200	11,100
	<u>67,100</u>	<u>58,800</u>

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 20 to 44 are in accordance with the *Corporations Act 2001* including:
 - (a) complying with the *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 2023 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.



Peter McKillop, Chairman

16 August 2023

Pitcher Partners Sydney Partnership

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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 2023, the statement of comprehensive income, the statement of changes in equity and the statement of cash flow 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 2023 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.

Key audit matter	How our audit addressed the matter
Existence and Valuation of Financial Assets Refer to Note 8: Financial Assets at Fair Value	
<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 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"> ▪ Obtaining an understanding of and evaluating the design and implementation of the investment management's processes and controls. ▪ Reviewing and evaluating the independent auditor's report on the design and operating effectiveness of internal controls (ASAE 3402 <i>Assurance Reports on Controls at a Service Organisation</i>) for the Custodians. ▪ 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. ▪ Obtaining confirmations of the investment holdings at balance date directly from the Custodians. ▪ Assessing and recalculating the Company's valuation of individual investment holdings using independent pricing sources. ▪ Evaluating the accounting treatment of revaluations of financial assets for current/deferred tax and unrealised gains or losses; and ▪ Assessing the adequacy of disclosures in the financial statements.

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 2023 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.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- 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 17 of the Directors' Report for the year ended 30 June 2023. In our opinion, the Remuneration Report of QV Equities Limited, for the year ended 30 June 2023, 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



Pitcher Partners
Sydney

16 August 2023

Shareholder Information

The shareholder information set out below was applicable as at 30 June 2023.

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 2023:

Ordinary shares, trust units or stapled securities	2023		2022	
	Holding units	Fair value \$	Holding units	Fair value \$
A2B Australia Limited	2,200,000	3,267,000	2,100,000	2,310,000
Abacus Property Group	1,000,000	2,690,000	1,000,000	2,570,000
Alumina Ltd	2,000,000	2,770,000	1,200,000	1,758,000
Amcor Limited*	580,000	8,618,800	800,000	14,432,000
Ampol Limited*	350,000	10,479,000	330,000	11,295,900
APA Group	500,000	4,845,000	-	-
Aurizon Holdings Limited	3,600,000	14,112,000	3,600,000	13,680,000
Australian Clinical Labs Ltd	1,100,000	3,784,000	480,000	2,203,200
Bank of Queensland Limited	400,000	2,196,000	370,000	2,467,900
Bega Cheese Ltd	800,000	2,280,000	600,000	2,292,000
Brambles Ltd*	740,000	10,663,400	600,000	6,426,000
Charter Hall Retail REIT	1,300,000	4,693,000	1,300,000	4,901,000
Clearview Wealth Limited	1,600,000	776,000	1,600,000	1,088,000
Codan Ltd	300,000	2,409,000	300,000	2,088,000
Coles Group Limited*	500,000	9,210,000	500,000	8,905,000
G.U.D. Holdings Limited	500,000	4,410,000	400,000	3,196,000
Healthco REIT	1,750,000	2,301,250	-	-
Hipages Group Holdings Ltd	1,900,000	1,434,500	1,600,000	1,584,000
HMC Capital Ltd	550,000	2,783,000	-	-
Home Consortium	-	-	300,000	1,353,000
Homeco Daily Needs REIT	2,800,000	3,290,000	2,800,000	3,584,000
Incitec Pivot Limited	500,000	1,370,000	500,000	1,655,000
Informedia Limited	700,000	1,120,000	600,000	1,002,000
Insurance Australia Group*	1,000,000	5,700,000	1,300,000	5,668,000
Integral Diagnostics Limited	850,000	2,788,000	1,100,000	3,333,000
Lottery Corporation*	1,600,000	8,208,000	1,800,000	8,136,000
Mayne Pharma Group Limited**	800,000	3,520,000	16,000,000	4,000,000
Medibank Private Ltd	1,425,000	5,016,000	425,000	1,381,250
Metcash Limited*	1,400,000	5,264,000	1,300,000	5,512,000
Mirvac Group	-	-	500,000	987,500
New Hope Corporation Limited*	800,000	3,880,000	1,000,000	3,460,000
Newcrest Mining Limited	100,000	2,642,000	100,000	2,089,000
Nine Entertainment Co. Holdings Limited	1,900,000	3,733,500	1,900,000	3,467,500
Ooh Media Limited	1,500,000	1,770,000	1,500,000	1,815,000

Shareholder Information (continued)

A. Long term equity investments (continued)

	2023		2022	
	Holding units	Fair value \$	Holding units	Fair value \$
Ordinary shares, trust units or stapled Securities (continued)				
Orica Limited*	800,000	11,864,000	830,000	13,089,100
Origin Energy Limited	300,000	2,523,000	900,000	5,157,000
Pact Group Holdings Ltd	5,000,000	3,300,000	4,900,000	8,844,500
Pro-Pac Packaging Limited	5,936,000	1,246,560	2,650,000	1,285,250
Ramsay Health Care Ltd (preference shares)	20,000	2,079,800	20,000	1,993,000
Region Group	1,100,000	2,497,000	-	-
Regis Healthcare Limited	440,000	976,800	900,000	1,665,000
Santos Ltd*	700,000	5,264,000	700,000	5,194,000
Shopping Centres Australasia Property Group	-	-	1,200,000	3,300,000
Skycity Entertainment Group Limited	3,050,000	6,435,500	3,000,000	7,950,000
Sonic Healthcare Limited*	270,000	9,603,900	220,000	7,262,200
Southern Cross Media Group Limited	2,500,000	2,162,500	3,500,000	3,482,500
Suncorp Group Ltd*	600,000	8,094,000	400,000	4,392,000
Tabcorp Holding Limited	2,500,000	2,775,000	-	-
TPG Telecom Ltd	850,000	4,139,500	700,000	4,179,000
United Malt Group Ltd	800,000	3,520,000	900,000	2,943,000
Virgin Money UK PLC	1,400,000	3,990,000	1,500,000	3,315,000
Floating rate notes				
Crown Resorts Limited unsecured sub floating rate note	-	-	41,000	4,179,130
Total equities		212,495,010		206,870,930
Cash		17,118,574		32,092,735
Total portfolio		229,613,584		238,963,665

* Part or all of the security was subject to call options written by the Company as at 30 June 2023.

** Mayne Pharma Group Limited had a one for 20 share consolidation during the year ended 30 June 2023.

There were 342 (2022: 677) investment transactions during the financial year. The total brokerage paid on these transactions was \$92,899 (2022: \$261,919).

B. Distribution of equity securities

Analysis of numbers of shareholders by size of holding as at 30 June 2023:

Holding	Number of shareholders	Ordinary shares	Percentage
1 – 1,000	285	90,060	0.04
1,001 – 5,000	532	1,746,123	0.77
5,001 – 10,000	592	4,869,276	2.14
10,001 – 100,000	2,740	97,799,021	42.95
100,001 and over	306	123,155,814	54.10
	4,455	227,660,294	100.00

There were 202 holders of less than a marketable parcel of ordinary shares holding a total of 21,522 shares.

Shareholder Information (continued)

C. Equity security holders

Twenty largest shareholders - ordinary shares:

Name	Ordinary shares	
	Number held	Percentage of Issued shares
HSBC Custody Nominees (Australia) Limited	22,014,090	9.67
Citicorp Nominees Pty Limited	19,056,406	8.37
Kennedy Financement Luxembourg S.A.R.L	6,018,101	2.64
AKAT Investments Pty Ltd <Tag Family A/C>	5,800,000	2.55
Navigator Australia Limited <MLC Investment Sett A/C>	2,558,937	1.12
Nulis Nominees (Australia) Limited <Navigator Mast Plan Sett A/C>	2,043,322	0.90
Netwealth Investments Limited <Wrap Services A/C>	1,962,848	0.86
Netwealth Investments Limited <Super Services A/C>	1,582,666	0.70
BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd <DRP A/C>	1,433,736	0.63
AKAT Investments Pty Ltd <Tag Super Fund A/C>	1,360,000	0.60
TAG Family Foundation Pty Ltd <Tag Family Foundation A/C>	1,100,000	0.48
Mr Anthony Archer	1,068,000	0.47
Atrol Pty Ltd <The Atrol Super Fund A/C>	1,000,000	0.44
Investors Mutual Ltd	1,000,000	0.44
Peter MacGill Investments Pty Ltd <P D MacGill Super Fund A/C>	812,295	0.36
Fairview Investments Pty Limited	600,000	0.26
Australian Executor Trustees Limited <No 1 Account>	563,198	0.25
IOOF Investment Services <IPS Superfund A/C>	535,939	0.24
Sir Anthony Frank Mason	504,000	0.22
Ebeyer Super Pty Ltd <The Ebeyer Super Fund A/C>	464,308	0.20
Dr Christopher David Carter + Mrs Kathryn Jane Carter <CD & KJ Carter Super FD A/C>	450,000	0.20
Mrs Gerda Hauser	450,000	0.20
Ms Olga Komarova	450,000	0.20
		<u>32.00</u>

D. Substantial shareholders

1607 Capital Partners LLC held 8.22% of the shares in QVE on 22 June 2023.

WAM Strategic Value Limited held 7.97% of the shares in QVE on 22 June 2023.