

QV Equities Limited

ACN 169 154 858

Prospectus



Manager

Investors Mutual Limited (AFSL 229988)

Arranger and Joint Lead Manager

CBA Equities Limited (AFSL 238817)

Joint Lead Managers

T.C Corporate Pty Ltd

(Authorised Representative 341322)

Patersons Securities Limited (AFSL 239052)

BBY Ltd (AFSL 238095)

Co-Lead Manager

Lonsec Limited (AFSL 246 842)

Authorised Intermediary

Commonwealth Securities Limited (AFSL 238 814)

Australian Legal Adviser

DLA Piper Australia

Important notices

Offer

The Offer contained in this Prospectus is an invitation to acquire Shares in the Company, together with an entitlement to one Option for every one Share subscribed for under the Offer, with each Option exercisable at \$1.00 on or before 15 March 2016.

Lodgement and Listing

This Prospectus is dated 23 June 2014 and a copy of this Prospectus was lodged with ASIC on that date. The Company will apply to ASX for admission of the Company to the official list of ASX and for quotation of its Shares and Options on ASX within seven days after the date of this Prospectus. Neither ASIC, ASX or their officers take any responsibility for the contents of this Prospectus or for the merits of the investment in which this Prospectus relates.

Expiry Date

No Securities (other than the Shares to be issued on exercise of the Options) will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Note to applicants

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. This Prospectus should not be construed as financial, taxation, legal or other advice. The Company is not licensed to provide financial product advice in respect of its Securities or any other financial products.

This Prospectus is important and should be read in its entirety prior to deciding whether to invest in the Securities. There are risks associated with an investment in the Securities which must be regarded as a speculative investment. Some of the risks that should be considered are set out in Section 5. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues). There may also be risks in addition to these that should be considered in light of your personal circumstances.

If you do not fully understand this Prospectus or are in doubt as to how to deal with it, you should seek professional guidance from your stockbroker, lawyer, accountant or other professional adviser before deciding whether to invest in the Securities.

No person named in this Prospectus warrants or guarantees the Company's performance or any return on investment made pursuant to this Prospectus.

Intermediary authorisation

The Company does not hold an AFSL under the Corporations Act. Accordingly, the Offer will be made pursuant to an arrangement between the Company and Commonwealth Securities Limited ABN 60 067 254 399 (AFSL 238814) under Section 911A(2)(b) of the Corporations Act. The Company will only authorize Commonwealth Securities Limited (AFSL 238814) to make offers to people to arrange for the issue of Securities in accordance with such offers if they are accepted.

CBA Equities (AFSL 238817), Patersons (AFSL 239052), Taylor Collison (Authorised Representative Number 341322) and BBY (AFSL 238095) (together, the **Joint Lead Managers**) and Lonsec Limited (AFSL 246842) (**Co-Lead Manager**) will manage the Offer on behalf of the Company.

The Joint Lead Managers' and the Co-Lead Manager's functions should not be considered as an endorsement of the Offer, nor a recommendation of the suitability of the Offer for any investor. The Joint Lead Managers and the Co-Lead Manager do not guarantee the success or performance of the Company or the returns (if any) to be received by investors. Neither the Joint Lead Managers, the Co-Lead Manager nor any other licensee is responsible for, or has caused the issue of, this Prospectus.

No offer where offer would be illegal

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Securities in any jurisdiction outside Australia and New Zealand. The distribution of this Prospectus outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus outside Australia and New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made thereunder.

This Prospectus is for the exclusive use of the person to whom it is addressed (the recipient) in connection with the Offer, and no steps have been taken to register or seek authorisation for the issue of this Prospectus in Hong Kong. This Prospectus must not be distributed, published, reproduced or disclosed (in whole or in part) by the recipient to any other person in Hong Kong or used for any purpose in Hong Kong other than in connection with the recipient's consideration of the Offer.

Notice to Singapore residents

The offer or invitation which is the subject of this prospectus is only allowed to be made to certain categories of investors and not the retail public in Singapore. This is not, however, a prospectus as defined in the Securities and Futures Act (chapter 289) of Singapore (**SFA**). Accordingly, statutory liability under the SFA in relation to the content of the prospectus would not apply. You should consider carefully whether the investment is suitable for you. Please refer to section 2.11 for further information.

Financial information and amounts

The pro forma financial information is presented in Australian dollars and has been prepared in accordance with AIFRS.

Disclaimer

No person is authorized by the Company, the Joint Lead Managers or the Co-Lead Manager to give any information or make any representation in connection with the Offer that is not contained in the Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorized by the Company, its Directors or any other person in connection with the Offer. The Company's business, financial condition, results of operations and prospects may have changed since the date of this Prospectus.

This Prospectus contains forward-looking statements concerning the Company's business, operations, financial performance and condition as well as the Company's plans, objectives and expectations for its business, operations, financial performance and condition. Any statements contained in this Prospectus that are not of historical facts may be deemed to be forward-looking statements. You can identify these statements by words such as “aim”, “anticipate”, “assume”, “believe”, “could”, “due”, “estimate”, “expect”, “goal”, “intend”, “may”, “objective”, “plan”, “predict”, “potential”, “positioned”, “should”, “target”, “will”, “would” and

other similar expressions that are predictions of or indicate future events and future trends.

These forward-looking statements are based on current expectations, estimates, forecasts and projections about the Company's business and the industry in which the Company operates and management's beliefs and assumptions. These forward-looking statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in some cases beyond the Company's control. As a result, any or all of the Company's forward-looking statements in this Prospectus may turn out to be inaccurate. Factors that may cause such differences or make such statements inaccurate include, but are not limited to, the risk factors described in Section 5.

Potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on the forward-looking statements.

These forward-looking statements speak only as at the date of this Prospectus. Unless required by law, the Company does not intend to publicly update or revise any forward-looking statements to reflect new information or future events or otherwise. You should, however, review the factors and risks the Company describes in the reports to be filed from time to time with ASX after the date of this Prospectus.

Some numerical figures included in this Prospectus have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that preceded them.

Exposure period

The Corporations Act prohibits the Company from processing Applications under the Offer in the seven-day period after the date of lodgement of the Prospectus with ASIC (**Exposure Period**). This period may be extended by ASIC for a further period of up to seven days. The purpose of the Exposure Period is to enable this Prospectus to be examined by ASIC and market participants prior to the raising of funds under the Offer. This Prospectus will be made generally available to Australian residents during the Exposure Period, without the Application Form, by being posted on the following website: **www.qvequities.com**. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on any Applications received during the Exposure Period.

Electronic prospectus

This Prospectus will be made available in electronic form on the following website: **www.qvequities.com**.

The information on **www.qvequities.com** does not form part of this Prospectus.

The Offer constituted by this Prospectus in electronic form is available only to persons receiving this Prospectus in electronic form within Australia or New Zealand. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. If unsure about the completeness of this Prospectus received electronically, or a print out of it, you should contact the Company. A paper copy of this Prospectus will be available for Australian and New Zealand residents free of charge by contacting:

QV Equities Limited Offer Information Line

Tel: (+61) 1800 868 464
(between 8:30am to 5:30pm AEST)

Applications for the Securities under this Prospectus may only be made on either a printed copy of the Application Form attached to or accompanying this Prospectus or via the electronic Application Form attached to the electronic version of this Prospectus, available at **www.qvequities.com**. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a hard copy of the Prospectus or the complete and unaltered electronic version of the Prospectus. If this Prospectus is found to be deficient, any Applications may need to be dealt with in accordance with section 724 of the Corporations Act.

Privacy

The Company will collect, hold, use and disclose personal information provided by investors to allow it to process your Application, service your needs as a security holder, provide facilities and services that you request and carry out appropriate administration of your investment. This means that the Company will need to collect your personal information (for example, your name, address and details of the Shares and Options that you hold). Under the Corporations Act some of this information must be included in the Company's Shareholder and Option holder registers, which will be accessible by the public.

The Company will only use and/or disclose your personal information for the purposes for which it was collected, other related purposes and as permitted or required by law. If you do not wish to provide this information, the Company and its Share Registry may not be able to process your Application.

The Company may also share your personal information with service providers of the Company or others who provide services on the Company's behalf, some of which may be located outside of Australia.

For more details on how the Company collects, stores, uses and discloses your information, please read the Company's Privacy Policy located at **www.qvequities.com**. Alternatively, you can contact the Company by telephone on +61 1300 552 895 or by email at **privacy@qvequities.com** and the Company will send you a copy of its Privacy Policy free of charge. It is recommended that you obtain a copy of this Privacy Policy and read it carefully before making an investment decision.

By completing an Application Form or authorising a broker to do so on your behalf, or by providing the Company with your personal information, you agree to this information being collected, held, used and disclosed as set out in this Prospectus and the Company's Privacy Policy (located at **www.qvequities.com**).

The Company's Privacy Policy (located at **www.qvequities.com**) also contains information about how you can access and seek correction of your personal information, complain about a breach by the Company of the Australian privacy laws, and how the Company will deal with your complaint.

Definitions and abbreviations

Defined terms and abbreviations used in this Prospectus are explained in Section 11.

Time

All references to time in this Prospectus refer to Australian Eastern Standard Time unless stated otherwise.

Data

All data contained in charts, graphs and tables is based on information available as at 31 May 2014, unless otherwise stated.

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Important Dates

Lodgement of the Prospectus with ASIC	23 June 2014
Offer opens	14 July 2014
Offer closes	5:00pm 8 August 2014
Expected date for allotment of Shares and Options	15 August 2014
Expected date for dispatch of holding statements	15 August 2014
Trading of Shares and Options commences on ASX (on a normal settlement basis)	22 August 2014

The above timetable is indicative only. The Company reserves the right to vary the dates and times set out above subject to the Corporations Act and other applicable law. In particular, the Company reserves the right to close the Offer early, extend the Closing Date or accept late Applications without notifying any recipients of this Prospectus or any Applicants. Investors who wish to submit an Application are encouraged to do so as soon as practicable after the Offer opens.

Key Offer Statistics

Company	QV Equities Limited ACN 169 154 858
Proposed ASX Code	QVE: Shares QVEO: Options
Securities offered	Fully paid Shares with one Option for every one Share subscribed for
Application Amount per Share under the General Offer (comprising solely the Subscription Price)	\$1.00
Application Amount per Share under the Broker Firm Offer comprising: <ul style="list-style-type: none"> a Subscription Price per Share of 98.35 cents payable to the Company; and a Service Fee per Share of 1.65 cents per Share (inclusive of GST) payable to your Broker, (see Section 2.4 for further details)	\$1.00
Minimum number of Securities available under the Offer ¹	100,000,000 Shares 100,000,000 Options
Gross proceeds from the Offer (before exercise of any Options) based on the Minimum Subscription being raised under the Offer	\$100,000,000
Maximum number of Securities available under the Offer ²	203,355,363 Shares 203,355,363 Options
Gross proceeds from the Offer (before exercise of any Options) based on the Maximum Subscription being raised under the offer	\$200,000,000
Exercise Price per Option	\$1.00
Pro forma Net Asset Value (NAV) backing per Share ³ based on the Minimum Subscription being received (based on the unaudited pro forma statements on financial position set out in Section 7)	\$0.976
Pro forma NAV backing per Share ³ based on the Maximum Subscription being received (based on the unaudited pro forma statements of financial position set out in Section 7)	\$0.977

1. Calculated on the assumption that the full Minimum Subscription is raised under the General Offer and that no amount is raised under the Broker Firm Offer.

2. Calculated on the assumption that the full Maximum Subscription is raised under the Broker Firm Offer and that no amount is raised under the General Offer.

3. Calculated before the exercise of Options and on the assumption that 75% is raised under the Broker Firm Offer and that 25% is raised under the General Offer.



23 June 2014

Chairman's Letter

On behalf of the Board of Directors, it is my pleasure to invite you to become a security holder of QV Equities Limited (**Company**). The Company has been established to invest in a diversified portfolio of entities listed on the Australian Securities Exchange (**ASX**) which are not included in the S&P/ASX 20 Index, with the primary objective of providing both long-term capital growth and income.

The Company is seeking to raise a minimum of \$100 million and a maximum of \$200 million under the Offer (with free attaching Options on a one-for-one basis exercisable at an exercise price of \$1.00 per Share on or before 15 March 2016) and to obtain a listing on the ASX.

The Offer will provide investors with the opportunity to invest in an investment company whose portfolio will be managed by Investors Mutual Limited (**Manager**) a multi award-winning and experienced investment management company with an excellent track record of successfully managing Australian equities since 1998. The Manager currently manages \$4.9 billion in Australian and New Zealand equities (as at 31 May 2014).

Why focus on the Ex-20 Segment?

The Australian share market is heavily concentrated amongst the larger entities both in terms of market capitalisation and industry sectors. The 20 largest entities listed on ASX (S&P/ASX 20 Index) account for 67% of the market capitalisation of the S&P/ASX 300 Index and are heavily concentrated by industry exposure with 69% of the S&P/ASX 20 Index dominated by the financial and resource sectors. In comparison, the Ex-20 Segment is well diversified both in terms of market capitalisation and industry exposure with no individual entity representing over 3.0% of the Ex-20 Segment and no individual industry sector representing over 28% of the Ex-20 Segment.

We believe that the Ex-20 Segment provides investors with a much broader and diversified range of investment opportunities. We also believe that there are many high quality entities in the Ex-20 Segment, which through the Manager's detailed "bottom-up" research and analysis, will offer investors greater opportunities for above market returns.

It is our view that the outlook for Australian equity returns remains attractive. Accordingly, the Company's Portfolio will appeal to those investors looking to diversify their existing portfolio into a diversified and balanced portfolio of quality securities outside the S&P/ASX20 Index and predominantly within the S&P/ASX 300 Index focused on long-term capital growth and income.

Why Investors Mutual?

The Manager's successful track record of managing Australian equity portfolios and its reputation of performing well over a number of years has been recognised through a number of respected awards in the last decade both before and after the global financial crisis. Most recently, the Manager was the Morningstar Domestic Equities Winner 2012, Money Management/ Lonsec Fund Manager of the Year for Australian Equities 2012 and a finalist in the Morningstar Domestic Equities Award 2013.

The Manager's investment philosophy is based on the belief that an entity's share price will reflect its underlying value in the long-term. Accordingly, the Manager seeks to target quality entities led by capable management, which are operating with competitive advantages, have recurring and predictable earnings with the ability to grow over time and whose securities can be purchased at an attractive entry price. The Manager believes that the underlying quality and regular earnings stream of an entity is important as it enables both the payment of dividends to shareholders and reinvestment into the business for future growth.

Anton Tagliaferro, Investment Director and co-founder of the Manager, has used this investment philosophy and process since the inception of the Manager in 1997. This investment philosophy and process has resulted in all of the Manager's retail funds generating above market returns with less volatility than benchmark indices.

The Manager and the Board believe in creating long-term value for security holders through sustainable capital growth, income and capital preservation and do not believe in chasing short-term gains. As a result, the Manager will not be charging a performance fee for managing the Portfolio.



While the Company's structure and investment strategy will differ from some of the Manager's other retail funds, the Manager will apply the same investment philosophy and process in managing the Portfolio. For example, the application of this investment process by the Manager has delivered an after fee return of 11.8% per annum for the Manager's Australian Share Fund as compared to the 9.2% per annum return for the S&P/ASX 300 Index since June 1998¹. Similarly, the Manager's Australian Smaller Companies Fund has delivered 15.3% per annum as compared to the 5.6% delivered by the S&P/ASX Small Ordinaries (ex LPT) Index since June 1998¹. The investment strategies of the Manager's Australian Share Fund and Australian Smaller Companies Fund together most closely align to that which will be adopted by the Company. Importantly, these returns have been delivered with less volatility than the indexes referenced above, with the portfolios managed by the Manager proving more resilient than the broader market.

The Manager and the Board believe that now is an excellent time to offer this investment opportunity to investors, as the Manager continues to invest in a range of ASX listed entities in the Ex-20 Segment which look set to deliver good returns for investors in the years ahead.

I encourage you to read this Prospectus in full and carefully consider the information contained in it before making your investment decision. The Prospectus contains detailed information about the Company, the Securities and the risks associated with an investment in the Company (see Section 5 for details of key risks of investing in the Company). In addition, you should consider any investment in the Company as a long term proposition (at least five years) and be aware that substantial fluctuations in the value of your investment may occur during that period and beyond.

I am excited about the long-term outlook for the Company and look forward to welcoming you as a security holder.

Yours faithfully,



Don Stammer
Chairman

¹ Past performance of the Manager's other funds is not an indication of future performance of the Company.



1. Investment overview

The information set out in this Section is intended to be a summary only and should be read in conjunction with the more detailed information appearing elsewhere in this Prospectus. In deciding whether to apply for Securities under the Offer, you should read this Prospectus carefully and in its entirety. If you are in doubt as to the course you should follow, please consult your professional advisers.

About the Company

Question	Answer	More Information
What is the business of the Company and how will it seek to generate returns for investors?	<p>The Company is a newly incorporated company which has not conducted any business to date. Upon completion of the Offer, the Company will be a listed investment company that will invest predominately in ASX listed entities outside the S&P/ASX 20 Index with the aim of providing long-term capital growth and income over a five year plus investment period.</p> <p>The Company's Portfolio will be managed by the Manager. The Company will provide investors with the opportunity to invest in an actively managed portfolio and gain access to the investment experience and expertise of the Manager.</p> <p>As a guide, the Company's Portfolio will be made up of a diversified portfolio of between 20 and 50 ASX listed securities outside the S&P/ASX 20 Index. The Company's Portfolio may also invest up to 5% in unlisted securities (so long as these securities are proposed to be listed on the ASX within 12 months), derivatives and cash securities (see Section 3 for further details).</p> <p>The Company will not be permitted to borrow funds (use leverage) or short sell as part of its investment strategy.</p>	Section 3
What is the Company's investment objective?	<p>The Company's primary objective is to achieve long term value (over a five year plus investment period) via a combination of capital growth and income, by investing in a diversified portfolio of ASX listed entities outside the S&P/ASX 20 Index which the Manager considers to be undervalued and fits within the Company's investment criteria.</p> <p>The Company aims to achieve net returns over a five year plus investment horizon that are higher than the S&P/ASX 300 Accumulation Index excluding that part of the return that is generated by the securities comprised in the S&P/ASX 20 Accumulation Index.</p> <p>The Manager's investment strategy of targeting quality and undervalued entities will be applied to the investment strategy of the Company which will have a focus on securities outside the S&P/ASX 20 Index and which the Manager expects to predominantly invest within the S&P/ASX 300 Index.</p> <p>The Manager has operated its investment philosophy and process on behalf of private clients, institutional investors and clients of financial advisors since 1998 across its flagship diversified funds being its Investors Mutual Australian Share Fund (IML Australian Share Fund or IMAS) and Investors Mutual Australian Smaller Companies Fund (IML Australian Smaller Companies Fund or IMSC) which together most closely align with the investment strategy to be used by the Company in managing the Portfolio.</p>	Section 3



The IML Australian Share Fund invests in Australian and New Zealand entities listed on the ASX which are primarily in the S&P/ASX 300 Index and has approximately \$2.0 billion in net assets (as at 31 May 2014). The IML Australian Smaller Companies Fund invests in Australian and New Zealand entities listed on the ASX which are primarily outside the S&P/ASX 100 Index and has approximately \$129 million in net assets (as at 31 May 2014). The Company may, however, invest in any entity listed on ASX outside the S&P/ASX 20 Index and is not restricted to investing in Australian and New Zealand entities listed on ASX. Through delivering strong long term capital and income growth, both funds have historically outperformed their respective benchmark indices since inception as illustrated in the table below:

% Performance per annum	1 yr	3 yr	5 yr	Since inception (30 June 1998)
IML Australian Share Fund				
Growth	+9.5%	+8.9%	+9.6%	+6.9%
Income	+4.4%	+5.2%	+5.2%	+4.9%
Total Return	+13.9%	+14.1%	+14.8%	+11.8%
S&P/ASX300 Accumulation Index	+16.1%	+9.7%	+12.1%	+9.2%
Outperformance	-2.2%	+4.4%	+2.7%	+2.6%
IML Australian Smaller Companies Fund				
Growth	+1.4%	+2.6%	+9.0%	+4.6%
Income	+11.0%	+7.0%	+6.5%	+10.7%
Total Return	+12.4%	+9.7%	+15.5%	+15.3%
S&P/ASX Small Ordinaries Accumulation (ex LPT) Index	+5.8%	-5.4%	+3.4%	+5.6%
Outperformance	+6.7%	+15.1%	+12.1%	+9.7%

The IMAS's and the IMSC's performance returns (as stated above) are net of fees. The fees for the IMAS and the IMSC are different to the Company's fees. The fees for the Manager's funds mentioned above are a flat fee of 0.95% per annum (plus GST) of the NAV of each fund (equal to 0.993% per annum net of the effect of GST). The performance returns of IMAS and IMSC are calculated from the initial exit to the final exit price for the period stated and assumes that all distributions are reinvested into units in the fund. The reference to exit price is the price at which an investor can withdraw (i.e. redeem their units) from the fund. As such the performance returns in the above table represent the combined income and capital return on a reinvested (compound) basis. Please be aware that past performance is not a reliable indicator of future performance.

The IMAS and the IMSC differ from the Company in that they are unit trust structures rather than a company. The net returns achieved by IMAS and IMSC as at 31 May 2014, as set out in the tables above, are based on the historical performance of the IMAS and the IMSC only and do not relate to the future performance of the Company.

The information in the above table should not be relied upon and is not an indication of future performance of the Company. The actual return of the Company could differ materially from the historical returns of the IMAS and the IMSC detailed above.



<p>What are the key highlights of the Offer?</p>	<p>Taking up this Offer will allow investors to:</p> <ul style="list-style-type: none"> • diversify and complement their existing portfolio through exposure to a diversified and balanced portfolio of securities outside the S&P/ASX 20 Index and which is expected to be predominantly invested within the S&P/ASX 300 Index and which will be balanced across industry and stock exposure; • access a much wider investment universe where the Manager believes greater opportunities for above-market returns exist; • access a leading Australian boutique investment manager with a successful and award winning track record of investing in Australian and New Zealand equities since 1998; • enjoy the benefits of a bottom-up research-driven investment process and the portfolio management techniques of the Manager that have been developed over the past 16 years; • invest in a diversified portfolio seeking to deploy capital in securities that the Manager considers to be undervalued; • access potential returns from an investment strategy that focuses on the Manager's assessment of a company's long-term value, regardless of its benchmark weighting; • take advantage of a Portfolio with no performance fees motivating the Manager to focus on long-term capital growth, income and capital preservation; and • have the benefit of oversight from a Board with strong experience in capital markets, corporate governance, investment and funds management, with a focus on investor returns, volatility, cost control and efficiency. 	<p>Section 3</p>
<p>What are the key risks associated with the business model, the Securities and the Offer?</p>	<p>The past performance of portfolios managed by the Manager, and the persons associated with the Manager, are not a guide to future performance of the Company. There are risks inherent in the investment strategy that the Manager will employ for the Company including but not limited to the Portfolio being less diversified than other listed investment entities.</p> <p>The key risks associated with an investment in the Company include:</p> <ul style="list-style-type: none"> • the value of the assets selected by the Manager may decline in value over time ("asset risk"); • potential volatility associated with a lack of diversity within the Portfolio ("concentration risk"); • the Company's Securities may trade on ASX at a discount to NAV per Share for short or long periods of time; • the use of derivatives (futures, options and exchanged-traded options) having a negative impact due to an adverse movement in the underlying asset or where the position is difficult or costly to reverse or maintain ("derivative risk"; and • the Manager may stop managing the Portfolio or the Chief Investment Manager or Senior Portfolio Manager may leave the Manager ("Manager risk") meaning the Company may have to find new investment managers. <p>Investors should bear the above risks in mind when considering whether to participate in the Offer. In addition, investors are strongly advised to regard any investment in the Company as a long term proposition (at least five years) and be aware that substantial fluctuations in the value of their investment may occur during that period and beyond.</p> <p>More detail about these and other risks associated with the Company can be found in Section 5.</p>	<p>Investors should read these risks together with the other risks described in Section 5</p>



What is the financial position of the Company?	While the Company is yet to commence trading, unaudited pro forma statements of its financial position as at 17 April 2014 are set out in Section 7.	Section 7
Who are our Directors?	<p>The Directors of the Company are:</p> <ul style="list-style-type: none"> • Don Stammer – Independent Director and Chairman; • Anthony Peter McKillop – Independent Director; • John McBain - Independent Director; • Graham Hook – Executive Director; • Anton Tagliaferro - Executive Director; and <p>Simon Conn has also been appointed as an alternate director for Anton Tagliaferro.</p> <p>See Section 6 for further details regarding the background of the Directors.</p>	Section 6
What are the Directors paid?	<p>Following their appointment, it is proposed that the independent Directors will receive the following annual remuneration:</p> <ul style="list-style-type: none"> • Don Stammer – \$40,000 • Anthony Peter McKillop – \$30,000 • John McBain - \$30,000 <p>Anton Tagliaferro is an Executive Director of the Company and the Manager. He is remunerated by the Manager and it is not intended, as at the date of this Prospectus, that he will receive Directors' fees or any other form of remuneration from the Company for his services. Anton holds approximately 43% of the equity interests of the Manager as at the date of this Prospectus.</p> <p>Graham Hook is an Executive Director of the Company and General Manager of the Manager. He is remunerated by the Manager and it is not intended, as at the date of this Prospectus, that he will receive Directors' fees or any other form of remuneration from the Company for his services. Graham does not hold any of the equity interests in the Manager as at the date of this Prospectus.</p> <p>Simon Conn is a senior portfolio manager of the Manager and an alternate director for Anton Tagliaferro. He is remunerated by the Manager and it is not intended, as at the date of this Prospectus that he will receive an alternate director's fee or any form of remuneration from the Company for his services. Simon holds rights to acquire 1.5% of the equity interests of the Manager as at the date of this Prospectus.</p>	Section 6
Will any related party have a significant interest in the Company or the Offer?	<p>As at the date of this Prospectus, Investors Mutual Limited is the sole Shareholder of the Company and is therefore a related party of the Company. The Company and Investors Mutual Limited have entered into a Management Agreement pursuant to which Investors Mutual Limited is entitled to be paid certain fees by the Company. Further details of the Management Agreement are set out below and in Section 9.</p> <p>Other than as set out above and in Section 10 there are no existing agreements or arrangements nor any currently proposed transactions in which the Company was, or is to be, a participant and in which any related party of the Company had or will have a direct or indirect interest in the Company or the Offer.</p>	Sections 2, 9 and 10



Who will manage the investments?	<p>The Manager (Investors Mutual Limited).</p> <p>The Manager is a leading investment company that has been managing ASX listed Australian and New Zealand equities for private clients, institutional investors and clients of financial advisers since June 1998. The Manager has over \$4.9 billion in funds under management (as at 31 May 2014).</p> <p>The Manager has received a number of investment awards:</p> <ul style="list-style-type: none"> • Finalist in the 2013 Morningstar Domestic Equities Award. • Winner – IML Australian Share Fund – awarded Domestic Equities winner - Morningstar 2012 • Winner – IML Australian Share Fund awarded Money Management/Lonsec Fund Manager of the Year for Australian Equities 2012 • Winner – IML Australian Share Fund awarded the 2012 Smart Investor Blue Ribbon award for Australian Large Caps. • Winner – IML Australian Share Fund for Australian Equities large category at the Australian Fund Manager awards 2012 • Winner - IML Australian Smaller Companies Fund awarded the 2008 Morningstar Domestic Equities-Small Cap award 	Section 4
What are the key terms of the Management Agreement?	<p>The Manager will be responsible for managing the Portfolio in accordance with the investment objectives, strategy, guidelines and permitted investments set out in Section 3.</p> <p>The Manager may take up to six months to invest the Portfolio.</p> <p>The Management Agreement provides for the appointment of the Manager for an initial term of five years unless terminated earlier. The Management Agreement will be automatically extended for a further five-year term on the expiry of the initial term unless terminated earlier in accordance with its terms.</p> <p>The Company will pay the Manager a management fee of 0.9% per annum (plus GST) on the first \$150 million of the Portfolio Net Asset Value and 0.75% per annum (plus GST) thereafter, which is calculated and accrued each month and paid monthly in arrears. No performance fee is payable to the Manager for managing the Portfolio.</p> <p>If the Management Agreement is terminated, then in certain circumstances the Manager is also entitled to a termination payment equal to 0.9% of the net tangible asset backing of each Security in each class of shares in the Company as calculated under the Listing Rules.</p>	Section 3 and Section 9
What are the Company's material contracts?	In addition to the Management Agreement, the Company has entered into an Offer Management Agreement with respect to the Offer.	Section 9
Does the Board approve investments?	Board approval is not required for investments undertaken by the Manager that are in accordance with the Company's investment objectives, strategies, guidelines and permitted investments. Any investments that the Manager proposes outside of these parameters must be approved by the Board.	Section 3
Will the Company pay dividends?	<p>The Company currently intends to pay a dividend to Shareholders twice a year. The amount of the dividend will be at the discretion of the Board and will depend on a number of factors, including future earnings, capital requirements, financial conditions, future prospects and other factors that the Board deem relevant.</p> <p>It is the current Board policy that all dividends paid to Shareholders will be franked to 100% or to the maximum extent possible.</p>	Section 3

Who is the issuer of the Securities and this Prospectus?	QV Equities Limited ACN 169 154 858	Section 2
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About the Offer

Question	Answer	More Information
What is the Offer?	The Company is offering Shares for subscription to raise up to \$200,000,000. Investors will also receive, for no additional consideration, one Option for every one Share subscribed for, exercisable at \$1.00 on or before 15 March 2016.	Section 2
What do Applicants pay when applying under the Offer?	<p>All Applicants under the Offer will pay an Application Amount of \$1.00 per Share.</p> <p>For Applicants under the General Offer this amount solely represents the Subscription Price of \$1.00 per Share.</p> <p>For Applicants under the Broker Firm Offer, the Application Amount of \$1.00 per Share comprises the Subscription Price of 98.35 cents per Share payable to the Company and the Service Fee of 1.65 cents per Share (inclusive of GST) payable to their Broker.</p> <p>For the Service Fee related to a Retail Applicant under the Broker Firm Offer to be payable to their Broker, the Broker is required to procure the Consent of the Retail Applicant to the payment of the Service Fee to the Broker (and also the on-payment of a percentage of that Service Fee to the individual broker advising the Retail Applicant, any financial planners or any financial intermediaries providing advice or dealing services to them in respect of the Offer). Retail Applicants should discuss the Service Fee, as well as any allocation of it between their individual broker, the firm they represent, financial planners or financial intermediaries with their individual broker.</p> <p>Applicants under the Broker Firm Offer must lodge their Subscription Price and the Service Fee with their Broker, who will act as the Applicant's agent in providing their Subscription Price and the Service Fee amount to the Company. The Company will hold the Service Fee together with the Subscription Price in the Company's trust account for Application Amounts with the Share Registry in relation to the Offer until the Allotment Date.</p> <p>The Service Fee component of the Application Amount will be moved on the Allotment Date to a service fee trust account.</p> <p>Institutional Applicants' Service Fees will then be paid to Brokers. Retail Applicants' Service Fees will only be paid to a Broker where the Company receives confirmation from that Broker that it has procured the Consent of the relevant Retail Applicant to the payment of the Service Fee. If a Broker does not procure a Retail Applicant's Consent to the payment of the Service Fee to their Broker, the Retail Applicant's Service Fee will be refunded in full by the Share Registry to that Retail Applicant within a reasonable time after the Allotment Date. The Company will retain any interest earned on the Application Amount.</p>	Section 2
Who are the Joint Lead Managers to the Offer?	The Joint Lead Managers are CBA Equities, Patersons, BBY and Taylor Collison. Lonsec Limited has been appointed as Co-Lead Manager to the Offer.	Section 2
What is the purpose of the Offer?	The Company is seeking to raise a minimum of \$100,000,000 and up to \$200,000,000 to undertake investments consistent with the investment objectives and guidelines outlined in this Prospectus and for paying the costs of the Offer, including obtaining a listing on ASX.	Section 2



What will the capital structure of the Company be following completion of the Offer?	<p>On completion of the Offer, the capital structure of the Company will be as set out below assuming in each case that 75% of the proceeds are raised under the Broker Firm Offer and 25% are raised under the General Offer (and before the exercise of any Options):</p> <p>Minimum Subscription</p> <p>Security Number</p> <p>Shares 101,258,262</p> <p>Options 101,258,261</p> <p>Maximum Subscription</p> <p>Security Number</p> <p>Shares 202,516,524</p> <p>Options 202,516,523</p>	Section 10
Who can participate in the Offer?	<p>Investors that have a registered address in Australia or New Zealand can participate in the General Offer.</p> <p>The Broker Firm Offer is open to persons who have received a firm allocation from their Broker and who are Retail Applicants who have a registered address in Australia or New Zealand or Institutional Applicants who have a registered address in Australia, New Zealand, Hong Kong or Singapore.</p>	Section 2
How do I apply for Securities under the Offer?	<p>The process for applying for Securities in the Company is set out in Section 2.</p> <p>Retail Applicants under the Broker Firm Offer should contact their Broker for instructions on how to complete the Broker Firm Offer Application Form accompanying this Prospectus. The Joint Lead Managers and the Co-Lead Manager may seek to obtain identification information from Applicants. The Company reserves the right to reject an Application if that information is not provided.</p>	Section 2
What are the fees and costs of the Offer?	<p>The Company will pay to the Joint Lead Managers a joint lead manager fee equal to 1.20% (excluding GST) of the total amount raised by the Company under the Offer.</p> <p>The Arranger will also receive a fee that will be reimbursed by the Manager.</p> <p>The amount payable by Retail Applicants and Institutional Applicants under the Broker Firm Offer is \$1.00 per Share comprising the subscription price of 98.35 cents per Share payable to the Company and a service fee of 1.65 cents per Share (inclusive of GST) payable to their Broker.</p> <p>For the Service Fee paid by a Retail Applicant under the Broker Firm Offer to be payable to their Broker, the Broker is required to procure the Consent of the Retail Applicant to the payment of the Service Fee to the Broker (and also the on-payment of a percentage of the Service Fee to the individual broker advising the Retail Applicant, any financial planners or any financial intermediaries providing advice or dealing services to them in respect of the Offer). Retail Applicants should discuss the Service Fee, as well as any allocation of it between their individual broker, the firm they represent, financial planners or financial intermediaries with their individual broker.</p> <p>If a Broker does not procure a Retail Applicant's Consent to the payment of the Service Fee to the Broker, the Retail Applicant's Service Fee will be refunded in full by the Share Registry to the Retail Applicant within a reasonable time after the Allotment Date. The Company will retain any interest earned on the Service Fee.</p> <p>This Service Fee does not apply to, and is not payable by, Applicants under the General Offer.</p>	Section 2 and Section 10



Is the Offer underwritten?	No.	Section 2
Is there a minimum amount of Securities which I must apply for under the Offer?	Yes. Each Applicant must subscribe for a minimum of 2,500 Shares under the Offer. Applications in excess of the minimum number of Shares must be in multiples of 500 Shares.	Section 2
Is there a cooling-off period?	No.	Section 2
How can I obtain further information?	<p>If you would like more information or have any questions relating to the Offer, you can contact the QV Equities Limited Offer Information Line +(61) 1800 868 464.</p> <p>If you are uncertain as to whether an investment in the Company is suitable for you, please contact your stockbroker, financial adviser, accountant, lawyer or other professional adviser.</p>	

2. Details of the Offer

2.1 What is the Offer?

The Offer

The Company is offering Shares for subscription to raise up to an aggregate of \$200,000,000 together with an entitlement to one free attaching Option for every one Share subscribed for, exercisable at \$1.00 per Option on or before 15 March 2016.

The rights attaching to the Shares are set out in Section 10.5 and the terms of the Options are set out in Section 10.6.

The Offer comprises:

(i) Broker Firm Offer – open to persons who have received a firm allocation from their Broker and who are Retail Applicants who have a registered address in Australia or New Zealand or Institutional Applicants who have a registered address in Australia, New Zealand, Hong Kong or Singapore. An investor who has been offered a firm allocation by a Broker will be treated as an Applicant under the Broker Firm Offer in respect of that allocation. Investors should contact their Broker to determine whether they may be allocated Securities under the Broker Firm Offer.

Applicants under the Broker Firm Offer who receive a firm allocation from their Broker will be required to pay an Application Amount of \$1.00 per Share comprising:

- the Subscription Price of 98.35 cents per Share payable to the Company; and
- the service fee of 1.65 cents per Share (inclusive of GST) payable to their Broker.

For the Service Fee paid by a Retail Applicant under the Broker Firm Offer to be payable to their Broker, the Broker is required to procure the Consent of the Retail Applicant to the payment of the Service Fee to that Broker (and also the on-payment of a percentage of that Service Fee to the individual broker advising the Retail Applicant, any financial planners or any financial intermediaries providing advice or dealing services to them in respect of the Offer). Retail Applicants should discuss the Service Fee, as well as any allocation of it between their individual broker, the firm they represent, financial planners or financial intermediaries with their individual broker. If a Broker does not procure a Retail Applicant's Consent to the payment of the Service Fee, the Retail Applicant's Service Fee will be refunded in full by the Registry to that Retail Applicant within a reasonable time after Allotment Date (see Section 2.4 for more information); and

(ii) General Offer – open to investors who have a registered address in Australia or New Zealand. Applicants under the General Offer will be required to pay an Application Amount of \$1.00 per Share comprising solely the Subscription Price of \$1.00 per Share payable to the Company. No Service Fee is payable by Applicants under the General Offer.

Discretion under the Offer

The Company (with the consent of the Joint Lead Managers) reserves the right not to proceed with the Offer at any time before the allotment of Securities under the Offer. If the Offer does not proceed, all Application Amounts received by the Company will be refunded in full (without interest). The Company takes no responsibility for any Application Amounts lodged with the Joint Lead Managers, the Co-Lead Manager or Brokers until these are received by the Company.

The Company also reserves the right to close the Offer early, to accept late Applications or extend the Offer without notifying any recipient of this Prospectus or any Applicant.

2.2 Minimum Subscription

The Minimum Subscription required for the Offer to proceed is \$100,000,000.

If the Minimum Subscription is not obtained within four months after the date of this Prospectus, the Company will repay all Application Amounts in full without interest as soon as practicable or issue a supplementary or replacement prospectus and allow Applicants one month in which to withdraw their Applications and be repaid their Application Amount in full without interest.

2.3 Licensed Dealers

Offers under this Prospectus will be made pursuant to an arrangement between the Company and Commonwealth Securities Limited ABN 60 067 254 399 (AFSL 238 814) under Section 911A(2)(b) of the Corporations Act. The Company will only authorise Commonwealth Securities Limited to make offers to people to arrange for the issue of the Securities by the Company under the Prospectus and the Company will only issue the Securities in accordance with Applications made pursuant to such offers if they are accepted.

2.4 Service Fee

Both Retail Applicants and Institutional Applicants who receive a firm allocation from their Broker under the Broker Firm Offer will be required to pay the Application Amount of \$1.00 per Share comprising the Subscription Price of 98.35 cents per Share, payable to the Company, and a Service Fee of 1.65 cents per Share (inclusive of GST) payable to their Broker.

This Service Fee is a one-off fee payable to the Applicant's Broker in respect of the services provided by their Broker (and any individual broker, financial planner or financial intermediaries) in introducing the Applicant to the Offer, giving advice in respect of the Offer, the provision of information and dealing in respect of the Offer.



All Applicants under the Broker Firm Offer must lodge their Subscription Price and any Service Fee at the same time with their Broker, who will act as the Applicant's agent in providing their Subscription Price and any Service Fee to the Company (via the Share Registry). The Share Registry will hold those Application Amounts received in the Company's trust account for Application Amounts until the Allotment Date. The Service Fee component of the Application Amount will be transferred on the Allotment Date from the Company's trust account to a service fee trust account held on behalf of the Brokers.

2.4.1 Service Fee for Institutional Applicants under the Broker Firm Offer

It is a term of this Offer that, by signing and delivering their completed Application Form to the Company, Institutional Applicants under the Broker Firm Offer consent to and authorise both the transfer of their Service Fee on the Allotment Date from the Company's trust account for Application Amounts received in relation to the Offer to a service fee trust account and the subsequent on-payment of the Service Fee from the service fee trust account to their Broker.

2.4.2 Service Fee for Retail Applicants under the Broker Firm Offer

For the Service Fee paid by a Retail Applicant under the Broker Firm Offer to be payable to their Broker, the Broker is required to procure the Consent of each Retail Applicant to the payment of the Service Fee to the Broker (and also the on-payment of a percentage of that Service Fee to the

individual broker advising the Retail Applicant, any financial planners or any financial intermediaries providing advice or dealing services to them in respect of the Offer). Retail Applicants should discuss the Service Fee, as well as any allocation of it between their individual broker, the firm they represent, financial planners or financial intermediaries with their individual broker. Retail Applicants' Service Fees will only be paid to a Broker where the Company receives confirmation from that Broker that it has procured the Consent of the relevant Retail Applicants to the payment of the Service Fee. If a Broker does not procure a Retail Applicant's Consent to the payment of the Service Fee to the Broker, the Retail Applicant's Service Fee will be refunded in full by the Share Registry to the Retail Applicant within a reasonable time after the Allotment Date.

2.4.3 Service Fee does not apply to the General Offer

The Service Fee does not apply to, and is not payable by, Applicants under the General Offer.

2.5 Is the Offer underwritten?

No, the Offer is not underwritten.

CBA Equities, Patersons, BBY and Taylor Collison are acting as Joint Lead Managers to the Offer and Lonsec Limited is acting as Co-Lead Manager to the Offer. The Company and the Joint Lead Managers have entered into an Offer Management Agreement with respect to the Offer, details of which are set out in Section 9.

2.6 How do I apply under the Offer?

Who is eligible to participate in the Offer?	
Who can apply for Securities under the General Offer?	The General Offer (which does not include the Broker Firm Offer) is open to Retail Applicants and Institutional Applicants resident in Australia or New Zealand. The Company reserves the right in its absolute discretion to reject any Application or to allocate a lesser number of Securities than that which is applied for under the General Offer. All Applicants under the General Offer must have an eligible residential or, in the case of a corporate applicant, registered office address in Australia or New Zealand.
Who can apply under the Broker Firm Offer?	The Broker Firm Offer is open to Retail Applicants resident in Australia or New Zealand and Institutional Applicants resident in Australia, New Zealand, Hong Kong or Singapore who have received a firm allocation from their broker.
Completing and returning your Application under the Offer	
What is the minimum and maximum application under the Offer?	Applications must be for a minimum of 2,500 Shares. Applications in excess of the minimum number of Shares must be in multiples of 500 Shares. There is no maximum amount that may be applied for under the Offer. The Company reserves the right to aggregate any Applications under the Offer which it believes may be multiple Applications from the same person.



<p>How do I apply under the General Offer?</p>	<p>In order to apply for Securities under the General Offer, please complete the General Offer Application Form that forms part of, is attached to, or accompanies this Prospectus or a printed copy of the General Offer Application Form attached to the electronic version of the Prospectus. The General Offer Application Form must be completed in accordance with the instructions on the reverse side of the General Offer Application Form.</p> <p>Once completed, please lodge your General Offer Application Form and Application Amount so that they are received at the address of the Company's Share Registry set out below by the Closing Date.</p> <p>By mail to: QV Equities Limited – Offer C/- Link Market Services Limited Locked Bag A14, Sydney South NSW 1235</p> <p>Alternatively, you can apply online online www.qvequities.com and pay your Application Amount by BPAY.</p>
<p>How do I apply under the Broker Firm Offer?</p>	<p>If you are applying for Securities under the Broker Firm Offer, you should complete and lodge your Broker Firm Offer Application Form with the Broker from whom you received your firm allocation. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the reverse of the Broker Firm Offer Application Form.</p> <p>Applicants under the Broker Firm Offer must lodge their Broker Firm Offer Application Form and Application Amount with their Broker in accordance with the relevant Broker's directions. Applicants under the Broker Firm Offer must not send their Application Forms to the Share Registry.</p> <p>The allocation of Securities to Brokers will be determined by the Company and the Joint Lead Managers.</p> <p>Securities that have been allocated to Brokers for allocation to their clients will be issued to the Applicants who have received a valid allocation of Securities from those Brokers.</p> <p>It will be a matter for the Brokers how they allocate Securities among their clients, and they (and not the Company nor the Joint Lead Managers) will be responsible for ensuring that clients who have received an allocation from them, receive the relevant Securities.</p> <p>Retail Applicants under the Broker Firm Offer, who receive a firm allocation from their Broker, may Consent to the payment of a one-off Service Fee to their Broker (and also the on-payment of a percentage of that Service Fee to the individual broker advising the Retail Applicant, any financial planners or any financial intermediaries providing advice or dealing services to them in respect of the Offer). See section 2.4 above for more information in relation to the Service Fee.</p> <p>The Company, Share Registry, the Joint Lead Managers and the Co-Lead Manager take no responsibility for any acts or omissions by your Broker in connection with your Application, Application Form and Application Amount (including, without limitation, failure to submit Application Forms in accordance with the deadlines set out by your Broker).</p> <p>Please contact your Broker if you have any questions.</p>

How to complete and attach your cheque for the Application Amount	<p>The Application Amount may be provided by BPAY (see below), cheque(s) or bank draft(s). Cheque(s) or bank draft(s) must be:</p> <ul style="list-style-type: none"> • in Australian currency; • drawn on an Australian branch of a financial institution; • crossed "Not Negotiable"; and • made payable: <ul style="list-style-type: none"> – for Applicants in the General Offer: to "QV Equities Limited – IPO OFFER"; or – for Applicants in the Broker Firm Offer: in accordance with the directions of the Broker from whom you received a firm allocation. <p>Applicants should ensure that sufficient funds are held in the relevant account(s) to cover your cheque(s). If the amount of your cheque(s) or bank draft(s) for Application Amount (or the amount for which those cheques clear in time for the allocation) is insufficient to pay for the amount you have applied for in your Application Form, you may be taken to have applied for such lower amount as your cleared Application Amount will pay for (and to have specified that amount in your Application Form) or your Application may be rejected.</p>
Paying your Application Amount by BPAY?	<p>Australian investors may apply for Securities online and pay their Application Amount by BPAY. Australian investors wishing to pay by BPAY should complete the online Application Form accompanying the electronic version of this Prospectus which is available at www.qvequities.com and follow the instructions on the online Application Form (which includes the Biller Code and your unique Customer Reference Number (CRN)).</p> <p>You should be aware that you will only be able to make a payment via BPAY if you are the holder of an account with an Australian financial institution which supports BPAY transactions.</p> <p>When completing your BPAY payment, please make sure you use the specific Biller Code and your unique CRN provided on the online Application Form. If you do not use the correct CRN your Application will not be recognised as valid.</p> <p>It is your responsibility to ensure that payments are received by 5.00pm (AEST) on the Closing Date. Your bank, credit union or building society may impose a limit on the amount which you can transact on BPAY, and policies with respect to processing BPAY transactions may vary between banks, credit unions or building societies. The Company accepts no responsibility for any failure to receive Application Amount or payments by BPAY before the Closing Date arising as a result of, among other things, processing of payments by financial institutions.</p>
Fees, costs and timing for Applications	
When does the Offer open?	The Offer is expected to open for Applications on 14 July 2014. However, this may be delayed if ASIC extends the Exposure Period for the Prospectus.
What is the deadline to submit an Application under the Offer?	<p>It is your responsibility to ensure that your Application Form and Application Amount are received by the Share Registry before 5.00pm (AEST) on the Closing Date for the Offer which is 8 August 2014. Broker Firm Offer Applicants should return their applications in accordance with the deadline set out to them by their Broker.</p> <p>The Company and the Share Registry take no responsibility in respect of an Application Form or Application Amount which are delivered to your Broker in connection with your Application until such time as your Application Form and Application Amount are received by the Share Registry.</p>



Is there any brokerage, commission or stamp duty payable by Applicants?	<p>No stamp duty is payable by Applicants on the acquisition of Securities under the Offer.</p> <p>When applying for Securities, both Retail Applicants and Institutional Applicants under the Broker Firm Offer must lodge a Service Fee of 1.65 cents per Share (inclusive of GST) with their Broker, who will act as the Applicant's agent in providing their Service Fee to the Company.</p> <p>However, for the Service Fee paid by a Retail Applicant to be payable to their Broker, the Broker is required to procure the Consent of the Retail Applicant to the payment of the Service Fee to the Broker. If a Broker does not obtain Consent to the payment of the Service Fee to the Broker, the Retail Applicant's Service Fee will be refunded in full by the Share Registry to the Retail Applicant.</p> <p>Institutional Applicants under the Broker Firm Offer consent to and authorise the payment of Service Fee to Brokers by signing and delivering their completed Broker Firm Offer Application Form to the Company.</p> <p>There is no Service Fee payable by Applicants under the General Offer.</p> <p>See Section 2.4 above for more information in relation to the Service Fee.</p>
What are the costs of the Offer and who is paying them?	<p>The cash costs of the Offer include the legal, accounting, advisory and other costs associated with the production of the offering documentation. At the time of production of this Prospectus the costs payable by the Company were estimated to be \$1,739,878 assuming the Minimum Subscription is achieved and \$3,056,424 assuming the Maximum Subscription is achieved. The Company is paying the majority of these costs from the proceeds of the Offer. The Manager has also agreed to pay certain costs of the Offer as described in Section 10.11.</p>
Confirmation of your Application and trading on ASX	
When will I receive confirmation whether my Application has been successful?	<p>Applicants under the General Offer will be able to call the QV Equities Limited Offer Information Line on (+61) 1800 868 464, between 8.30am and 5.30pm AEST, from 15 August 2014 to confirm their allocation.</p> <p>Holding statements confirming Applicant's allocations under the Offer are expected to be sent to successful Applicants on or around 15 August 2014.</p>
Is DvP settlement available?	<p>Delivery versus payment (DvP) settlement is available for Applicants under the Broker Firm Offer. Please contact your Broker or the Joint Lead Managers for further details.</p>
When will I receive my Securities and when can I trade my Securities?	<p>Subject to ASX granting approval for the Company to be admitted to the official list of ASX (see Section 2.9), the Company will issue the Securities to successful Applicants as soon as practicable after the Closing Date. Allotment is expected to occur on 15 August 2014.</p> <p>Trading of the Securities on ASX is expected to commence on 22 August 2014 on a normal T + 3 settlement basis.</p> <p>If you sell your Securities before receiving an initial holding statement, you do so at your own risk, even if you have obtained details of your holding from your Broker or the Link Market Services Limited Information Line.</p>
Who do I contact if I have further queries?	<p>If you have queries about investing under the Offer, you should contact your stockbroker, financial adviser, accountant or other professional adviser.</p> <p>If you have queries about how to apply under the Offer or would like additional copies of this Prospectus, please call the QV Equities Limited Offer Information Line on (+61) 1800 868 464, between 8.30am and 5.30pm (AEST) Monday to Friday.</p>

2.7 Allocation policy

The basis of allocation of Securities under the Offer will be determined by the Company and the Joint Lead Managers, subject to any firm allocations under the Broker Firm Offer. Certain Applicants nominated by the Company may be given preference in allotment of Securities.

The Company reserves the right in its absolute discretion to not issue Securities to Applicants under the General Offer and may reject any Application or allocate a lesser amount of Securities than those applied for at its absolute discretion.

2.8 Application Amount

All Application Amounts received will be held by the Company (via the Share Registry) on trust in a separate account until the Securities are issued to successful Applicants.

Applicants under the Broker Firm Offer must lodge their Application Amount with their Broker, who will act as the Applicant's agent in providing their Application Amount to the Company. Money received from Applicants will first be allocated to the Subscription Price of the Shares for which they have applied and any balance will be applied towards their Service Fee. The Share Registry will hold all Application Amounts received in the Company's trust account for Application Amounts in relation to the Offer until the Allotment Date.

The Service Fee component of the Application Amount will be moved from the Company's trust account on the Allotment Date to a Service Fee trust account.

The Application Amount will be refunded in Australian dollars to the extent that an Application is rejected or scaled back, or the Offer is withdrawn. No interest will be paid on refunded amounts. The Company will retain any interest earned on any Application Amount.

2.9 ASX listing

No later than seven days after the date of this Prospectus, the Company will apply to ASX for admission to the official list of ASX and for its Securities to be granted official quotation by ASX. The Company is not currently seeking a listing of its Securities on any stock exchange other than ASX.

The fact that ASX may admit the Company to the official list of ASX and grant official quotation of the Securities is not to be taken in any way as an indication of the merits of the Company or the Securities offered for subscription under the Offer. ASX takes no responsibility for the contents of this Prospectus. Normal settlement trading in the Securities, if quotation is granted, will commence as soon as practicable after the issue of holding statements to successful Applicants.

It is the responsibility of Applicants to determine their allocation prior to trading in the Securities. Applicants who sell Securities before they receive confirmation of their allotment will do so at their own risk.

If permission for quotation of the Securities is not granted within three months after the date of this Prospectus, all Application Amounts received by the Company will be refunded without interest as soon as practicable.

2.10 Tax implications of investing in the Company

The taxation consequences of any investment in the Securities will depend on your particular circumstances. It is your responsibility to make your own enquiries concerning the taxation consequences of an investment in the Company.

A general overview of the Australian taxation implications of investing in the Company are set out in Section 10.9 and are based on current tax law and ATO tax rulings. The information in Section 10.9 is not intended as a substitute for investors obtaining independent tax advice in relation to their personal circumstances.

2.11 Overseas distribution

No action has been taken to register or qualify the offer of Securities under this Prospectus, or to otherwise permit a public offering of Securities, in any jurisdiction outside Australia and New Zealand.

Offer only made where lawful to do so

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law. This Prospectus does not constitute an offer in any place in which, or to whom, it would not be lawful to make such an offer. Persons into whose possession this document comes should inform themselves about and observe any restrictions on acquisition or distribution of the Prospectus. Any failure to comply with these restrictions may constitute a violation of securities laws.

Hong Kong residents

This Prospectus has not been registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) (CO). Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or cause to be issued this Prospectus in Hong Kong other than to, among others, persons who are 'professional investors' as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), or in circumstances which do not constitute an offer to the public within the meaning of the CO.



Singapore residents

The offer or invitation which is the subject of this Prospectus is only allowed to be made to certain categories of investors and not the retail public in Singapore. This is not however a prospectus as defined in the Securities and Futures Act (Chapter 289) of Singapore (**SFA**). Accordingly, statutory liability under the SFA in relation to the content of this Prospectus would not apply. You should consider carefully whether the investment is suitable for you.

Accordingly, the Securities may not be offered or sold or made the subject of an invitation for investment or purchase to the retail public in Singapore nor may this Prospectus or any other document or material in connection with Offer or sale, or invitation for investment or purchase, of such Securities be circulated or distributed, whether directly or indirectly, to the public or members of the public in Singapore other than:

- to an institutional investor pursuant to section 274 of the SFA; or
- to a relevant person as defined in section 275(2) of the SFA, or any person who acquires the Securities as principal pursuant to section 275(1A) of the SFA, and in accordance with the conditions specified in section 275 of the SFA; or
- pursuant to, and in accordance with the conditions of, any applicable provision of the SFA.

In particular, it should be noted that there may be transferability restrictions under the SFA where the Securities are initially acquired pursuant to an exemption under the SFA.

It is a condition of the Offer that each person who agrees to invest in the Securities is acquiring such Securities for investment purposes only and not with a view to distribute or resell such Securities.

Subject to the relevant provisions of the SFA, where the Securities are subscribed or purchased under section 275 of the SFA by a relevant person who is a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, such Securities of that corporation shall not be transferable within six months after that corporation has acquired the Securities pursuant to section 275 of the SFA unless:

- that transfer is made only to an institutional investor under section 274 of the SFA or to a relevant person as defined in section 275(2) of the SFA, or where the transfer arises from an offer referred to in Section 275(1A) of the SFA; or
- no consideration is given for the transfer; or
- the transfer is by operation of law.

Subject to the relevant provisions of the SFA, where the Securities are subscribed or purchased under section 275 of the SFA by a relevant person who is a trustee of a trust (who is not an accredited investor) the sole purpose of which is to hold investments and each beneficiary of which is an individual who is an accredited investor, such beneficiaries' rights and interests in that trust shall not be transferable for six months after that trust has acquired the Securities pursuant to section 275 of the SFA unless:

- that transfer is made only to an institutional investor under section 274 of the SFA or to a relevant person as defined in section 275(2) of the SFA, or where the transfer arises from an offer that is made on terms that such rights or interests are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid in cash or by exchange of securities or other assets; or
- no consideration is given for the transfer; or
- the transfer is by operation of law.

The Offer or invitation which is the subject of this Prospectus is not accompanied by any advertisement making an offer or calling attention to the Offer or intended Offer; and no selling or promotional expenses shall be paid or incurred in connection with the Offer other than those incurred for administrative or professional services, or by way of commission or fee for services rendered by any of the service providers of the Company.

United States residents

The Securities being offered pursuant to this Prospectus have not been registered under the US Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the US Securities Act and applicable state securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of the Securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful. In addition, any hedging transactions involving the Securities may not be conducted unless in compliance with the US Securities Act.

Overseas ownership and resale representation

It is your responsibility to ensure compliance with all laws of any country relevant to your Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty made by you to the Company that there has been no breach of such laws and that all necessary consents and approvals have been obtained.



3. About the Company

3.1 Overview

The Company is a newly incorporated company that has not yet conducted any operations and has been established to invest predominantly in a diversified portfolio of ASX listed entities outside the S&P/ASX 20 Index. The Company's investment objective is to increase the value of its Portfolio by providing long term capital growth and income over a five year plus investment horizon.

The Company gives investors the opportunity to invest in an actively managed portfolio that does not replicate the standard industry benchmarks and is expected to have varied outcomes to a traditional index benchmarked investment vehicle.

3.2 Investment Objective

The Company's primary objective is to achieve long term value through a combination of capital growth and income, by investing in a diversified portfolio of ASX listed entities outside the S&P/ASX 20 Index. The Company aims to achieve after-fee returns over a five-year plus investment horizon that are higher than the S&P/ASX 300 Accumulation Index excluding that part of the return that is generated by the securities comprised in the S&P/ASX 20 Accumulation Index.

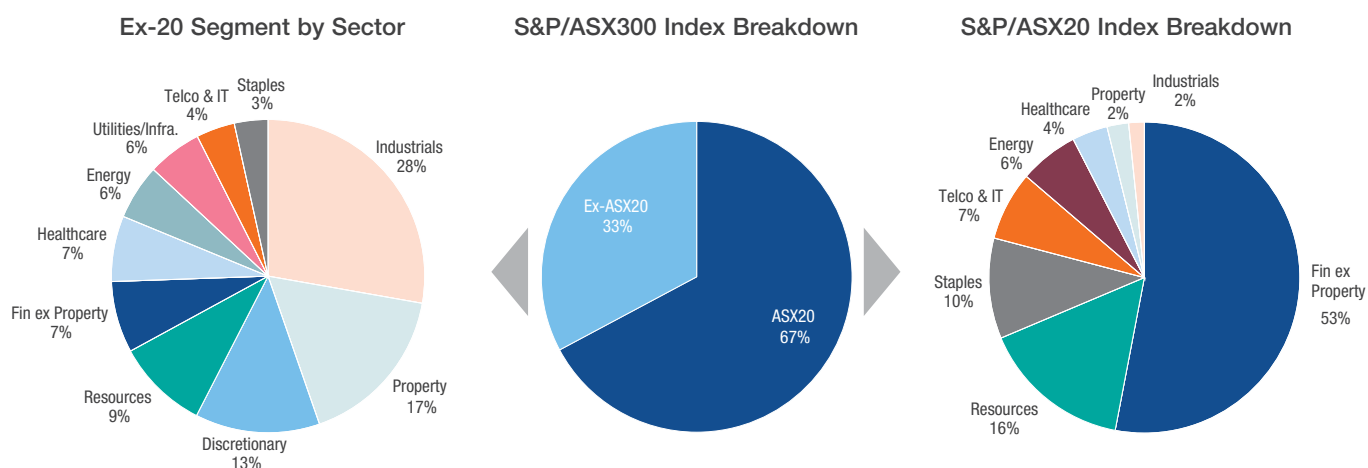
3.3 Foundation of the Company's Investment Strategy

The Australian share market is heavily concentrated amongst the larger entities both in terms of market capitalisation and industry sector. The S&P/ASX 20 Index (representing the 20 largest entities by market capitalisation on the ASX) accounts for 67% of the market capitalisation of the S&P/ASX 300 Index and is heavily concentrated by industry sector with 69% of the S&P/ASX 20 Index dominated by the financial and resource sectors as at 30 May 2014.

Given its dominance in terms of market capitalisation, the S&P/ASX 20 Index is one of the most widely held and researched indices in Australia. As a consequence, the Manager believes that given the high level of investment research available across the S&P/ASX 20 Index, there is less potential to add value and deliver above-market returns on securities purchased in this Index.

By contrast, entities outside the S&P/ASX 20 Index and within the S&P/ASX 300 Index (or Ex-20 Segment) are well diversified both in terms of market capitalisation and industry sector with the largest individual entity representing less than 3.0% of the Ex-20 Segment and with no individual industry sector representing over 28% of this segment as at 30 May 2014. It is the Manager's belief that there are many attractive investment opportunities in the Australian equity market outside the S&P/ASX 20 Index and that a portfolio of securities outside the S&P/ASX 20 Index can provide an investor with valuable diversification to their direct holdings on ASX, which the Manager believes are concentrated within the S&P/ASX 20 Index.

In addition, it is the Manager's belief that while Ex-20 Segment securities are not as widely held or researched as securities which are in the S&P/ASX 20 Index, they can still be leaders in their field with competitive advantages over their peers and strong recurring and predictable earnings. Further, the Manager believes that the Ex-20 Segment offers greater opportunities for above market returns as a result of the identification of securities within this segment using the Manager's 'bottom-up' research and analysis which the Manager believes have the potential to achieve long term value.



Source: IRESS as at 30 May 2014

Note: Based on free float adjusted market capitalisation, Industrials includes Basic Materials



3.4 Investment Strategy

The Company's investment strategy is to create a diversified and balanced portfolio of ASX listed securities outside the S&P/ASX 20 Index and is expected to be predominantly invested in the S&P/ASX 300 Index. The investment strategy is intended to capitalise on the Manager's disciplined investment approach and intensive research and review process.

When assessing investment opportunities, the Manager's team of highly experienced analysts will undertake a comprehensive 'bottom-up' approach in identifying, researching and valuing quality entities. The Manager's approach in identifying opportunities for the Portfolio is systematic and disciplined and focuses on finding those entities that meet the investment criteria set by the Company and then determining an appropriate valuation for those entities. This is the same approach that has been applied by the Manager since 1998 in the management of its Retail Funds and has been successfully demonstrated by the Manager's ability to generate a reliable source of income and consistent risk adjusted outcomes for its clients (see Section 4.1 for further details).

The Manager will broadly apply the same investment philosophy which it uses to manage its Retail Funds to the management of the Company's Portfolio. This philosophy will involve investing in entities which have an attractive entry price with four clear quality characteristics:

- a competitive advantage over their peers;
- recurring, predictable earnings;
- a capable management team; and
- the ability to grow over time.

In addition to long term capital growth, the Manager will be focused on long term income growth for the Portfolio and will look for investment opportunities that pay sustainable and growing dividends with attractive franking credits. The Portfolio will be diversified across both industry and individual securities (see Section 3.5).

The Manager believes that its approach to investing in ASX listed securities outside the S&P/ASX 20 Index is prudent and will provide investors with long term capital growth and income. The Manager is of the view that investing in this segment suits the investment philosophy of the Manager, providing the Manager with the opportunity to take meaningful positions on well researched entities that are assessed to be trading below their long term intrinsic value.

3.5 Investment Guidelines

The following investment guidelines apply to the Manager's implementation of the Company's investment strategy:

- As a guide, the Company will hold between 20 and 50 ASX listed securities which fall outside the S&P/ASX 20 Index.

Should a security move into the S&P/ASX 20 Index, the security must be disposed of within three years after the security is entered on the S&P/ASX 20 Index.

- Individual security positions should not exceed 5% of the Portfolio's NAV upon purchase. Following such purchase, individual security positions may be up to a maximum of 7.5% of the Portfolio's NAV.
- Up to 25% of the Portfolio's NAV may be held in cash (and cash equivalents such as investment grade interest bearing debt securities). Cash is defined as deposits, term deposits and senior debt with less than 12 months to maturity.
- Derivatives including options may be used for hedging purposes, to generate additional income or to replicate underlying positions.
- Up to 5% of the Portfolio's NAV may be held in unlisted securities (so long as these securities are proposed to be listed on the ASX within 12 months).
- Short selling is not permitted.
- Borrowing is not permitted.
- The Manager may take up to six months to fully invest the portfolio.

3.6 Permitted Investments

The Manager is permitted under the Management Agreement to undertake investments on behalf of the Company without the prior approval of the Board. However, if the proposed investment is not in accordance with the investment objectives, strategy and guidelines outlined in this Section 3, Board approval for the investment is required.

The Company will primarily invest in ASX listed entities which fall outside the S&P/ASX 20 Index. The Company may also invest in unlisted securities, derivatives, and cash securities. A complete list of the types, allocation range and location of assets is set out in the table overleaf.

The assets and liabilities of the Company are valued monthly in accordance with the valuation methodology set out in the summary of the Management Agreement in Section 9.1. The Manager will arrange for the calculation of the Portfolio's value at least monthly and provide such calculations to the Company as soon as practicable after such calculations are made. All costs incurred by the Manager in arranging this calculation are payable by the Company under the Management Agreement. However, the Manager has indicated that it does not currently intend to on-charge such costs to the Company for the foreseeable future. Asset values are usually based on the closing market value of the Company's assets. IRESS is used as the price source for listed securities.



For any nonlisted investments, valuations are obtained from the custodian, RBC Investor Services Trust and other independent external third parties. Please refer to the table for a summary of the valuation of each asset type.

Asset Type and Valuation	Allocation Range (as a percentage of the Portfolio's NAV unless otherwise indicated)	Location
ASX listed equities On market	0 to 100%	Any entity (regardless of its country of incorporation) which is listed on the ASX and falls outside the S&P/ASX 20 Index
Exchange-traded derivatives On market	Hedging or to create positions	Derivatives listed on the ASX
Unlisted securities valued by the Custodian or other independent third party sources	0 to 5%	Australia and New Zealand
Cash and cash equivalent investments (see term deposits below) As held by the Custodian	0 to 25%	Australia and New Zealand
Term deposits As held by the Company and the Custodian	As required	Australia and New Zealand

The assets of the Company, except for certain cash equivalents and short-term deposits, will be held by a third party custodian or in accordance with the usual market practice in the relevant jurisdiction. The Company has appointed RBC Investor Services Trust (**Custodian**) as its custodian. The Custodian's role is limited to holding the assets of the Portfolio as agent of the Company. The Custodian has no supervisory role in relation to the operations of the Company and is not responsible for protecting its interests. The Custodian has no liability or responsibility for any act done or omission made in accordance with the terms of the Custodian Agreement. The Custodian makes no statement in this Prospectus and has not authorised or caused the issue of it.

The Custodian holds the Portfolio as bare trustee and such investments are not investments of the Custodian or any other member of the RBC group of companies (**RBC Group**). Neither the Custodian, nor any other member of the RBC Group, guarantees the performance of the investment or the underlying assets of the Portfolio, or provide a guarantee or assurance in respect of the obligations of the Company.

3.7 Derivatives

Exchange traded derivatives may be used selectively by the Company for risk management purposes or to create new positions, although they will never be a core part of the Portfolio.

To minimise the Company's counterparty risk associated with derivative transactions, the Manager will enter into derivative transactions with multiple counterparties on behalf of the Company.

All derivatives are backed by collateral, like cash or other assets of the Company. The collateral for exchange traded derivatives is held by a third-party central clearing facility. Please refer to risks described in Section 5.

3.8 Changes to Investment Strategy

The investment objectives, strategies, guidelines and permitted investments outlined in this Section 3 are expected to be implemented by the Manager upon listing of the Company on the ASX. It is not expected that the Company will implement any changes to these investment objectives, strategies, guidelines and permitted investments. If there are



changes, these changes would be made with the approval of the Board, after consultation with the Manager. The Company will notify Shareholders via its website and ASX of any material changes to the Company's investment objectives strategies, guidelines and permitted investments.

If the Company's Portfolio ceases to comply with the investment objective, strategies, guidelines and permitted investments outlined in this Section 3 or any directions or instructions from the Company due to market movements, contributions to or withdrawals from the Portfolio, a change in the nature of an investment or any other event outside the reasonable control of the Manager, the Manager must use its reasonable endeavours to remedy the non-compliance within a reasonable period of time of the Manager becoming aware of the non-compliance or longer period as permitted by the Company.

3.9 Dividend Policy

The Company currently intends to pay a dividend to Shareholders twice a year. The amount of the dividend will be at the discretion of the Board and will depend on a number of factors, including future earnings, capital requirements, financial conditions, future prospects and other factors that the Board deem relevant.

It is the current policy of the Board that all dividends paid to Shareholders will be franked to the maximum extent possible.

Where possible, the LIC taxation benefits from profits earned from realised investment gains will be passed on to investors as dividends (see Section 3.10 below for details of the LIC regime established under Australian taxation laws).

3.10 Status as a Listed Investment Company

It is intended that the Company will qualify as a LIC under Australian taxation laws.

The Company has sought the professional opinion of the chartered accounting firm Moore Stephens Sydney Pty Ltd which has confirmed that it is their opinion, based upon the information disclosed within this Prospectus and current tax legislation and ATO tax rulings and decisions, that the Company should qualify as a LIC for Australian income tax purposes.

The benefit of the Company qualifying as a LIC is that some Shareholders may qualify for income tax concessions in respect of dividends paid out of certain capital profits. Specifically, where the capital profit would have qualified as a discount capital gain if the underlying assets had been held directly by a Shareholder, the benefit of the discount capital gain flows through to the Shareholder such that the dividends paid out of those profits are effectively taxed in the hands of the Shareholder at the same rate as a discount capital gain. Shareholders that qualify for the LIC tax concessions include individuals, trusts, partnerships and complying superannuation funds. Corporate Shareholders do not benefit from this tax concession.

The major requirements the Company must meet to be a LIC are:

- the Company must be listed; and
- 90% of the Portfolio value must comprise certain permitted investments as defined in the *Income Tax Assessment Act 1997*.

Permitted investments include shares, options, units (provided the Company does not own more than 10% of the entity in which it holds the permitted investment) and assets that generate passive income such as interest, rent and royalties.

Notwithstanding the above, there can be no certainty that the existing LIC tax concession will continue to be available to the Company in the future. For this reason, it is recommended that investors do not make a decision to apply for Securities under this Prospectus solely on the basis of the taxation benefits that result from the Company being treated as a LIC.

3.11 Reports to Shareholders

Within 14 days after the end of each month, the Company will release on ASX a statement of the net tangible asset backing of its Shares as at the end of that month. The calculation of the net tangible asset backing of Shares will be made in accordance with the Listing Rules.

The Company will provide to security holders on request, free of charge, a copy of statements released to ASX of the net tangible asset backing of Shares from time to time.

The Company will also provide security holders with a Quarterly Report, prepared by the Manager, to keep security holders informed about the current activities of the Company, the performance of the Company's investments and the investment outlook.

4. About the Manager

4.1 Business of Manager

The Company's investment strategy will be implemented by the Manager, which holds Australian Financial Services Licence 229988.

The Manager is a specialist equity fund manager that was established in 1997 and is located in Sydney, Australia. The Manager has over \$4.9 billion in funds under management as at 31 May 2014. The Manager has a long-term track record of managing Australian equities for private clients, institutional investors and clients of financial advisers.

Anton Tagliaferro (Chief Investment Manager and Investment Director of the Manager) and key investment staff of the Manager control the Manager (owning between them 52.8% of the issued capital of the Manager). The remaining 47.2% of the Manager's issued capital is owned by Treasury Group Ltd ACN 006 708 792 (a specialist investment and financial services business focused on boutique funds management which is listed on ASX).

The Manager currently manages the IMAS, the IMSC, the Investors Mutual Industrial Share Fund (**IMIS**), the Investors Mutual Future Leaders Fund (**IMFL**), the Investors Mutual Equity Income Fund (**IMEIF**), the Investors Mutual Small Caps Fund (**IMCAPS**) and the Investors Mutual Concentrated Australian Share Fund (**IMCASF**) (collectively the **Retail Funds**) which are the registered managed investment schemes operated by the Manager and offered to retail investors.

The Company's proposed investment mandate has been based on a combination of the investment strategies of the IMAS and the IMSC (see Section 4.4 below). However, the Company may invest in any entity listed on ASX outside the S&P/ASX 20 Index and is not restricted to investing in Australian and New Zealand entities listed on ASX. The IMAS had net assets of approximately \$2.0 billion (as at 31 May 2014) and the IMSC had net assets of approximately \$129 million (as at 31 May 2014).

4.2 Investment Philosophy

The Manager has a prudent investment style with a long-term focus, and aims to deliver consistent returns for its clients. The Manager aims to achieve this through the disciplined application of a fundamental and value-based approach to investing.

The Manager's investment philosophy is based on a belief that an entity's share price will reflect its underlying value in the long-term. The Manager believes that markets are not fully efficient and there will be times that an entity's share price will not reflect what the Manager believes to be that company's true underlying value. Such situations provide the Manager

with the opportunity to build long term portfolio positions in quality entities at attractive valuations.

The Manager looks to invest in entities with four clear quality characteristics:

- a **competitive advantage** over their peers;
- **recurring, predictable earnings**;
- a **capable management team**; and
- the ability to **grow** over time.

Additionally, from a valuation perspective, the Manager believes that it is important that such entities be trading at a price below what it believes represents the long-term underlying value of the entity.

In essence, the Manager's investment philosophy is based on a belief that while in the short-term the price of an entity's securities will be influenced by investors' perception of the current state the securities exchange on which that entity's securities trade, over the long-term the price of the entity's securities will ultimately reflect the entity's underlying and intrinsic value.

The Manager further believes that markets are not fully efficient and there will be times that the price of an entity's securities will not reflect what the Manager believes to be that entity's true underlying and intrinsic value. It is these situations which provide the Manager and its investment team with the opportunity to build long-term portfolio positions in quality entities at attractive prices. Accordingly, key focus of the Manager when researching and analysing entities for the Portfolio will be quality and value.

The Manager has an active, "bottom-up" approach to identifying, researching and valuing quality entities. The Manager's approach is systematic, disciplined and focuses on finding entities that meet its investment criteria and then determining an appropriate valuation for those entities.

The Manager believes that the underlying value of an entity is best determined by quantifying and valuing the sustainability, quality and growth potential of an entity's future earnings stream. The earnings stream from an entity is important because it enables both the payment of dividends to shareholders and the reinvestment into the business for future growth.

The Manager's investment team will undertake detailed research and valuations on every investment being considered for the Portfolio. Individual investments from all allowable asset classes for the Portfolio will generally be selected on the basis of their ability to fulfil all or part of the investment strategy and objectives which have been set for the Portfolio. Accordingly, the Manager intends to select investments for the Portfolio which it believes have one or more of the following characteristics:



- provide an **absolute real return** over the **long term** to investors;
- will pay a **regular income stream**; and
- are **less volatile (risky)** than the market in which they trade which should help **minimise the impact of a falling market** on the value of the investment selected for the Portfolio.

The Manager is of the view that as markets move through different cycles, some asset classes will be more attractive for the Portfolio and, accordingly, the overall makeup of the investments of the Portfolio will therefore change from time to time to reflect this relative valuation.

The Manager will seek to determine the value of investments by quantifying and valuing the sustainability, quality and growth potential of an entity's future earnings stream.

As noted above, the Manager's investment style is built upon a systematic and disciplined research process that aims to seek and review the 'inherent value' of an entity. The Manager's investment style aims to deliver superior risk-adjusted returns for investors by favouring quality entities whose share prices are significantly different from their assessed 'inherent value'.

In the Manager's experience fundamentally sound entities that:

- are well managed;
 - generate high levels of free cash flow; and
 - are in industries with a favourable structure,
- are not always fully appreciated by the market.

The Manager's philosophy and investment style examines entities that are either not fully appreciated by the market or are out of favour with the market and which are trading at a discount to the Manager's assessment of their "inherent value". The Manager's analysis is then focused upon determining whether the influences depressing the price for the entity's securities are merely temporary or structural and long term in nature.

The Manager's approach to investing aims to minimise risk by undertaking rigorous analytical research on each security which it selects for its portfolios and by constructing a diversified portfolio. In constructing a portfolio, the Manager places a limit on the maximum percentage of the portfolio that can be held in any one entity and industry sector. The Manager also applies a minimum market capitalisation filter when constructing a portfolio which it considers to be appropriate for each portfolio.

4.3 Investment Process

The Manager conducts a detailed analysis of various industries seeking opportunities to profit from the mispricing of listed securities. A summary of the Investment process to be implemented by the Manager for the Portfolio is set out below.

Initial Screening

In this phase the Manager applies an initial series of quality screens to all entities listed on the ASX outside the S&P/ASX 20 Index to generate a universe of 'investment grade' entities that are worthy of further consideration.

Review process

Following the initial screening phase, the Manager reviews the investment grade universe which has been identified once each week to seek out potential opportunities which are likely to generate a return for the Portfolio. It is within this phase that the Manager will seek to generate a list of entities that will be subjected to in-depth, fundamental analysis in order to identify whether they are appropriate for the Portfolio.

Assessment and valuation

In this phase, the Manager subjects those entities which have been selected for further consideration in the review process to a rigorous analytical process and will place a particular emphasis on the business, the people and the price of the relevant entity.

The detailed assessment of each entity is a five step process:

- Segmental analysis (ie. analysis of the entity's assets, income, areas of activity and geographic region);
- Company contact (ie. open communication between senior management of the entity and the Manager's analysts on a regular basis);
- Stock research reports (which provide a detailed snapshot of the company, its risks, strengths, micro and macro factors, growth profile and corporate governance details is prepared by the Manager);
- Valuation (ie. the Manager undertakes an internal valuation of the entity considering, for example, EBITDA, net tangible assets etc); and
- Price targets (ie. entry and exit points for acquiring and disposing of securities in the entity as well as a guide to the potential return the Manager expects from a particular entity).



Quality Score

In this phase, the Manager scores each entity on a range of factors including management, financial strength and transparency of earnings. The quality scores are used as a rank indicator for the Manager's long term assessment of the entity. While scoring is subjective, it is internally peer reviewed by each analyst in the Manager's investment team. The maximum and minimum score range is 15-3. Most entities are grouped in the 7.5-9.5 range as indicated below:

Score range	Quality
>11	Very high
9.5-11	High
7.5-9.5	Average
6-7.5	Low
<6	Very low

The higher the score the greater the confidence the Manager has in the delivery of earnings and sustainability of dividends.

Portfolio Construction

Following the completion of each of the above phases, the Manager will then select investments for the Portfolio under the following strict controls and conditions:

- **Weighting allocation grid** - Once an entity has undergone analysis, valuation and confidence ranking, the Manager then considers the relative valuations and relative performance expectations for each entity. The entity is then allocated into tiers based on the Manager's assessment of the extent of undervaluation and confidence in the earnings of that entity as reflected by the quality score of that entity.
- **Portfolio construction guidelines** - The Manager's portfolio construction guidelines aim to minimise risk through proper diversification without negatively impacting on the delivery of consistent performance returns. These guidelines, including the Manager's compliance systems, are in operation every day and provide a warning alert as positions near their limits.
- **Compliance and dealing** - The Manager's investment management system is used to allocate trades and monitor compliance. The investment management system provides alerts to the Portfolio Manager and Operations Manager as positions (including the cash position) near their limits. The daily reports generated by the investment management system allow the Portfolio Manager to view the portfolios in isolation and in a summary format with all like portfolios included on a summary report. This enables the Portfolio Manager to identify inconsistencies between like portfolios. The investment management system is also used by the Portfolio Manager during the day to assist in managing trade amounts and trade allocation between the Manager's portfolios.

The Manager's competitive advantage

The Manager believes that it derives its competitive advantage as a result of the following:

1. **Having a well resourced team** of analysts who use the Manager's research methodology in order to perform their analysis. This team has a blend of youth and experience and over the last six years, the size and experience of the Manager's team has grown considerably.
2. **A culture of performing our own extensive analysis** rather than relying solely on broker research.
3. **Adherence to the Manager's investment process.** Despite periods of market euphoria where share prices have traded well above their underlying fundamental valuation, as occurred in the boom of 2001 and in certain sectors prior to the global financial crisis, the Manager and its investment team have remained disciplined in the application of the Manager's investment philosophy and process since its inception.
4. **An incentive system that has been designed to motivate** the Manager's investment team to carry out their research in the extensive manner expected.
5. The **investment process and philosophy** of the Manager lend themselves to tax effective investment outcomes. The Manager's investment process and philosophy tends to help the after tax return of the portfolios it manages for the following reasons:
 - the Manager's investment process leads to relatively low turnover, as the Manager only buys securities after detailed research is carried out and the Manager generally holds these securities for the long term;
 - the Manager's portfolios favour entities that display high dividend yields and carry franking credits, as these entities tend to fair well in falling markets;
 - franking credits are an important component of after tax returns. To maximise after tax returns, the Manager's portfolio positions are monitored to ensure that the Company is entitled to the franking credits attached to dividend income received; and
 - the investment process favours entities that display high dividend yields and carry franking credits.

The investment philosophy and process outlined above, which is proposed to be utilised by the Manager for the management of the Company's Portfolio, is broadly the same as the investment philosophy and process utilised by the Manager for each of its Retail Funds.



4.4 Investment strategy of the IMAS and the IMSC

Since the Company's proposed investment philosophy and process is broadly based on the investment strategies of the IMAS and the IMSC, the Company, the IMAS and the IMSC will invest in some of the same investments after the Company's Portfolio has been established. However, there may be differences in portfolio positioning between the Company, the IMAS and the IMSC from time to time. The Company will have the opportunity to participate in investment opportunities identified by the Manager on a pro-rata basis with the IMAS and the IMSC.

A summary of the investment strategies employed by the IMAS and the IMSC are set out in the below tables.

Investment Strategy of the IMAS

Investment Return Objective	To provide a rate of return (after fees and expenses and before taxes) which exceeds the return of the relevant benchmark of the IMAS on a rolling four year basis.
Investment Strategy	The IMAS invests in a diversified portfolio of quality ASX listed Australian and New Zealand industrial and resource securities, where these securities are identified by the Manager's investment team as being undervalued.
Benchmark	S&P/ASX 300 Accumulation Index.
Asset classes and allocation ranges	Cash: 0-10% Australian and New Zealand equities listed on the ASX: 90-100%
Minimum suggested investment timeframe	An investment horizon of four to five years.

Investment Strategy of the IMSC

Investment Return Objective	To provide a rate of return (after fees and expenses and before taxes) which exceeds the return of the relevant benchmark of the IMSC on a rolling four year basis.
Investment Strategy	The IMSC invests in a diversified portfolio of quality ASX listed Australian and New Zealand securities outside the Top 100 securities listed on the ASX, where these securities are identified by the Manager's investment team as being undervalued.
Benchmark	S&P/ASX Small Ordinaries Index (excluding Property Trusts).
Asset classes and allocation ranges	Cash: 0-20% Australian and New Zealand equities listed on the ASX: 80-100%
Minimum suggested investment timeframe	An investment horizon of four to five years.



4.5 Historical Performance of the Manager's Retail Funds

The tables overleaf illustrate the historical performance returns of the Manager's Retail Funds relative to their benchmark as at 31 May 2014. These tables have been provided to demonstrate the Manager's track record in deploying its investment philosophy and process across the Retail Funds, however, the Manager's past performance is not a reliable indicator of the future performance of the Company.

It is important to note that the Manager's Retail Funds are structured differently to the Company in that the Retail Funds are unlisted unit trust structures rather than companies. There are no withdrawal rights available to shareholders unlike the unitholders of the Retail Funds. As the Company will not be required to finance withdrawals as unit trusts would be required to do, it will not be forced to liquidate positions in bear markets to fund any withdrawals. Investors in the Company can exit their investment by selling their Securities on the ASX.

The performance returns of each Retail Fund are net of the fees and taxes applicable to that Retail Fund. The total returns are cumulative of income and capital return, respectively, of each Retail Fund and that Retail Fund's benchmark for the period from the Retail Fund's inception date to 31 May 2014. The performance returns of the Retail Funds are calculated from the initial exit price to the final exit price for the period stated and assumes that all distributions are reinvested into units in the relevant Retail Fund. The reference to 'exit price' is the price at which an investor can withdraw (i.e. redeem their units) from the relevant Retail Fund. As such, the performance returns in the below table represent the combined income and capital return on a reinvested ('compound') basis.

The performance returns achieved by the Retail Funds as at 31 May 2014, as set out in this Section, are historical performance of the Retail Funds only and do not relate to the future performance of the Company. The information in this Section in relation to the Retail Funds should not be relied upon and is not an indication of future performance of the Company. While the Company's proposed investment philosophy and process is broadly based on a combination of the IMAS and the IMSC's investment philosophy and process, the actual return of the Company could differ materially from the returns of the IMAS and the IMSC given that there may be differences in portfolio positioning from time to time.



Retail Fund Performance	Inception Date	1 Year	3 Years (per annum)	5 Years (per annum)	Since inception (per annum)
Investors Mutual Australian Share Fund	30/06/1998	+13.9%	+14.1%	+14.8%	+11.8%
S&P/ASX 300 Accumulation Index		+16.1%	+9.7%	+12.1%	+9.2%
Outperformance		-2.2%	+4.4%	+2.7%	+2.6%
Investors Mutual Australian Smaller Companies Fund	30/06/1998	+12.4%	+9.7%	+15.5%	+15.3%
S&P/ASX Small Ordinaries Index (excluding Property Trusts)		+5.8%	-5.4%	+3.4%	+5.6%
Outperformance		+6.7%	+15.1%	+12.1%	+9.7%
Investors Mutual Industrial Share Fund	01/05/2002	+16.2%	+17.0%	+16.4%	+9.7%
S&P/ASX 300 Industrial Accumulation Index		+18.5%	+17.4%	+16.6%	+8.5%
Outperformance		-2.3%	-0.4%	-0.2%	+1.2%
Investors Mutual Future Leaders Fund	01/05/2002	+11.7%	+9.1%	+15.0%	+10.8%
S&P/ASX 300 Accumulation Index (excluding S&P/ASX 50, excluding Property Trusts)		+12.1%	+0.2%	+6.6%	+8.3%
Outperformance		-0.4%	+8.9%	+8.5%	+2.5%
Investors Mutual Equity Income Fund	01/01/2011	+15.0%	+12.7%	N/A	+12.4%
S&P/ASX 300 Accumulation Index		+16.1%	+9.7%	N/A	+8.7%
Outperformance		-1.1%	+2.9%	N/A	+3.7%
Investors Mutual Small Caps Fund	01/02/2007	+15.4%	+10.6%	+16.9%	+7.9%
S&P/ASX Small Ordinaries Accumulation Index		+6.2%	-4.3%	+4.3%	-3.1%
Outperformance		+9.2%	+14.8%	+12.6%	+11.0%
Investors Mutual Concentrated Australian Share Fund	01/09/2010	+10.8%	+13.9%	N/A	+13.8%
S&P/ASX 300 Accumulation Index		+16.1%	+9.7%	N/A	+10.6%
Outperformance		-5.4%	+4.1%	N/A	+3.1%

The graphs overleaf provide details on the:

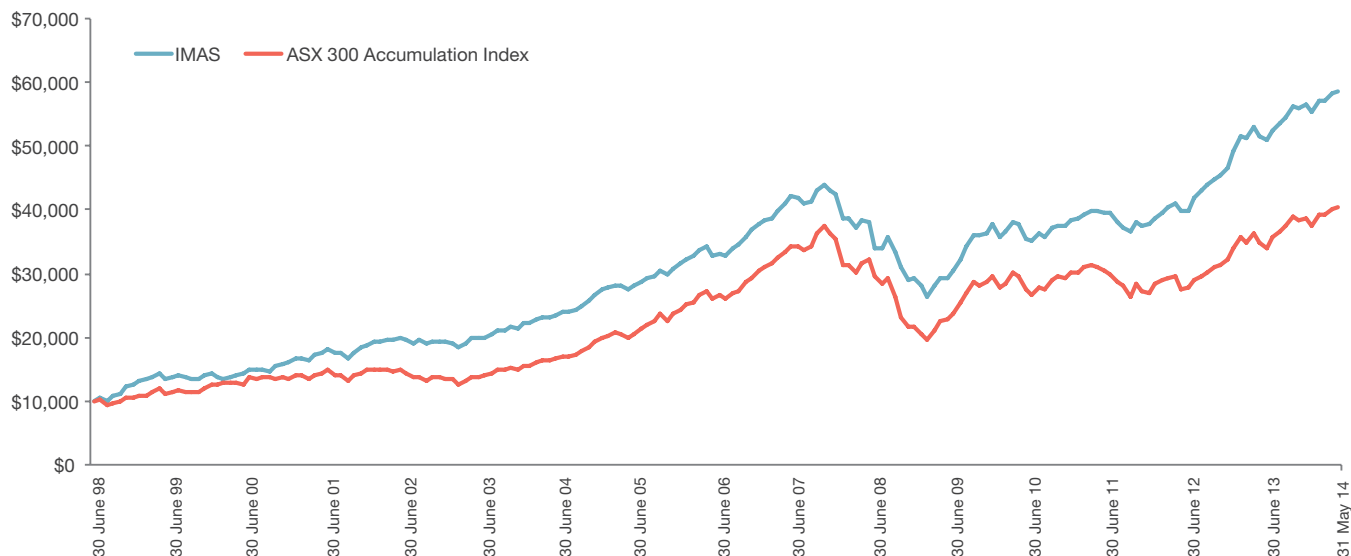
1. the total return, net of fees and taxes, of \$10,000 invested in the Manager's Retail Funds since the Retail Fund's inception compared to that Retail Fund's benchmark; and
2. the annual return for each financial year, net of fees and taxes, of the Manager's Retail Funds since the Retail Fund's inception compared to that Retail Fund's benchmark.

The returns shown in the graphs overleaf for the 2014 financial year represent the return from 30 June 2013 to 31 May 2014 however; past performance is not a reliable indicator of future performance.

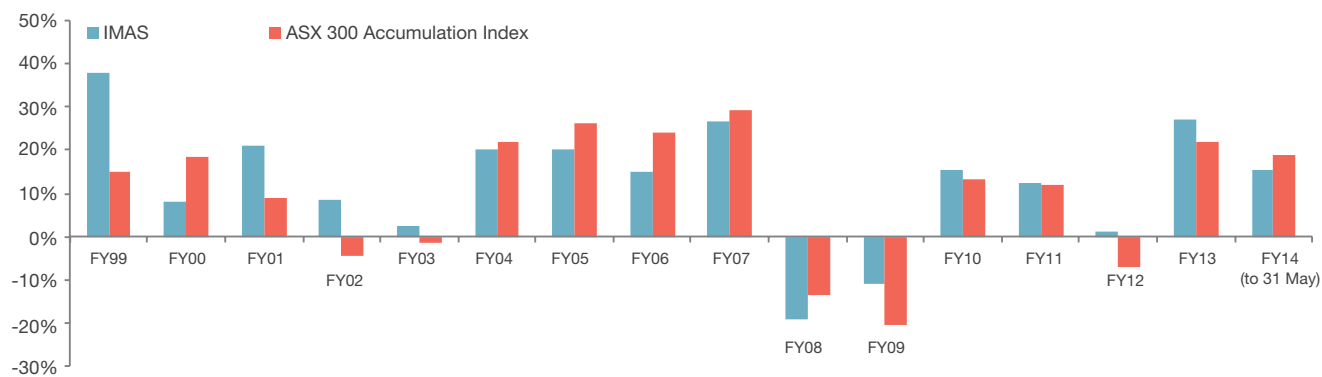


IML Australian Share Fund

Total return v Benchmark since inception

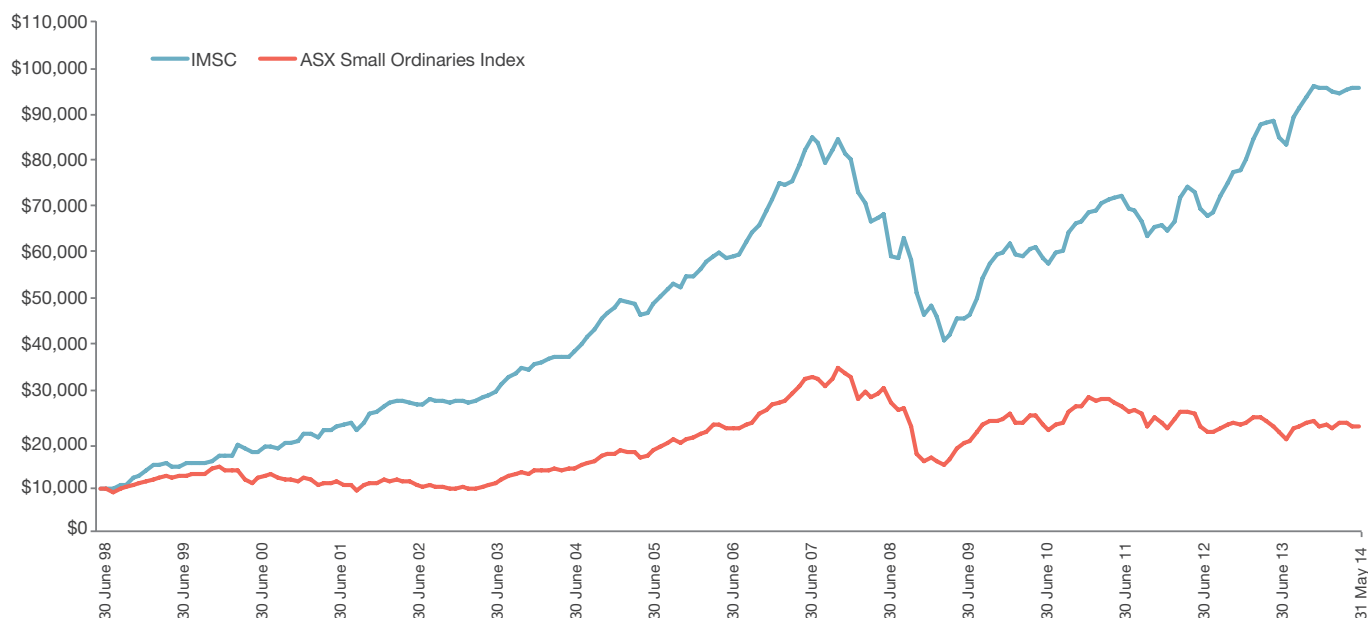


Annual financial year returns v Benchmark since inception

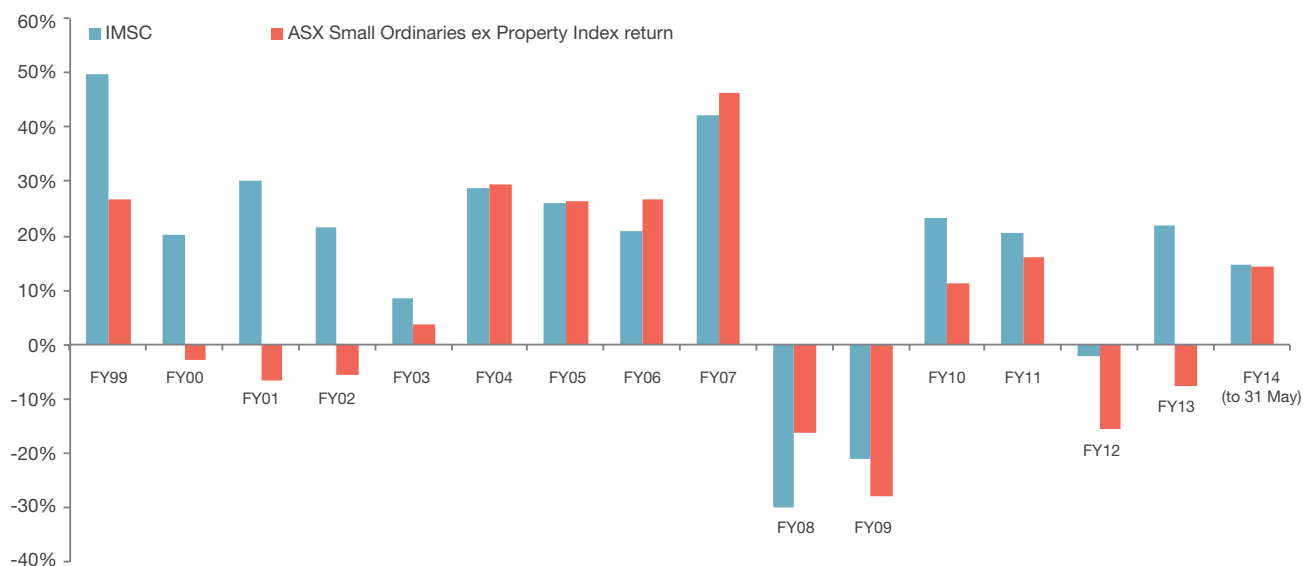


IML Australian Smaller Companies Fund

Total return v Benchmark since inception

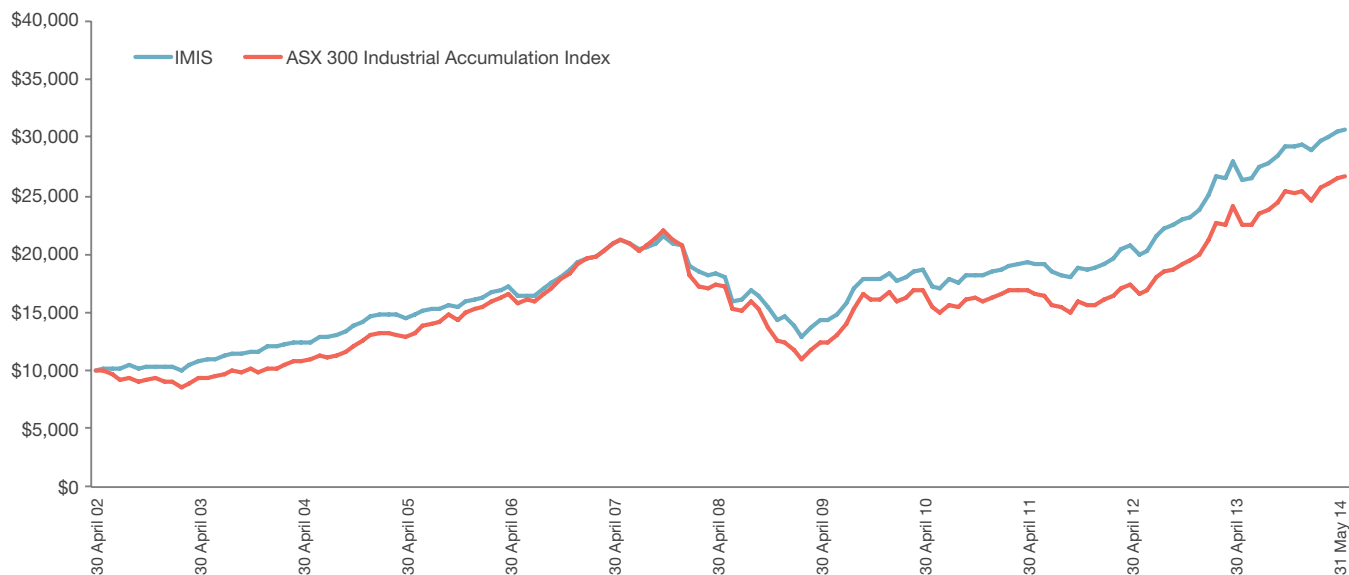


Annual financial year returns v Benchmark since inception

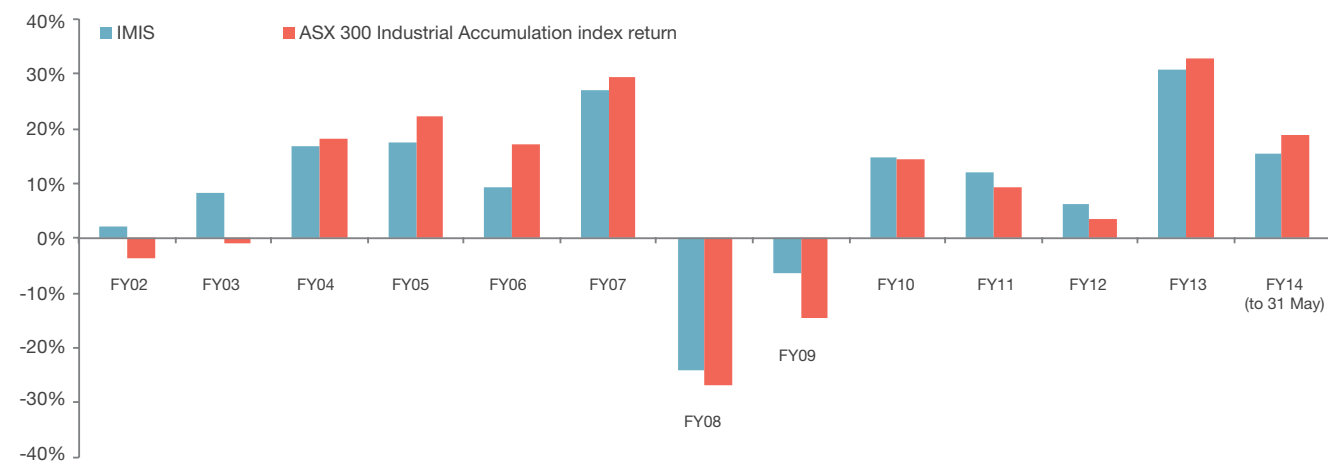


IML Industrial Share Fund

Total return v Benchmark since inception

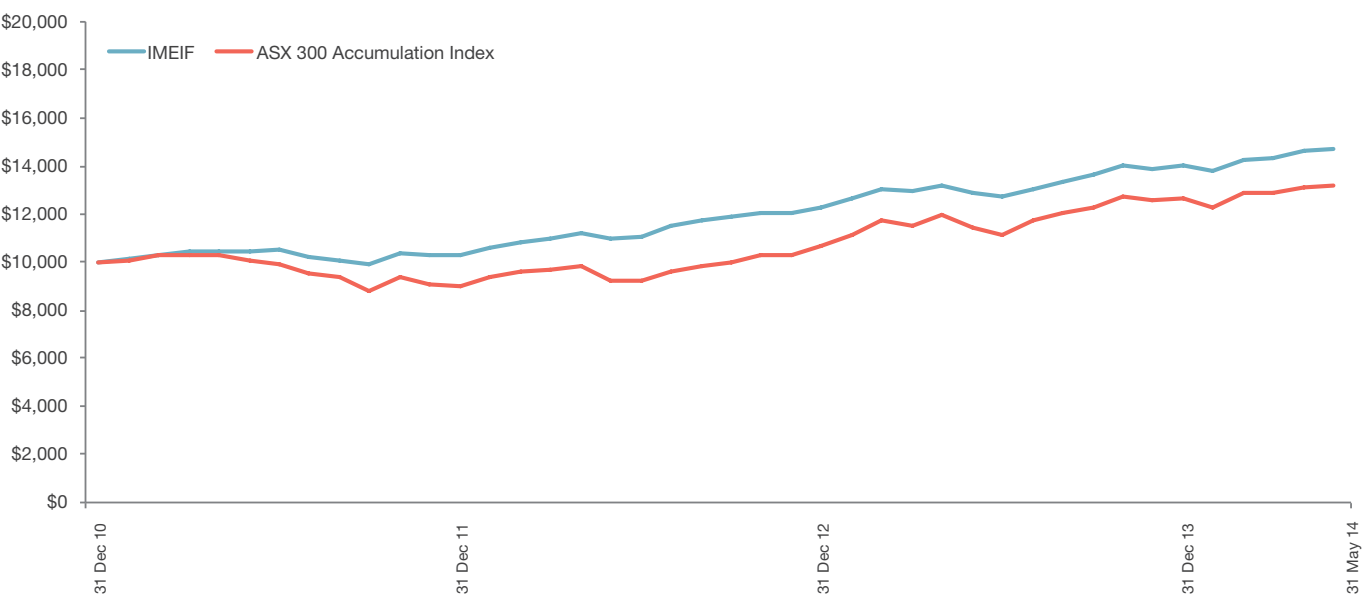


Annual financial year returns v Benchmark since inception

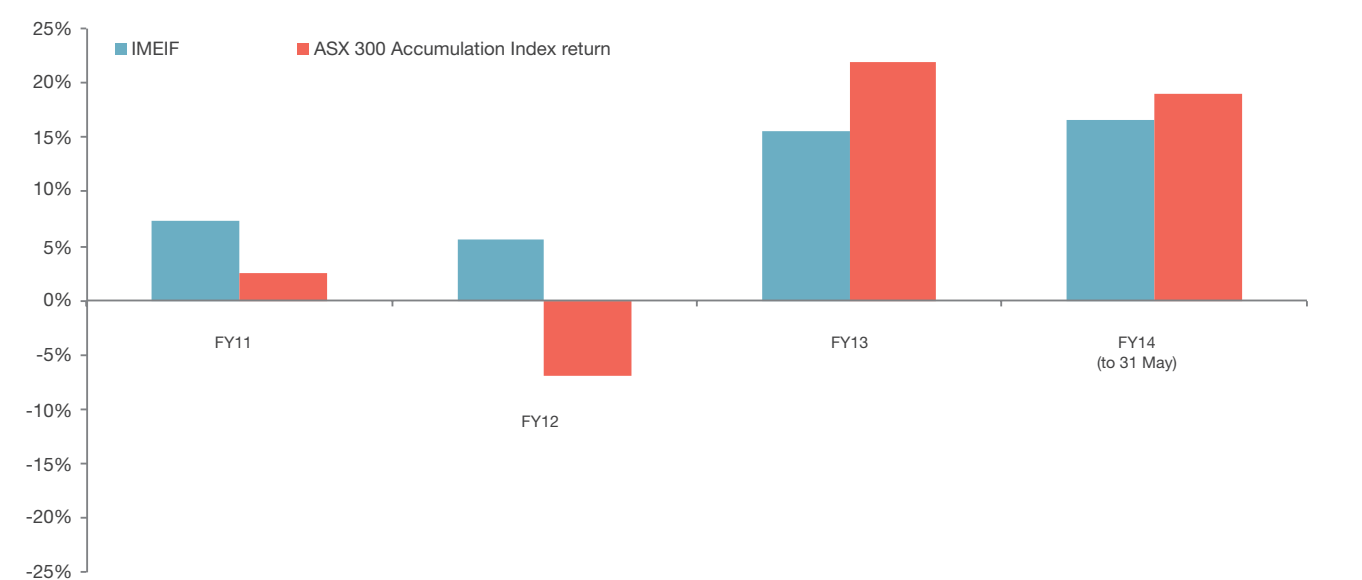


IML Equity Income Fund

Total return v Benchmark since inception

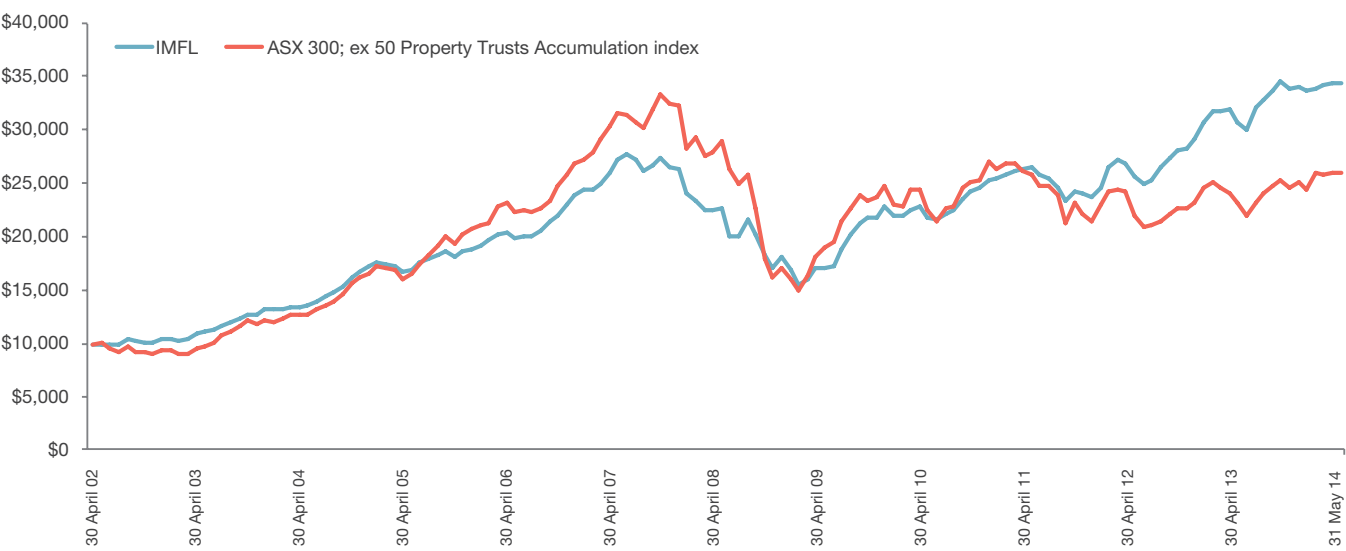


Annual financial year returns v Benchmark since inception

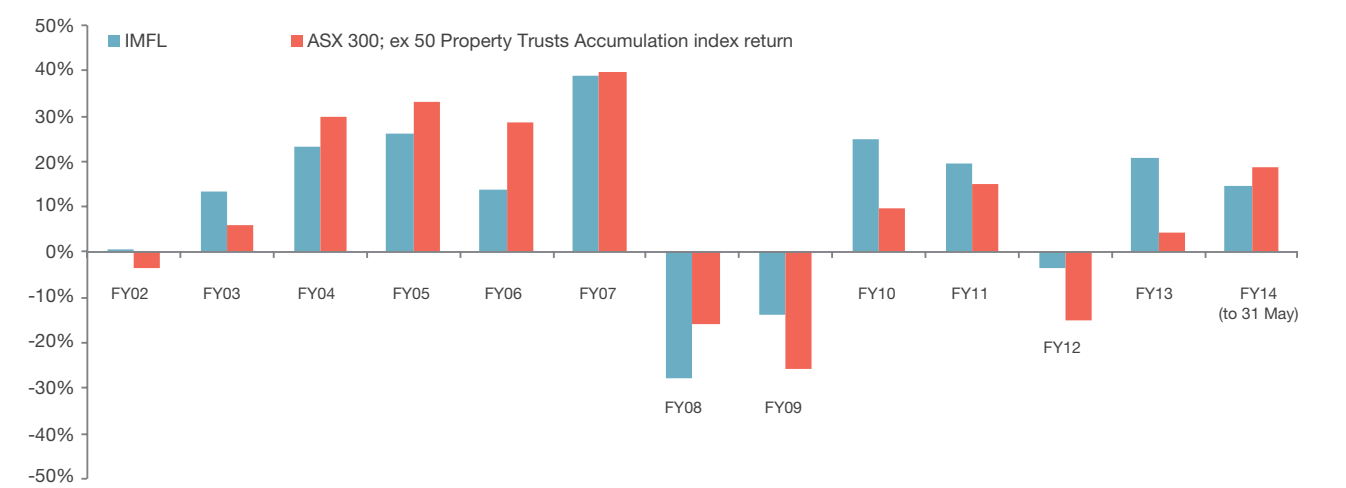


IML Future Leaders Fund

Total return v Benchmark since inception

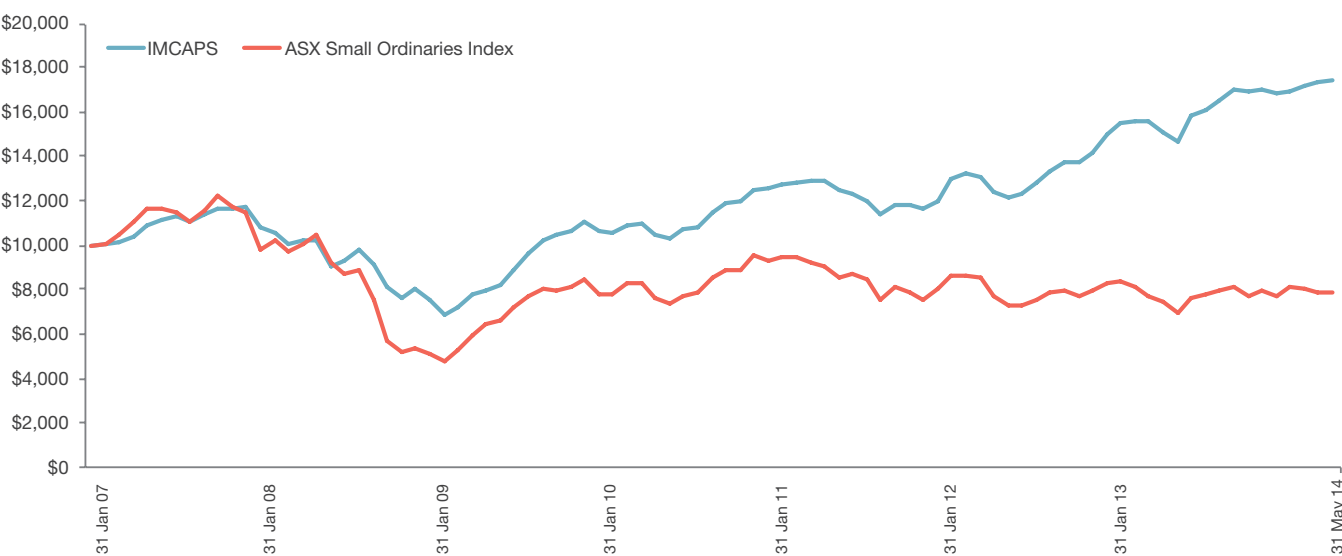


Annual financial year returns v Benchmark since inception

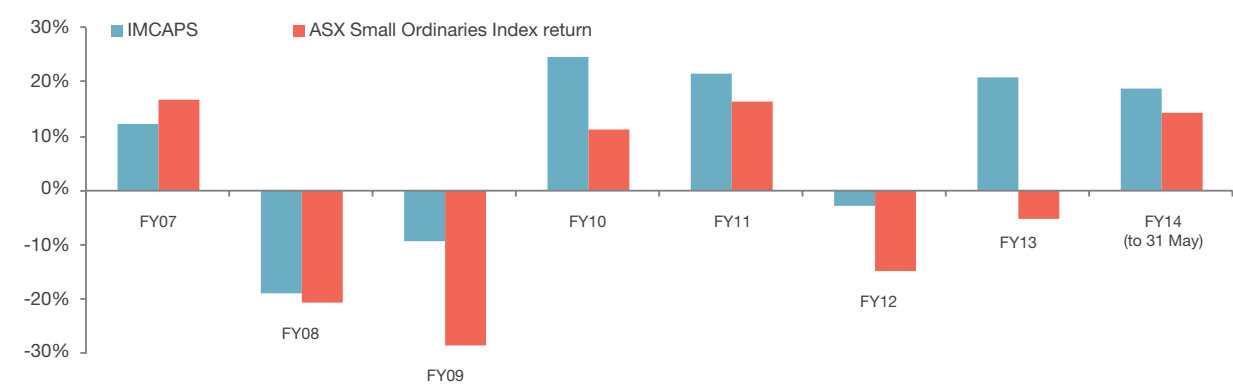


IML Small Caps Fund

Total return v Benchmark since inception

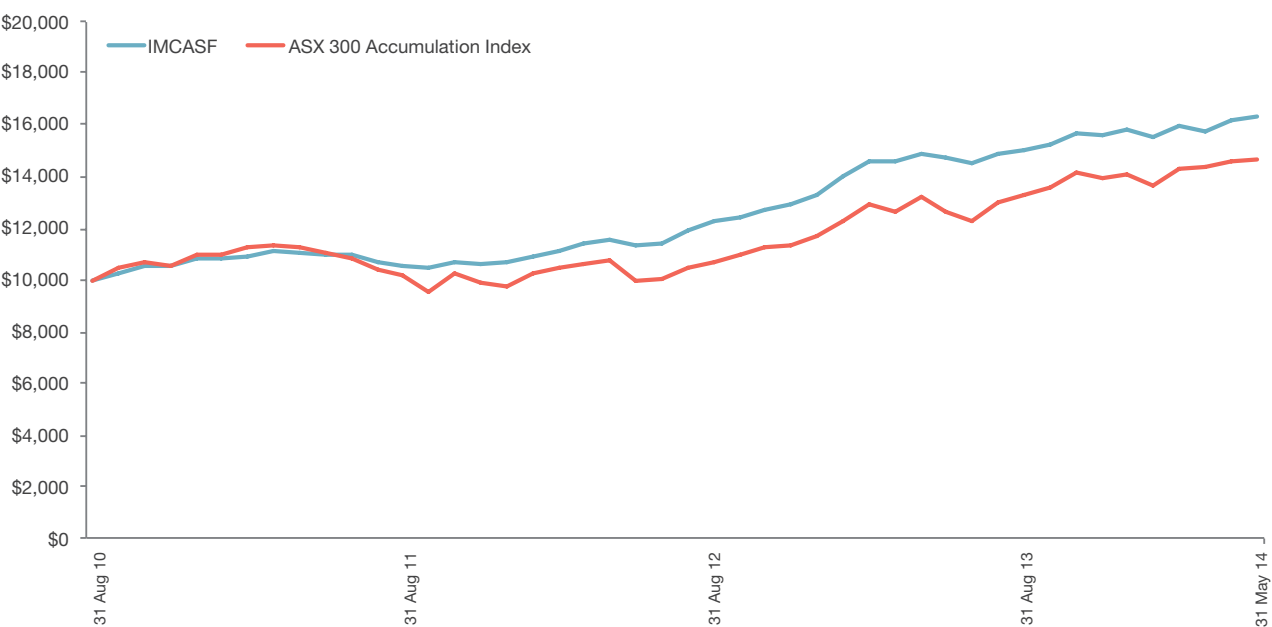


Annual financial year returns v Benchmark since inception

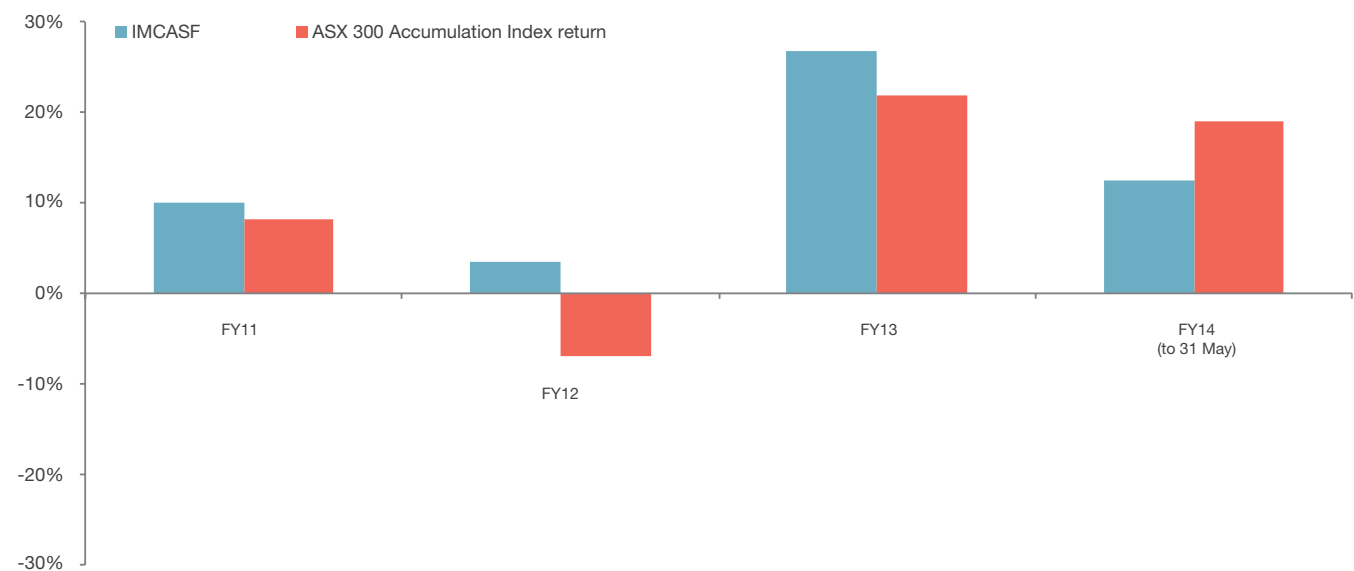


IML Concentrated Australian Share Fund

Total return v Benchmark since inception



Annual financial year returns v Benchmark since inception



4.6 Key Investment Team members for the Company's Portfolio

The Company's Portfolio will be primarily managed by Anton Tagliaferro and Simon Conn supported by other members of the Manager's investment team as required from time to time. Brief details of Anton Tagliaferro and Simon Conn, their background and areas of responsibility are set out below.

The amount of time dedicated by Anton and Simon to the Company's Portfolio will vary from time to time depending on factors such as the mix of investments in the Portfolio at the applicable time and market conditions. While the Management Agreement does not require Anton or Simon to devote any specific amount of time to the Portfolio, Anton and Simon will be available to devote the amount of time required for the Manager to properly perform its functions in managing the Portfolio in accordance with the Management Agreement.

Anton Tagliaferro

Anton Tagliaferro has served as the Chief Investment Manager and Investment Director of the Manager since its inception by Anton in March 1997. Anton has over 30 years' experience in the financial services industry.

In 1981 Anton commenced his professional career with Deloitte Haskins and Sells (**Deloitte**) in London, where he undertook his professional exams and subsequently gained the status of Chartered Accountant. While at Deloitte, Anton was responsible for working on the audit of many of Deloitte's prestigious clients such as P&O plc and Cable & Wireless plc.

During the period March 1988 to April 1992, Anton was Group Investment Manager and Equities Manager of Perpetual Trustees Australia Ltd (**Perpetual**). At Perpetual, Anton was responsible for running Perpetual's Industrial Share Fund as well as for the management of Perpetual's investment team. During his time at Perpetual, the Industrial Share Fund continually outperformed in the Australian equities market and was highly rated in Money Management's annual Australian Equity Manager surveys for four years in a row.

In May 1993 Anton moved to County Natwest Investment Management Ltd (**County**) where he was Director of Industrial Equities and was a senior member of the team responsible for managing County's \$5 billion in Australian equity portfolios. In 1994, Anton moved to BNP Investment Management Pty Ltd (**BNP**) in the role of Senior Equities Manager where he was responsible for managing all of BNP's Australian equity portfolios. During Anton's time at BNP its equity portfolios were consistently ranked in the top quartile for wholesale equities.

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

Simon Conn

Simon has served as part of the Manager's investment team since June 1998 and has over 12 years' experience as a Senior Portfolio Manager in the small cap sector. Simon is also the lead manager for the Investors Mutual Future Leaders Fund, the Investors Mutual Australian Smaller Companies Fund and the Investors Mutual Small Caps Fund. While employed with the Manager, Simon has been responsible for analysing stocks from a wide range of industry sectors which has given him the broad grounding required to manage the Manager's small cap portfolios.

Simon commenced his career at KPMG as a tax and investment consultant in 1992 where he was responsible for consulting to a range of companies on their tax affairs and structures. In 1995 Simon joined the investment division of QBE Insurance Group where he was employed as an investment analyst and was responsible for assisting in the management of the Company's investment fund across a range of asset classes including equities. Simon was employed with QBE Insurance Group for 3 years before joining the Manager in 1998.

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



5. Risk factors

Investing in the Securities involves a high degree of risk. You should carefully consider the risks described below and all of the other information set out in this Prospectus before deciding to invest in the Securities. If any of the events or developments described below occurs, the Company's business, financial condition or results of operations could be negatively affected. In that case, the market price of the Securities could decline, and you could lose all or part of your investment. The risks set out in this Section represent the key risk factors associated with an investment in the Company and are not exhaustive.

5.1 Investment Strategy Risk

The past performance of portfolios and Retail Funds managed by the Manager, and persons associated with the Manager, are not necessarily a guide to future performance of the Company. There are risks inherent in the investment strategy that the Manager will employ for the Company including, but not limited to the following:

- the success and profitability of the Company depends almost entirely on the ability of the Manager to construct a portfolio in accordance with the Company's proposed investment objectives, strategy, guidelines and permitted investments (see Section 3);
- the Portfolio being less diversified than other listed investment entities; and
- the ability of the Manager to continue managing the Portfolio in accordance with this Prospectus and the Corporations Act, which is dependent on the maintenance of the Manager's AFSL and its continued solvency. Maintenance of the AFSL depends, among other things, on the Manager continuing to comply with the ASIC imposed licence conditions and the Corporations Act.

5.2 General Risks

The operating results and profitability of the Company are sensitive to a number of factors including but not limited to Manager risk, asset risk, concentration risk, counterparty and credit risk and derivatives risk. In addition, the value of securities listed on securities exchanges can change considerably over time and the value of your investment can increase and decrease with the value of the Portfolio. The fluctuation in value is known as volatility and the level of volatility depends on the underlying investments. Generally, in order of risk of asset classes, shares are the riskiest, then fixed interest, then cash. As with most investments, performance is not guaranteed. These risks may result in loss of income and principal invested.

You can do some things to reduce the impact of risk. Firstly, get professional advice suited to your investment objectives, financial situation and particular needs. Nothing in this Prospectus can replace or offer that. Secondly, invest for at least the time frame recommended by your professional adviser.

The Company should not be seen as a predictable, low risk investment. The Company's investments will be concentrated primarily in ASX listed entities outside the S&P/ASX 20 Index, with some unlisted securities, and so the Company will be considered to have a higher risk profile than cash and fixed interest assets. The Company, the Manager, the Joint Lead Managers and the Co-Lead Manager to the Offer do not guarantee the return of capital, any rate of return in terms of income or capital or the investment performance of the Company.

It is not possible to identify every risk associated with investing in the Company, however, the following list sets out the significant risks associated with investing in the Company. There may be other risks associated with investing in the Company. The risks set out in the following table, as well as others described elsewhere in this Prospectus, should be carefully considered in evaluating the Company and its prospects.



Type of risk	Description of risk
Manager risk	<p>The success and profitability of the Company in part will depend upon the ability of the Manager to make investments that increase in value over time and the retention of the Manager as manager of the Portfolio (together with the retention of key personnel within the Manager responsible for managing the Portfolio).</p> <p>If the Management Agreement is terminated, the Company will need to identify and engage a suitably qualified and experienced manager to implement the Company's investment strategy. See Section 9 for further details on the Management Agreement terms.</p>
Asset risk	<p>There is a risk that the value of the assets selected by the Manager may decline in value. Securities prices are dependent upon the financial circumstances of the entities in which the securities are purchased, their profits, earnings and cash-flow. The return on a security investment may also be affected by the quality of company management, government policy and the general health of the sector in which it operates.</p>
Concentration risk	<p>There is potential for volatility due to the lack of diversity within the Portfolio. The lower the number of investments, the higher the concentration and, in turn, the higher potential volatility.</p>
Counterparty and credit risk	<p>Counterparty risk is the risk of a counterparty, such as a clearing house or securities lender, will not be able to meet its obligation under a contract.</p> <p>When the Company invests in derivative instruments, the Company may take a credit risk with regard to parties with whom it trades and may bear the risk of settlement default. This risk is reduced for exchange traded transactions due to certain protections, such as being backed by a clearing broker's guarantee, daily marking-to-market and settlement, segregation and minimum capital requirements applicable to intermediaries.</p> <p>Other transactions entered into directly between two parties generally do not benefit from such protections.</p> <p>This could expose the Company to the risk of loss if a counterparty does not settle a transaction in accordance with its terms and conditions, perhaps due to a dispute over the terms of the contract or because of a credit or liquidity problem.</p> <p>In the case of a default, the Company could also become subject to adverse market movements while replacement transactions are executed.</p> <p>The ability of the Company to transact business with one or more counterparties, the lack of any independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Company.</p>

Derivatives risk	<p>There is a risk that the use of derivatives can have a negative impact due to an adverse movement in the underlying asset or where the position is difficult or costly to reverse or maintain.</p> <p>Derivative instruments include futures, options on futures and exchange-traded options. The value of all derivatives is 'derived' from underlying physical assets, such as company shares, commodities and bonds.</p> <p>Futures and options can be used by the Company:</p> <ul style="list-style-type: none"> • to offset the risk of price variations of securities; • as an alternative to purchasing the physical security; • to seek to take advantage of any opportunities for profit which may exist in the market from time to time; and <p>In all cases there will be cash and/or underlying assets available to meet the exposure positions of the derivative instruments.</p> <p>The risk of loss associated with the use of derivative contracts can be substantial due to the leverage associated with these low margin deposits. These leveraged positions within the Company allow exposure to risk assets to be created that is greater than the value of the actual assets that support them.</p> <p>The use of derivatives potentially exposes the Company to counterparty, legal and documentation risks.</p>
Investment risk	<p>There is a risk that the Securities or the Company's investments will fall in value over the short or long term. Stock markets tend to move in cycles, and so individual security prices may fluctuate and under perform other asset classes over time. Investors in the Company are exposed to this risk through both their holding in the Securities and then through the Company's investments.</p> <p>The Securities may also trade on ASX at a discount to NAV per Share for short or long periods of time.</p>
Market risk	<p>Investment returns are influenced by market factors such as changes in economic conditions, the legislative and political environment, investor sentiment, natural disasters and acts of terrorism.</p> <p>The Portfolio will be constructed so as to minimise market risks but they cannot be entirely eliminated. In a strong equity market the Portfolio may underperform the broader market, as the Portfolio will have limited exposure to market risk.</p> <p>As a result no guarantee can be given in respect of the future earnings of the Company or the earnings and capital appreciation of the Company's investments.</p>
Interest rate risk	<p>Changes in short and long-term interest rates can have a positive or negative impact on investment returns. For example, the value of a long bond position may fall when interest rates rise. Similarly the value of short bond positions can also fall when interest rates go down.</p>
Liquidity risk	<p>The risk that the Portfolio's underlying investments or the Securities, may not be easily converted to cash. This can result in a loss if the holder of the security needs to sell within a particular timeframe.</p>
No operating or performance history of the Company	<p>The Company is a new entity with no financial, operating or performance history and no track record. The information in this Prospectus about the investment objectives of the Company are not forecasts, projections or the result of any simulation of future performance. There is a risk that the Company's investment objectives will not be achieved.</p>



Financial market volatility	A fall in global or local equity markets, global or local bond markets or lack of movement in the value of the Australian dollar against other major currencies may discourage investors from moving money into or out of equity markets. This may have a negative effect on the price at which the Securities trade on ASX.
Operational costs	Operational costs for the Company as a proportion of total assets will be affected by the level of acceptance of this Offer. Operational costs representing a greater proportion of total assets will reduce the operating results of the Company and its ability to make dividend payments.
Size and Portfolio	The size of the Portfolio may affect its risk profile. The Company may not be able to manage its risks as efficiently if it only achieves the Minimum Subscription. However, the risk of loss of investments included in the Portfolio will not necessarily be reduced if the level of acceptance under this Offer exceeds the Minimum Subscription.
Industry risk	There are a number of industry risk factors that may affect the future operation or performance of the Company that are outside its control. These include increased regulatory and compliance costs and variations in legislation and government policies generally.
Regulatory risk	The Company is exposed to the risk of changes in government regulation and laws, including taxation laws, having a negative effect on the Company as a listed investment company, its investments or returns to Shareholders.

5.3 Timeframe for Investment

Investors are strongly advised to regard any investment in the Company as a long term proposition (five years plus) and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur over that period and beyond.

6. Board, management and governance

6.1 Board of Directors

The Board has a broad range of experience in investment management combined with financial and commercial expertise.

The following table provides information regarding the Directors, including their ages and positions:

Name	Age	Position	Independence ¹
Don Stammer	73	Chairman & Non-executive Director	Independent
Anthony Peter McKillop	64	Non-executive Director	Independent
John McBain	58	Non-executive Director	Independent
Graham Hook	56	Executive Director and CEO	Not independent
Anton Tagliaferro	54	Executive Director	Not Independent
Simon Conn	46	Alternate Director	Not Independent

Note:

1. The Company has assessed the independence of its Directors having regard to the requirements for independence which are set out in Principle 2 of the ASX Corporate Governance Principles.

Don Stammer – Chairman and Non-executive Director

Don Stammer has served as a director of the Company since 17 April 2014.

Prior to 1971, Don was a senior lecturer at the Australian National University where he taught economics and finance. From 1971, Don held senior positions in the Reserve Bank of Australia, initially as Senior Research Economist and later as Deputy Chief Manager first in the Research Department and subsequently in the Banking Department; his responsibilities included, in turn, reporting on economic conditions and monitoring the operations of Australian banks.

During the period 1981 to 2001, Don was employed as the Chief Economist/Director of Investment Strategy for Deutsche Bank Australia (and its predecessor Bain & Company) where he was responsible for analysing investment opportunities and providing investment advice to clients of the investment bank. During those years, Don gave over 8,000 presentations on economic conditions and investment strategies.

Don has also served as a director of ING (Australia) Holdings Limited (**ING**) in Australia and for five years was Chairman of three of ING's listed property trusts. Don has also previously served as Chairman of Praemium Limited, Novera Limited, Mosaic Oil NL, Earth Sanctuaries Limited and Tribeca Learning Limited.

Don holds a Bachelor of Arts degree with honours from the University of New England and a Doctor of Philosophy from the Australian National University.

Don currently writes a weekly column for The Australian on investments and is an adviser to the Third Link Growth Fund, Altius Asset Management Pty Ltd, Philo Capital Advisers Pty Ltd and Centric Wealth Advisers Ltd. Don is also currently a non-executive director of IPE Limited and of Kaplan Higher Education Pty Limited.

Don has confirmed to the Company that the only constraints on his availability to perform his role as Non-executive Director and Chairman of the Company and member of the Audit and Nomination & Corporate Governance Committees of the Company are the time commitments associated with his roles referred to above. Don has confirmed that, notwithstanding these other commitments, he will be available to spend the required amount of time on the Company's affairs including attending Board meetings and Audit and Nomination & Corporate Governance Committee meetings of the Company.

Anthony Peter McKillop – Non-executive Director

Peter has served as a director of the Company since 17 April 2014. Peter has over 30 years' experience in the funds management, financial planning and superannuation industry and was the inaugural Managing Director of State Super Financial Services Limited in 1990 until his retirement in 2011. At this time State Super Financial Services Limited had over 45,000 clients throughout Australia and funds under advice in excess of \$9.3 billion. During his time with State Super Financial Services Limited, 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 client needs.

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

Peter is a Fellow of The Institute of Chartered Accountants of Australia and holds a Bachelor of Economics from the University of Sydney.



Peter has confirmed to the Company that the only constraints on his ability to perform his roles as Non-executive Director, Chairman of the Audit Committee and member of the Nomination and Corporate Governance Committee of the Company are the time constraints associated with his role referred to above. Peter has confirmed that, notwithstanding these other commitments, he will be available to spend the required amount of time on the Company's affairs including attending Board meetings and Audit and Nomination & Corporate Governance Committee meetings.

John McBain – Non-executive Director

John McBain has served as a director of the Company since 17 April 2014 and has over 19 years' experience in the funds management industry.

John is currently the Chief Executive Officer and executive director of Centuria Capital Limited (**Centuria**), an ASX listed specialist investment manager with \$2.2 billion in assets under management. Centuria has offices in Sydney, Melbourne and Singapore. During his time at Centuria John assisted with the merger of unlisted property funds manager Century Funds Management Pty Limited with Centuria Capital Limited in 2006. As Chief Executive Officer of Centuria, John oversees the core operations of Centuria namely, property funds management and tax effective investment bond management.

John is also a director of APRA licensed Centuria Life Limited which manages over \$700 million of assets and has been a member of the Centuria Life Limited investment committee since 2006.

In 1999, John formed Century Property Funds which was one of the first dedicated unlisted property funds managers in Australia.

Prior to his roles with Century and Centuria, John held senior positions in a number of property investment and consulting companies in Australia, New Zealand and the United Kingdom.

John holds a Diploma in Urban Valuation from Auckland University.

John has confirmed to the Company that the only constraints on his availability to perform his role as Non-executive Director and Chairman of the Nominating and Corporate Governance Committee and member of the Audit Committee of the Company are the time commitments associated with his roles referred to above. John has confirmed that, notwithstanding these other commitments, he will be available to spend the required amount of time on the Company's affairs including attending Board meetings and Audit and Nomination & Corporate Governance Committee meetings of the Company.

Graham Hook – Executive Director and Chief Executive Officer

Graham Hook has served as a director and Chief Executive Officer of the Company since 17 April 2014 and has over 25 years' of experience in financial markets. Graham will be responsible for managing the day-to-day operations of the Company and developing and implementing strategies approved by the Board.

Graham has served as General Manager of the Manager since January 2011 and is responsible for day-to-day operations of the Manager. Graham also serves on the Manager's Compliance Committee, where he is responsible for the Manager's compliance arrangements.

Prior to joining the Manager, Graham worked at boutique fund manager, P.M. CAPITAL Limited for 11 years until December 2009 as Operations Manager and Company Secretary. In 2010, Graham worked at Fitzpatrick's Dealer Group on a 1 year contract where he was responsible for operations.

Graham holds Bachelor of Commerce from the University of Western Sydney and a Graduate Diploma in Corporate Governance from the Governance Institute of Australia. Graham is also a Member of the Australian Institute of Company Directors.

Graham is an employee of the Manager and, other than as set out above, performs no other role for any other organisation. Graham has confirmed that he will be available to spend the required amount of time on the Company's affairs and is able to perform his role as Executive Director and Chief Executive Officer.

Anton Tagliaferro – Executive Director

Anton Tagliaferro has served as a director of the Company since 30 April 2014 and has served as a director and Chief Investment Manager of the Manager since its inception in June 1997.

Please see Section 4.6 for details of Mr Tagliaferro's experience.

Anton is an employee of the Manager and, other than as set out above, performs no other role for any other organisation. Anton has confirmed that he will be available to spend the required amount of time on the Company's affairs and is able to perform his role as Executive Director.

Simon Conn – Alternate Director for Anton Tagliaferro

Simon has served as an alternate director of Anton since 30 April 2014.

Please see Section 4.6 for details of Simon's experience.



Director disclosures

No Director of the Company has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years which is relevant or material to the performance of their duties as a Director of the Company or which is relevant to an investor's decision as to whether to subscribe for Securities.

Save as set out below, no Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer or within a 12 month period after they ceased to be an officer.

During the period 31 May 2010 to 31 January 2013, Don Stammer was a non-executive director of Sustainable Investment Research Institute Pty Ltd ACN 092 364 504 (SIRI). On 8 March 2013, SIRI was placed into voluntary administration as a result of a rundown in cash balances. In May 2013 a Deed of Company Arrangement was approved by creditors of SIRI, however, in May 2014 SIRI was taken out of voluntary administration and resumed normal trading.

6.2 Directors' remuneration

The following sets out the Directors' annual remuneration payable for the year ending 30 June 2014:

Director	Director's fees
Don Stammer	\$40,000
Anthony Peter McKillop	\$30,000
John McBain	\$30,000
Graham Hook ¹	\$0
Anton Tagliaferro ²	\$0
Simon Conn (alternate director) ³	\$0

1. Graham Hook is an Executive Director of the Company and the General Manager of the Manager. He is remunerated by the Manager and it is not intended, as at the date of this Prospectus, that he will receive Directors' fees or any other form of remuneration from the Company for his services.
2. Anton Tagliaferro is an Executive Director of the Company and a director and Chief Investment Manager of the Manager. He is remunerated by the Manager and it is not intended, as at the date of this Prospectus, that he will receive Directors' fees or any other form of remuneration from the Company for his services.
3. Simon Conn is Anton Tagliaferro's alternate director. He is remunerated by the Manager and, it is not intended as at the date of this Prospectus, that he will receive fees or any other form of remuneration from the Company for his services.

The Company outsources its investment valuation, accounting and certain other functions to the Manager. The Manager incurs external accounting and other costs on behalf of the Company and is entitled to recover these costs from the Company. The Manager may charge the Company for valuation, accounting or certain other functions provided to the Company by the Manager and its employees, however, the Manager has indicated that it does not currently intend

to charge the Company for the monthly calculation of the Portfolio's value in the foreseeable future.

6.3 Corporate Governance

The Company's Constitution provides that the maximum number of Directors is five and the minimum number of Directors is three. The Company currently has five directors serving on the Board.

The Board is responsible for the overall governance of the Company. Issues of substance affecting the Company are considered by the Board, with advice from external advisers as required. Each Director must bring an independent view and judgment to the Board and must declare all actual or potential conflicts of interest. Any issue concerning a Director's ability to properly act as a director will be discussed at a Board meeting as soon as practicable, and a Director may not participate in discussions or resolutions pertaining to any matter in which the Director has a material personal interest.

Board's role in risk oversight

The Board's role in risk oversight includes receiving reports from management and the Audit Committee on a regular basis regarding material risks faced by the Company and applicable mitigation strategies and activities. Those reports detail the effectiveness of the risk management program and identify and address material business risks such as technological, strategic, business, operational, financial, human resources and legal/regulatory risks. The Board and its committees consider these reports, discuss matters with management and identify and evaluate any potential strategic or operational risks including appropriate activity to address those risks.

The responsibilities of the Board are set down in the Company's Board Charter, which has been prepared having regard to the ASX Corporate Governance Principles. A copy of the Company's Board Charter is available on the Company's website at www.qvequities.com. The Company will also send you a paper copy of its Board Charter, at no cost to you, should you request a copy during the Offer Period.



Board Committees

As set out below, the Board has established two standing committees to facilitate and assist the Board in fulfilling its responsibilities. The Board may also establish other committees from time-to-time to assist in the discharge of its responsibilities. The Company has not established a remuneration committee as at the date of this Prospectus given that it has no paid employees. The services of Graham Hook (as Chief Executive Officer of the Company), Anton Tagliaferro (as Executive Director of the Company) and Linda Kwong (as Chief Financial Officer and Company Secretary) are, as at the date of this Prospectus, provided

to the Company without additional charge as part of the arrangements with the Manager. As such, the Board has determined that it is not necessary to establish a separate remuneration committee at this time.

Each committee has the responsibilities described in the committee charter (which has been prepared having regard to the ASX Corporate Governance Principles) adopted by the Company. A copy of the charter for the above committees is available on the Company's website at www.qvequities.com. The Company will also send you a free paper copy of its charter should you request a copy during the Offer Period.

Committee	Overview	Members
Audit Committee	Oversees the Company's corporate accounting and financial reporting, including auditing of the Company's financial statements and the qualifications, independence, performance and terms of engagement of the Company's external auditor.	Anthony Peter McKillop (Chair) (Independent Non-executive Director) Don Stammer (Independent Non-executive Director) John McBain (Independent Non-executive Director)
Nomination & Corporate Governance Committee	Recommends the Director nominees for each annual general meeting and ensures that the audit, compensation and nominating & corporate governance committees of the Board have the benefit of qualified and experienced independent directors.	John McBain (Chair) (Independent Non-executive Director) Anthony Peter McKillop (Independent Non-executive Director) Don Stammer (Independent Non-executive Director)

6.4 Corporate governance policies

The Company has also adopted the following policies, each of which has been prepared having regard to the ASX Corporate Governance Principles and is available on the Company's website at www.qvequities.com:

- **Code of Conduct** – This policy sets out the standards of ethical behaviour that the Company expects from its Directors, officers and employees;
- **Continuous Disclosure Policy** – Once listed on ASX, the Company will need to comply with the continuous disclosure requirements of the Listing Rules and the Corporations Act to ensure the Company discloses to ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Securities. As such, this policy sets out certain procedures and measures which are designed to ensure that the Company complies with its continuous disclosure obligations;

- **Risk Management Policy** – This policy is designed to assist the Company to identify, assess, monitor and manage risks affecting the Company's business;
- **Securities Trading Policy** – This policy is designed to maintain investor confidence in the integrity of the Company's internal controls and procedures and to provide guidance on avoiding any breach of the insider trading laws;
- **Shareholder Communications Policy** – This policy sets out practices which the Company will implement to ensure effective communication with its Shareholders; and
- **Diversity Policy** – This policy sets out the Company's objectives for achieving diversity amongst its board, management and employees.

The Company will also send you a free paper copy of any of the above policies should you request a copy during the Offer Period.



6.5 ASX Corporate Governance Principles

The Board has evaluated the Company's current corporate governance policies and practices in light of the ASX Corporate Governance Principles. A brief summary of the approach currently adopted by the Company is set out below.

Principle 1 – Lay solid foundations for management and oversight

The Board's responsibilities are defined in the Board Charter. In the absence of a Remuneration Committee for the Company, the Board will also be responsible for evaluating the performance of the Company's Executive Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary and any senior executives or employees which are hired by the Company in the future. In the event that the Company hires a number of employees in the future, it will look to establishing a remuneration committee to perform the functions recommended in the ASX Corporate Governance Principles.

Principle 2 – Structure the Board to add value

The majority of the Board is comprised of independent directors and the roles of Chairman and Chief Executive Officer are exercised by two separate individuals. The Company's Chairman is also an independent director as required by Principle 2. As the Company is still in an early stage of development, it has not yet undertaken a formal review of the Board's performance. However, the Board Charter provides for an annual self assessment of the Board's performance to be provided to the Nomination & Corporate Governance Committee.

Principle 3 – Promote ethical and responsible decision making

The Company has adopted a Code of Conduct, as well as a Securities Trading Policy, a Diversity Policy and a policy and procedure for related party transactions.

Principle 4 – Safeguard integrity in financial reporting

The Company has established an Audit Committee which complies with the ASX Corporate Governance Principles to oversee the management of financial and internal risks.

Principle 5 – Make timely and balanced disclosure

The Company is committed to providing timely and balanced disclosure to the market in accordance with its Continuous Disclosure Policy.

Principle 6 – Respect the rights of Shareholders

The Company has adopted a Shareholder Communications Policy for Shareholders wishing to communicate with the Board. The Company seeks to recognise numerous modes of communication, including electronic communication, to ensure that its communication with Shareholders is frequent, clear and accessible.

All Shareholders are invited to attend the Company's annual general meeting, either in person or by representative. The Board regards the annual general meeting as an excellent forum in which to discuss issues relevant to the Company and accordingly encourages full participation by Shareholders. Shareholders have an opportunity to submit questions to the Board and to the Company's auditors.

Principle 7 – Recognise and manage risk

In conjunction with the Company's other corporate governance policies, the Company has adopted a Risk Management Policy, which is designed to assist the Company to identify, evaluate and mitigate risks affecting the Company. In addition, the Board has established two standing committees to provide focused support in key areas. Regular internal communication between the Company's management and Board supplements the Company's quality system, complaint handling processes, employee policies and standard operating procedures which are all designed to address various forms of risks.

Principle 8 – Remunerate fairly and responsibly

While the Company has not established a remuneration committee for the reasons set out in Section 6.3, the Board will ensure that it performs the functions recommended in the ASX Corporate Governance Principles to be performed by a remuneration committee (to the extent that these functions are relevant to the Company's business).

The Company will provide disclosure of its Directors' and executives' remuneration in its annual report.



7. Financial information

7.1 Use of Proceeds

The Board intends to use the funds raised from the Offer for investment consistent with the investment strategy, objectives, guidelines and permitted investments set out in Section 3 and to pay the costs of the Offer.

7.2 Unaudited pro forma statements of financial position

The pro forma statements of financial position set out below have been prepared to illustrate the effects of the pro forma adjustments described below for the different subscription amounts as if they had occurred on 17 April 2014:

- completion of the Offer based on each of the amounts indicated being raised; and
- payment of expenses (which have been deducted from the Cash amount) which consist of the Offer related expenses in accordance with Section 7.5 below.

The pro forma statements of financial position have been prepared on the basis of the following assumptions:

- 25% of the subscription amount is raised under the General Offer and 75% under the Broker Firm Offer;
- no management or performance fees incurred as at 17 April 2014;
- no ongoing operating expenses incurred as at 17 April 2014;
- the Company will derive income of a sufficient nature and amount to enable recognition of a deferred tax asset for the fund raising costs;
- the costs incurred by the Company in respect of the Offer referred to in this Section are net of deferred tax asset, in accordance with accounting standards and the accounting policy note in Section 7.6. This means that the tax benefit (a 30% tax deduction) is applied to these costs to reduce them by 30%. The cash outlay of an expense is gross of this tax benefit. For example, an outlay described in this Section as \$70 (net of tax) is a cash outlay of \$100 less the tax benefit of a \$30 income tax deduction. The costs described at Sections 2.6, 10.10 and 10.11 show the gross cash cost (excluding GST), before applying the deferred tax asset benefit.

- the Service Fee of 1.65 cents (inclusive of GST) payable under the Broker Firm Offer will be received by the Company and will be held on trust pending the Allotment Date. On the Allotment Date, Institutional Applicants' Service Fees will be transferred into a separate service fee trust account and paid to Brokers. Retail Applicants' Service Fees will also be transferred into the service fee trust account on the Allotment Date and will only be paid to a Broker if the Company receives confirmation from that Broker that it has procured the Consent of all relevant Retail Applicants to the payment of the Service Fee (please see Section 2.4 for further details). If a Broker does not procure a Retail Applicant's Consent to the payment of the Service Fee, the Retail Applicant's Service Fee will be refunded in full to the Retail Applicant. As the Service Fees are held on trust pending on-payment to the Brokers or refund to the Retail Applicants, they do not form a part of the Company's proceeds of the Offer. Accordingly, the computations below are exclusive of the Service Fees.

If you do not fully understand the unaudited pro forma statements of financial position and related notes, you should seek professional guidance from your accountant or other professional adviser before deciding whether to invest in the Securities.

	Minimum Subscription \$100,000,000 (‘000)	Subscription \$150,000,000 (‘000)	Maximum Subscription \$200,000,000 (‘000)
Current Assets	98,260	147,602	196,944
Cash			
	98,260	147,602	196,944
Non-Current Assets			
Deferred tax asset	522	719	917
	522	719	917
Total Assets	98,782	148,321	197,861
Total Liabilities	-	-	-
Net Assets	98,782	148,321	197,861
Equity			
Share Capital			
Contributed equity	100,000	150,000	200,000
Less: cost of offer capitalised	(1,217)	(1,678)	(2,138)
	98,783	148,322	197,862
Costs not eligible to be capitalised	(1)	(1)	(1)
Total Equity	98,782	148,321	197,861
NAV	0.976	0.977	0.977

7.3 Capital Structure

The anticipated capital structure of the Company on completion of the Offer is set out below¹:

	Minimum Subscription \$100,000,000	Subscription \$150,000,000	Maximum Subscription \$200,000,000
Shares	101,258,262	151,887,393	202,516,524
Options	101,258,261	151,887,392	202,516,523

1. Assuming that 25% of the subscription amount is raised under the General Offer and 75% is raised under the Broker Firm Offer.

7.4 Cash

A reconciliation of the unaudited pro forma statements of financial position for cash is as below¹:

	Minimum Subscription \$100,000,000	Subscription \$150,000,000	Maximum Subscription \$200,000,000
Initial Subscriber Share at \$1.00	1	1	1
Proceeds of Offer	100,000,000	150,000,000	200,000,000
Expenses of Offer (net of tax) – refer to Section 7.5	1,217,915	1,678,706	2,139,497
Deferred tax asset	521,964	719,445	916,927
Estimated net cash position	98,260,122	147,601,849	196,943,576

1. Assuming that 25% of the subscription amount is raised under the General Offer and 75% is raised under the Broker Firm Offer.

7.5 Expenses of the Offer

The Company will pay the majority of the expenses of the Offer including lead manager fees, legal and investigating accountant fees, printing and initial ASX listing fees. The expenses to be paid by the Company have been estimated at \$1,217,915 (net of tax) assuming the Minimum Subscription is achieved, and \$2,139,497 (net of tax) assuming the Maximum Subscription is achieved. A breakdown of these expenses (net of claimable GST and net of tax), for both the Minimum Subscription of \$100,000,000 and the Maximum Subscription of \$200,000,000 is provided below:

	Minimum subscription \$100,000,000	Maximum Subscription \$200,000,000
Joint lead manager fees	1,230,000	2,460,000
Legal fees	236,000	236,000
Investigating accountant and tax adviser fees	40,000	40,000
ASX fees	181,453	267,999
ASIC lodgement fees	2,225	2,225
Other expenses	50,200	50,200
Total estimated gross expenses of the Offer	1,739,878	3,056,424
Deferred tax asset	(521,964)	(916,927)
Total estimated expenses of the Offer	1,217,915	2,139,497

1. Assuming that 25% of the subscription amount is raised under the General Offer and 75% is raised under the Broker Firm Offer.



7.6 Significant accounting policies and notes to accounts

A summary of significant accounting policies that have been adopted in the preparation of the pro forma statements of financial position set out in Section 7.2, or that will be adopted and applied in preparation of the financial statements of the Company for the period ending 30 June 2015 and subsequent periods, is set out as follows:

(a) Basis of preparation

The pro forma statements of financial position have been prepared in accordance with Australian Accounting Standards and Interpretations, issued by the Australian Accounting Standards Board (AASB) and the Corporations Act, as appropriate for for-profit oriented entities.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The financial information presented in the Prospectus is presented in an abbreviated form and does not contain all of the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act. The pro forma statements of financial position have been prepared on the basis of assumptions outlined in Section 7.2.

The pro forma statements of financial position have been prepared on an accrual basis and are based on historical costs.

(b) Investments

i) Recognition and Initial Measurement

Long term equity investments and equity investments held for sale are recognized initially at cost and the Company has elected to present subsequent changes in fair value of equity investments in the Statement of Comprehensive Income through the asset revaluation reserve after deducting a provision for the potential deferred capital gains tax liability as these investments are long term holdings of equity investments.

ii) Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

iii) Valuation

All investments are classified and measured at fair value, being market value, including the potential tax charges that may arise from the future sale of the investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions and reference to similar instruments.

iv) Investment 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.

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

v) Derivative Instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the profit or loss

(c) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate, adjusted by changes in 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. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

(e) 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.

(f) 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 and which are subject to an insignificant risk of changes in value.

(g) Share Capital

Ordinary shares will be classified as equity. Costs directly attributable to the issue of ordinary shares will be recognized as a deduction from equity, net of any tax effects.

(h) Share Option Reserve

The share option reserve will be measured at the fair value of the Options at the date of issue. This reserve is adjusted, with a corresponding entry to share capital, on exercise of the Options. At the expiration of the Option period, the portion of the reserve relating to unexercised Options will be transferred to a capital reserve.



8. Investigating accountant's report

MOORE STEPHENS

23 June 2014

The Directors
QV Equities Limited
Level 24
25 Bligh Street
Sydney NSW 2000

Level 15, 135 King Street
Sydney NSW 2000
GPO Box 473
Sydney, NSW 2001

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Dear Directors,

Part 1: Independent Limited Assurance Report On QV Equities Limited Pro Forma Historical Financial Information

8.1 Introduction

The Directors of QV Equities Limited (the "Company") have engaged Moore Stephens Sydney Corporate Finance Pty Limited ("Moore Stephens") to report on the pro forma historical financial information of the Company as at 17 April 2014.

We have prepared this Independent Limited Assurance Report ("Report") to be included in a Prospectus to be dated on or about 23 June 2014 relating to the offer of Shares at an offer price of \$1.00 per Share to raise up to an aggregate of \$200,000,000, together with an entitlement to one attaching Option to acquire one Share for every one Share subscribed for, exercisable at \$1.00 per Option on or before 15 March 2016 ("Offer").

The minimum subscription required for the Offer to proceed is \$100,000,000, which is expected to result in the issue of 101,258,262 Shares and 101,258,261 Options (assuming that twenty five percent of the subscription amount is raised under the General Offer and seventy five percent is raised under the Broker Firm Offer). The Offer is not underwritten.

Unless stated otherwise, expressions defined in the Prospectus have the same meaning in this Report and section references are to section references of the Prospectus.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services Licence ("AFSL") under the Corporations Act. Moore Stephens holds the appropriate AFSL authority under the Corporations Act. Refer to our Financial Services Guide included as Part 2 of this Report.

8.2 Background

The Company was incorporated on 17 April 2014 and has not traded. As at the date of this Report, the Company has one Share and no Options on issue and has net assets of \$1.

8.3 Scope

This Report deals with the pro-forma historical financial information included in Section 7 of the Prospectus ("Financial Information"). The Financial Information consists of the pro forma statements of financial position as at 17 April 2014 and related notes as set out on pages 52 to 56 of the Prospectus.

The unaudited pro forma statements of financial position in Section 7.2 of the Prospectus have been prepared to illustrate the impact of the transactions described in Section 7 of the Prospectus on the Company's financial position as at 17 April 2014 as if the transactions had taken place as at 17 April 2014. The unaudited pro-forma statements of financial position have been prepared on the basis of the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events to which the pro forma assumptions relate, as described in Section 7 of the Prospectus, as if those events had occurred as at 17 April 2014. Due to its nature, the pro forma historical financial information does not represent the Company's actual or prospective financial position.

Moore Stephens Sydney Corporate Finance Pty Ltd ABN 77 122 561 184. Liability limited by a scheme approved under Professional Standards Legislation. Moore Stephens Sydney Corporate Finance Pty Ltd is an authorised representative and affiliate of Moore Stephens Sydney Wealth Management Pty Ltd, AFS Licence No. 336950, ABN 85 135 81 77 66 which is an affiliate of Moore Stephens Sydney Pty Limited ABN 34 098 199 118. Moore Stephens Sydney Pty Limited is an independent member of Moore Stephens International Limited - members in principal cities throughout the world. The Sydney Moore Stephens firm is not a partner or agent of any other Moore Stephens firm.



The pro forma statements of financial position are presented in an abbreviated form insofar as it does not include all the presentation and disclosures required by Australian Accounting Standards applicable to general purpose financial reports.

Moore Stephens disclaims any responsibility for any reliance on this Report or the financial information to which it relates for any purpose other than that for which it was prepared. This Report should be read in conjunction with the full Prospectus and has been prepared for inclusion in the Prospectus.

8.4 Director's Responsibilities

The Directors of the Company are responsible for the preparation and fair presentation of the pro forma statements of financial position including the selection and determination of pro forma assumptions, accounting policies and notes and included in the pro forma historical financial information. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of pro forma historical financial information that are free from material misstatement, whether due to fraud or error.

8.5 Our Responsibilities

Our responsibility is to express a limited assurance conclusion on:

- (a) the pro-forma historical financial information included in Section 7 of the Prospectus based on the procedures performed and the evidence we have obtained; and
- (b) whether anything has come to our attention that causes us to believe that the pro forma historical financial information is not presented fairly, in all material respects, by the Directors of the Company on the basis of the stated basis of preparation, as described in Section 7 of the Prospectus.

We have conducted our engagement in accordance with the Australian Standard on Assurance Engagement ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the pro-forma historical financial information of the Company.

8.6 Conclusion

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the pro forma historical financial information of the Company has not been presented fairly, in all material respects, in accordance with the stated basis of preparation as described in Section 7 of the Prospectus.

8.7 Restriction On Use

Without modifying our conclusions, we draw attention to Section 7.2 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Investors should also consider the risks set out in Section 5 of the Prospectus.

8.8 Legal Proceedings

To the best of our knowledge and belief, there are no material legal proceedings outstanding or currently being undertaken, not otherwise disclosed in this Report, which would cause the information included in the report to be misleading.

8.9 Subsequent Events

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief no other material transactions or events outside of the ordinary business of the Company have come to our attention, that would require comment on, or adjustment to the information referred to in our Report, or that would cause such information to be misleading or deceptive.

8.10 Sources Of Information

We have made enquiries of the Directors and management of the Company and other parties as considered necessary during the course of our analysis of the pro-forma historical financial information of the Company. We have also referred to the Prospectus and material documents which relate to the proposed operations of the Company.

We have no reason to believe the information supplied is not reliable.

8.11 Independence Or Disclosure Of Interest

Moore Stephens has no financial or other interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion on the matters that are subject of this Report for which normal professional fees will be received.

Neither Moore Stephens Sydney Corporate Finance Pty Ltd, Moore Stephens Sydney Wealth Management Pty Limited, any Director thereof, nor any individual involved in the preparation of the Report have any financial interest in the outcome of the Offer, other than with respect to the fee payable to Moore Stephens in connection with the preparation of our Report for which normal professional fees will be received.

Our associated partnership, Moore Stephens Sydney, has been nominated to be auditor of the Company subject to approval from the Australian Securities & Investments Commission and the Company's shareholders. If appointed, Moore Stephens Sydney will receive fees for performing audit services. Our associated taxation advisory practice, Moore Stephens Sydney Pty Limited has provided tax services to the Company in connection with the Offer for which normal professional fees will be received.

8.12 Liability And Consent

Moore Stephens has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report, this consent has not been withdrawn.

The liability of Moore Stephens is limited to the inclusion of this Report in the Prospectus. Moore Stephens has not authorised the issue of the Prospectus. Accordingly, Moore Stephens makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from, the Prospectus.

8.13 Financial Services Guide

We have included our Financial Services Guide as Part 2 of this Report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our Report.

Yours faithfully,

Moore Stephens Sydney Corporate Finance Pty Ltd



Scott Whiddett

Director



PART 2 - Financial Services Guide 23 June 2014

1. Moore Stephens Sydney Corporate Finance Pty Ltd

Moore Stephens Sydney Corporate Finance Pty Ltd ("Moore Stephens") is an authorised representative of Moore Stephens Sydney Wealth Management Pty Ltd ("Licence Holder") in relation to Australian Financial Services Licence No. 336950.

Moore Stephens may provide the following financial services to wholesale and retail clients as an authorised representative of the Licence Holder:

- Financial product advice in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds, deposit and payment products, life products, retirement savings accounts and superannuation (collectively "Authorised Financial Products"); and
- Applying for, varying or disposing of a financial product on behalf of another person in respect of Authorised Financial Products.

2. Financial Services Guide

The Corporations Act 2001 requires Moore Stephens to provide this Financial Services Guide ("FSG") in connection with its provision of an Investigating Accountant's Report ("Report") which is included in the Prospectus provided by QV Equities Limited (the "Entity").

3. General Financial Product Advice

The financial product advice provided in our Report is known as "general advice" because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our Report is appropriate for you, having regard to your own personal objectives, financial situation or needs. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence ("AFSL") to assist you in this assessment.

4. Remuneration

Moore Stephens' client is the Entity to which it provides the Report. Moore Stephens receives its remuneration from the Entity. Our fee for the Report is based on a time cost or fixed fee basis. This fee has been agreed in writing with the party who engaged us. Neither Moore Stephens nor its Directors and employees, nor any related bodies corporate (including the Licence Holder) receive any commissions or other benefits in connection with the preparation of this Report, except for the fees referred to above.

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of Moore Stephens or related entities but any bonuses are not directly connected with any assignment and in particular not directly related to the engagement for which our Report was provided.

We do not pay commissions or provide any other benefits to any parties or person for referring customers to us in connections with the reports that we are licensed to provide.

5. Independence

Moore Stephens is required to be independent of the Entity.

Neither Moore Stephens, Moore Stephens Sydney Wealth Management Pty Limited, any Director thereof, nor any individual involved in the preparation of the Report have any financial interest in the outcome of this Offer, other than a fee in connection with the preparation of our Report for which professional fees in the order of \$35,000 (excluding GST) will be received. No pecuniary or other benefit, direct or indirect, has been received by Moore Stephens, their Directors or employees, or related bodies corporate for or in connection with the preparation of this Report.

Moore Stephens Sydney, a chartered accounting partnership associated with Moore Stephens has been nominated to be the appointed auditor of the Company, for which it will receive fees. Our associated taxation advisory practice, Moore Stephens Sydney Pty Limited has provided tax services to the company for for which normal professional fees in the order of \$5,000 (excluding GST) will be received.

6. Complaints Resolution

Moore Stephens is only responsible for its Report and this FSG. Complaints or questions about the Prospectus should not be directed to Moore Stephens which is not responsible for that document.

Both Moore Stephens and the Licence Holder may be contacted as follows:

- By phone: (02) 8236 7700
- By fax: (02) 9233 4636
- By mail: GPO Box 473
SYDNEY NSW 2001

If you have a complaint about Moore Stephens' Report or this FSG you should take the following steps:

1. Contact the Enquiries and Complaints Officer of the Licence Holder on (02) 8236 7700 or send a written complaint to the Licence Holder at Level 15, 135 King Street, Sydney NSW 2000. We will try and resolve your complaint quickly and fairly.
2. If you still do not get a satisfactory outcome, you have the right to complain to the Financial Industry Complaints Service at PO Box 579 Collins St West, Melbourne, Victoria 8007 or call on 1300 78 08 08. We are a member of this scheme.
3. The Australian Securities & Investments Commission (ASIC) also has a freecall Infoline on 1300 300 630 which you may use to make a complaint and obtain information about your rights.

The Licence Holder, as holder of the AFSL, gives authority to Moore Stephens to distribute this FSG.

9. Material contracts

The Directors consider that the material contracts described below are those which an investor would reasonably regard as material and which investors and their professional advisers would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of an investment in the Company under the Offer.

This Section contains a summary of the material contracts and their substantive terms which are not otherwise disclosed elsewhere in this Prospectus.

9.1 Management Agreement

The Company has entered into the Management Agreement with the Manager on 23 June 2014 with respect to the management of the Portfolio. A summary of the material terms of the Management Agreement are set out below.

Services

Under the Management Agreement, the Manager will manage the Portfolio and manage and supervise all investments in accordance with the terms of the Management Agreement, without the prior approval of the Directors.

The Manager will also provide or procure the provision of administrative support services reasonably required by the Company to conduct its business. These services include:

- (a) maintenance of the corporate, tax and statutory records of the Company;
- (b) compliance with the Company's obligations under the Corporations Act and the Listing Rules;
- (c) liaison with the Share Registry;
- (d) preparation of the Company's monthly net tangible asset backing reports and arranging for the lodgement of such reports in a timely manner to enable the Company to comply with its reporting requirements under Listing Rule 4.12;
- (e) preparation of the Company's half-year reports and annual reports, and arranging for the printing and distribution of such reports; and
- (f) the provision of information necessary for the maintenance of financial accounts of the Company to be completed.

Powers and discretions of Manager

Subject to the Corporations Act, the Listing Rules and any written guidelines issued by the Company, the Manager will, on behalf of the Company, invest money constituted in or available to the Portfolio in making, holding, realising and disposing of investments.

Subject to the Manager managing the Portfolio in accordance with investment objectives, strategy, guidelines, permitted

investments and elements of investment set out in Section 3 (Investment Strategy) and any proper and reasonable directions or instructions given by the Company, the Manager has absolute discretion to manage the Portfolio and to do all things considered necessary or desirable in relation to the Portfolio, including, without limitation:

- (a) investigation of, negotiation for, acquisition of, or disposal of the Company's investments;
- (b) selling, realising or dealing with all or any of the Company's investments or varying, converting, exchanging or adding other investments in lieu of those investments;
- (c) if any investments in the Portfolio are redeemed or the capital paid on the investment is wholly or partly repaid by the entity by which that investment was created or issued, to convert that investment into a new investment or accept repayment of the capital paid or advanced on the investment and any other monies payable in connection with that redemption or repayment and invest such monies in other investments;
- (d) retaining or selling any shares, options or other property received by the Company by way of bonus, or in lieu of, or in satisfaction of, a dividend in respect of any investments or from the amalgamation or reconstruction of any company; and
- (e) selling all or some of the rights to subscribe for new securities in the Company's investments, using all or part of the proceeds of such sale for the subscription of new Securities or to subscribe for Securities pursuant to those rights.

Delegation

The Manager may, with the prior approval of the Company, appoint or employ any person, including any related body corporate of the Manager, to be a sub-contractor for the Manager to perform any or all of the duties and obligations imposed on the Manager by the Management Agreement.

However, the Manager may only appoint and engage a related body corporate of the Manager to provide services in relation to the investment and management of the Portfolio.

Monthly Valuations

The Manager must arrange for calculation of the value of the Portfolio and the net tangible asset backing of each share in each class of shares in accordance with the Listing Rules at least monthly and provide such calculations to the Company.

The value of the Portfolio shall be determined by aggregating the value of each investment forming part of or comprised in the Portfolio and each investment shall be valued in accordance with the following methodology:



- (a) cash (including income) – the amount of such cash;
- (b) Securities – the market value of such Securities determined in accordance with Australian accounting standards (unless otherwise agreed by the Company and the Manager); and
- (c) other investments – if any investment is not included in (a) or (b) above, the value of that investment determined in accordance with Australian accounting standards.

The Company may request that the value of an investment be determined by a duly qualified valuer independent of both the Company and the Manager (**Approved Valuer**), which is recommended by the Manager having regard to the particular type or types of investment which are the subject of the valuation. The Manager may also appoint an Approved Valuer to calculate the value of the Portfolio.

All costs incurred by the Manager in arranging these calculations are to be paid by the Company under the Management Agreement. However, the Manager has indicated that it does not currently intend to on-charge such costs to the Company for the foreseeable future.

Fees

Management fee

The Manager is entitled to be paid a management fee equal to 0.9% per annum (plus GST) of the Portfolio Net Asset Value (as defined in (c) below) for the first \$150 million and then 0.75% (plus GST) per annum thereafter. The management fee is calculated and accrued on the last day of each month and paid at the end of each month in arrears.

- (a) **“Investment Return”** means the percentage by which the Portfolio Net Asset Value at the end of the last day of the relevant month exceeds or is less than the Portfolio Net Asset Value at the end of the last day of the month immediately prior to the relevant month, excluding any additions to or reductions in equity in the Company during the relevant month including dividend reinvestments, new issues, the exercise of share options, share buy-backs, payment of dividends and the payment of tax.

- (b) **“Benchmark Return”** means, in respect of the relevant month, the percentage by which the Benchmark increases or decreases over the course of the relevant month.
- (c) **“Portfolio Net Asset Value”** means the Portfolio Market Value reduced by any accrued but unpaid expenses of the Company, but not provisions for tax payable, and after subtracting any borrowings drawn down and adding back any borrowings repaid.
- (d) **“Portfolio Market Value”** means the market value of the assets of the Portfolio.
- (e) **“Financial Year”** means the period from 1 July in one year until 30 June in the following year except that the first financial year is from the commencement date until the following 30 June, and the final financial year is from the 1 July immediately preceding the date of termination of the Management Agreement until that date of termination.

The fees referred to in this section are exclusive of GST.

Expenses

The Company is liable for and must pay out of the Portfolio or reimburse the Manager for certain fees, costs and expenses properly incurred in connection with the investment and management of the Portfolio, the acquisition, disposal or maintenance of any investment or performance of the Manager's obligations under the Management Agreement and is responsible for the payment of any fees or charges of any third parties engaged to provide any services in connection with the provision of administrative support services provided by the Manager, including filing and other similar fees and charges.

Notwithstanding the above, if any related body corporate of the Manager has received or is entitled to receive fees from the Company (or the Company incurs such expense) for providing investment and management services in relation to the Portfolio, the fees payable to the Manager under the Management Agreement will be reduced by the amount of that fee or such fee must be rebated to the Company.

Exclusivity

The Manager may from time-to-time perform similar investment and management services for itself and other persons similar to the services performed for the Company under the Management Agreement, provided the Manager does not prejudice or otherwise derogate its responsibilities specified in the Management Agreement.



Term

The initial term of the Management Agreement is five years unless terminated earlier in accordance with the terms of the Management Agreement (see below). The Management Agreement will be automatically extended for a further term of five years upon the expiry of the initial term unless terminated earlier as described below.

Termination

Automatic Termination

After the expiry of the initial term, the Management Agreement will automatically terminate three months after an ordinary resolution of the Company is passed to end the Management Agreement.

The Management Agreement will also automatically terminate immediately upon the passing of a resolution by Shareholders to voluntarily wind-up the Company.

Termination by the Company

The Management Agreement gives the Company the right to immediately terminate the Management Agreement and remove the Manager by written notice on the occurrence of any one of the following events:

- (a) an insolvency event occurs with respect to the Manager;
- (b) the Manager is in default or breach of its obligations under the Management Agreement in a material respect and, such default or breach is not rectified within 30 days after the Company has notified the Manager in writing to rectify the default or breach;
- (c) the Manager ceases to carry on business in relation to its activities as an investment manager;
- (d) the Manager persistently fails to ensure that investments made on behalf of the Company are consistent with the Company's Investment Strategy at the time the investment is made; and
- (e) the Manager's AFSL is suspended for a period of no less than one month or cancelled at any time and the Manager fails to obtain an authorisation enabling it to perform its obligations under the Management Agreement from a third party holder of a AFSL (collectively, **Termination for Cause**).

The Company may also terminate the Management Agreement on three months' notice:

- (a) after the expiry of the initial term; or
- (b) if Anton Tagliaferro or Simon Conn cease to be involved with the implementation and ongoing management of the Investment Strategy and are not replaced with adequate replacements that have a minimum of 10 years portfolio management experience and are acceptable to the

Company, acting reasonably (Key Person Termination).

Termination Payment

If the Management Agreement is terminated for any reason except for Termination for Cause or Key Person Termination, the Manager will be entitled to a termination payment at the termination date equal to 0.9% of the net tangible assets backing of each share in each class of shares in the Company as calculated under the Listing Rules multiplied by the number of shares on issue in that class of shares as at the termination date.

Amendment

The Management Agreement may only be altered by the agreement of the parties. However, the Company has provided an undertaking to ASX that it will only make material changes to the Management Agreement if the Company has obtained Shareholder approval to these material changes.

Related Party Protocols

If the Manager proposes that the Company acquire assets from or dispose of assets to a related party of the Manager, the Company must approve the acquisition or disposal of the asset to the extent required by the Corporations Act or the Listing Rules.

Change of Control Provisions

The Manager has no right to terminate the Management Agreement in the event of a change of control of the Company. Similarly, the Company has no right to terminate the Management Agreement in the event of a change of control of the Manager.

The Management Agreement does not contain any preemptive rights over the Portfolio which are exercisable by either the Company, the Manager or a related entity of the Manager in the event of a change of control of either the Company or the Manager.

Company Indemnity

The Company must indemnify the Manager against any losses or liabilities reasonably incurred by the Manager arising out of, or in connection with, and any costs, charges and expenses (including legal expenses on a solicitor/own client basis) incurred in connection with the Manager or any of its officers, employees or agents acting under the Management Agreement or on account of any bona fide investment decision made by the Manager or its officers or agents except insofar as any loss, liability, cost, charge or expense is caused by the negligence, default, fraud or dishonesty of the Manager or its officers or employees. This obligation continues after the termination of the Management Agreement.



Manager's Liability

Subject to the Corporations Act, the Listing Rules and the Management Agreement, the Manager will, in relation to all the powers, authorities and discretions vested in it, have absolute and uncontrolled discretion as to:

- (a) whether or not to exercise them; and
 - (b) the manner or mode of, and time for, their exercise,
- and, in the absence of negligence, default, fraud or dishonesty, the Manager will not be in any way whatsoever responsible for any loss, costs, damages or inconvenience that may result from the exercise or failure to exercise those powers, authorities and discretions.

Manager Indemnity

The Manager must indemnify the Company against any losses or liabilities reasonably incurred by the Company arising out of, or in connection with, and any costs, charges and expenses (including legal expenses on a solicitor/own client basis) incurred in connection with, any negligence, default, fraud or dishonesty of the Manager or its officers or Supervised Agents (as defined in the Management Agreement). This obligation continues after the termination of the Management Agreement.

9.2 Offer Management Agreement

The Company entered into an Offer Management Agreement with the Joint Lead Managers on 23 June 2014 with respect to the management of the Offer. Under the Offer Management Agreement, the Joint Lead Managers have agreed to use their reasonable endeavours to procure Applications under the Offer. A summary of the key terms of the Offer Management Agreement is set out below.

Commission, fees and expenses

The Company must pay the Joint Lead Managers in their respective proportions (25% each) a management fee of 1.20% (exclusive of GST) of the total proceeds of the Offer received by the Company. CBA Equities is also entitled to an Arranger fee of:

- \$150,000 (exclusive of GST if the gross proceeds of the offer reach \$100,000,000);
- \$200,000 (exclusive of GST if the gross proceeds of the offer reach \$150,000,000); and
- \$250,000 (exclusive of GST if the gross proceeds of the offer reach \$200,000,000).

The Manager has agreed to pay the Arranger fee and to not be reimbursed for this cost by the Company.

The Company has also agreed to reimburse the Joint Lead Managers for certain agreed costs and expenses incurred by the Joint Lead Managers in relation to the Offer.

Warranties

The Offer Management Agreement contains certain standard representations, warranties and undertakings provided by the Company to the Joint Lead Managers. The warranties relate to matters such as the conduct of the parties and information provided by the parties in relation to the Prospectus and the Offer. The Company's undertakings include that it will not, during the period following the date of the Offer Management Agreement until 90 days after the allotment of Securities under the Offer, allot or agree to allot any equity securities or securities that are convertible into equity, or that represent the right to receive equity without the consent of the Joint Lead Managers.

Indemnity

Subject to certain exclusions relating to, amongst other things, fraud, recklessness, wilful misconduct, negligence or a material breach of the Offer Management Agreement by an indemnified party, the Company agrees to keep the Joint Lead Managers and their respective associated parties indemnified against losses suffered in connection with their appointment as a Joint Lead Manager, the Offer or the Offer Management Agreement, including a breach by the Company of its obligations under the Offer Management Agreement.

Subject to certain exclusions relating to, amongst other things, fraud, recklessness, wilful misconduct, negligence or a material breach of the Offer Management Agreement by an indemnified party, the Manager agrees to keep the Joint Lead Managers and their respective associated parties indemnified against losses suffered in connection with their appointment as a Joint Lead Manager, the Offer or the Offer Management Agreement including a breach by the Manager of its obligations under the Offer Management Agreement.

Termination events

If any of the termination events included in the Offer Management Agreement (including those set out below) occur at any time before the Allotment Date or such other time as specified below, then each Joint Lead Manager may at any time by written notice to the Company and the other Joint Lead Managers without any cost or liability, terminate all further obligations of that Joint Lead Manager under the Offer Management Agreement:



- **(Market fall)** The S&P/ASX All Ordinaries Index at any time falls to a level which is 90% or less than the level at the close of trading on the date of the Offer Management Agreement and remains below that level for a period of two consecutive Business Days or closes at that 90% level on the Business Day immediately prior to the settlement date.
- **(Withdrawal)** The Company withdraws the Offer or:
 - the Prospectus, any Application Form and any supplementary or replacement prospectus required to be lodged with ASIC under Section 719 of the Corporations Act in connection with the Offer;
 - any cover email or letter sent to eligible Institutional Investors in Australia, New Zealand, Singapore and Hong Kong with a link to or attaching the Prospectus; and
 - any investor presentation or marketing presentation and/or ASX announcement used in connection with the Offer (including any addendum to those presentations and any draft of such documents used for roadshow purposes prior to the lodgement date), together the **Offer Documents**.
- **(Listing and quotation)** ASX approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to:
 - the Company's admission to the official list of ASX on or before the date by which ASX confirms that it will grant quotation of the Securities; or
 - the quotation of the Securities on ASX or for the Securities to be cleared through the Clearing House Subregister System on or before the quotation date,
 - or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld.
- **(Chairman and chief executive officer)** The chairman, the chief executive officer or chief financial officer of the Company or the Manager is removed from office or replaced.
- **(Compliance with Law)** Any of the Offer Documents, the Public Information (as defined in the Offer Management Agreement) or any aspect of the Offer does not comply with the Corporations Act (including if a statement in any of the Offer Documents or Public Information is or becomes materially misleading or deceptive, or a matter required to be included is omitted from an Offer Document or the Public Information), the ASX Listing Rules, the New Zealand Securities Act 1978, the New Zealand Securities Regulations 2009, the New Zealand Financial Markets Conduct Act 2013 or any other applicable law or regulation.
- **(Notifications):**
 - ASIC issues an order (including an interim order) under section 739;
 - ASIC holds a hearing under section 739(2);
 - an application is made by ASIC for an order under Part 9.5 in relation to the Offer or an Offer Document or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Offer or an Offer Document;
 - any person (other than the Joint Lead Manager seeking to Terminate) who has previously consented to the inclusion of its name in any Offer Document withdraws that consent; or
 - any person gives a notice under section 730 in relation to the Offer Documents.
- **(Applications and proceedings)** Any person makes an application for an order under Part 9.5, or to any government agency, in relation to the Prospectus or the Offer or ASIC commences or gives notice of an intention to hold, any investigation, proceedings or hearing in relation to the Offer or the Prospectus or any government agency commences or gives notice of an intention to hold, any enquiry.
- **(Supplementary Prospectus)** The Company issues or, in the reasonable opinion of the Joint Lead Manager seeking to terminate, becomes required to issue a Supplementary Prospectus to comply with section 719 of the Corporations Act; or the Company lodges a Supplementary Prospectus with ASIC in a form that has not been approved by the Joint Lead Managers.
- **(Insolvency Event)** The Company or the Manager is or becomes insolvent or there is an act or omission which may result in the Company or Manager becoming insolvent.

Termination events subject to materiality

If any of the following events occur at any time before the Allotment Date or such other time as specified below, and such event:

- has had or is likely to have a materially adverse effect on:
 - the marketing, outcome, success or settlement of the Offer or the ability of the Joint Lead Managers to market, promote or settle the Offer;
 - the willingness of investors to subscribe for the Securities; or
 - the likely price at which the Securities will trade on ASX; or
- has given or would be likely to give rise to a liability for the Joint Lead Manager under, or a contravention by the Joint Lead Manager, of the Corporations Act or any applicable laws,



then each Joint Lead Manager may at any time by notice in writing to the Company and the other Joint Lead Managers, terminate all further obligations of that Joint Lead Manager under the Offer Management Agreement without cost or liability.

- **(Due Diligence Report)** The due diligence report or verification material or any other information supplied by or on behalf of the Company or the Manager to the Joint Lead Managers in relation to the Company or the Offer is or becomes false or misleading or deceptive or likely to mislead or deceive, including by way of omission.
- **(Change in Law)** There is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia, New Zealand, or any State or Territory of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, including ASIC adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of this agreement).
- **(Material Contracts)** If any contract summarised in Section 9 is varied, terminated, rescinded or altered or amended without the prior consent of the Joint Lead Managers or any contract summarised in Section 9 is breached or is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, rescinded or avoided or of limited force and effect, or its performance is or becomes illegal.
- **(Default)** a default by the Company in the performance of any of its obligations under the Offer Management Agreement occurs.
- **(Representations and Warranties)** A warranty or representation contained in the Offer Management Agreement on the part of the Company is breached, becomes not true or correct or is not performed.
- **(Prosecution)** Any of the following occur:
 - a director or officer of the Company or the Manager is charged with an indictable offence;
 - any government agency commences any public action against the Company or the Manager or any of its directors or officers or announces that it intends to take such action;
 - any director or officer of the Company or the Manager is disqualified from managing a corporation under Part 2D.6; or
 - the Company or the Manager or any of its directors or officers engage, or are alleged to have been engaged in, any fraudulent conduct or activity, whether or not in connection with the Offer.
- **(Hostilities)** There is an outbreak of hostilities not presently existing (whether war has been declared or not) or an escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States, the United Kingdom, the People's Republic of China, South Korea, Israel, Singapore, Malaysia, Cambodia, the United Arab Emirates or any Member State of the European Union or any diplomatic, military, commercial or political establishment in either of those countries or a major terrorist act is perpetrated anywhere in the world.
- **(Change in management)** There is a change in senior management or the board of directors (other than in relation to the Chairman, Chief Executive Officer or Chief Financial Officer) of the Company or the Manager.
- **(Disruption of financial markets)** There is:
 - a general moratorium on commercial banking activities in Australia, New Zealand, the United States, the United Kingdom, Hong Kong or any Member State of the European Union, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;
 - any adverse effect on the financial markets in Australia, New Zealand, the United States, the United Kingdom, Hong Kong or any Member State of the European Union, or any development involving a prospective change in political, financial or economic conditions in any of those countries; or
 - trading in all securities quoted or listed on ASX the New Zealand Exchange, New York Stock Exchange, London Stock Exchange or the Hong Kong Stock Exchange is suspended or limited in a material respect.



10. Additional information

10.1 Incorporation

The Company was incorporated on 17 April 2014.

10.2 Balance date and company tax status

The accounts for the Company will be made up to 30 June annually.

The Company will be taxed as a public company.

10.3 Current capital structure

The issued capital of the Company as at the date of this Prospectus is set out in the table below:

Class of Security	Number of Securities
Shares	1
Options	0

10.4 Capital structure following the Offer

As at the Allotment Date, the issued share capital of the Company will comprise the following:

Class of Security	Number of Securities based on Minimum Subscription ¹	Fully diluted ²	Number of Securities based on Maximum Subscription ¹	Fully diluted ²
Shares	101,258,262	202,516,523	202,516,524	405,033,047
Options	101,258,261	Nil	202,516,523	Nil

Notes:

1. Assuming that 25% of the proceeds are raised under the General Offer and 75% under the Broker Firm Offer.
2. The fully diluted number of Securities on issue immediately following the Offer assumes that all Options have been exercised for the maximum number of Shares which can be issued under those Options.

10.5 Rights attaching to the Shares

Immediately after issue and allotment, the Shares will be fully paid Shares and the Shares will rank pari passu with the Share currently on issue.

Detailed provisions relating to the rights attaching to the Shares are set out in the Company's Constitution and the Corporations Act. A copy of the Company's Constitution can be inspected during office hours at the registered office of the Company and Shareholders have the right to obtain a copy of the Company's Constitution, free of charge.

The detailed provisions relating to the rights attaching to Shares under the Constitution and the Corporations Act are summarised below:

Each Share will confer on its holder:

- the right to receive notice of and to attend general meetings of the Company and to receive all financial statements, notices and documents required to be sent to them under the Company's Constitution and the Corporations Act;

- the right to vote at a general meeting of Shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (one vote per Shareholder) and on a poll (one vote per Share on which there is no money due and payable) subject to the rights and restrictions on voting which may attach to or be imposed on Shares (at present there are none);
- the right to receive dividends, according to the amount paid up on the Share;
- the right to receive, in kind, the whole or any part of the Company's property on a winding up, subject to priority given to holders of Shares that have not been classified by ASX as "restricted securities" and the rights of a liquidator to distribute surplus assets of the Company with the consent of members by special resolution; and
- subject to the Corporations Act and the Listing Rules, Shares are fully transferable.

The rights attaching to Shares may be varied with the approval of Shareholders in general meeting by special resolution.



10.6 Option terms

The terms and conditions of the Options are as follows:

Register

The Company will maintain a register of holders of Options in accordance with Section 168(1)(b) of the Corporations Act.

Transfer/transmission

An Option may be transferred or transmitted in any manner approved by ASX.

Exercise

An Option may be exercised by delivery to the Company of a duly completed Notice of Exercise of Options, signed by the registered holder of the Option, together with payment to the Company of \$1.00 per Option being exercised and the relevant option certificate.

An Option may be exercised on any business day from the date of grant to 15 March 2016 (inclusive) but not thereafter. A Notice of Exercise of Options is only effective when the Company has received the full amount of the exercise price in cash or cleared funds.

Dividend entitlement

Options do not carry any dividend entitlement until they are exercised. Shares issued on exercise of Options rank equally with other issued Shares of the Company from their date of issue.

Participating rights

For determining entitlements to the issue, an Option holder may only participate in new issues of securities to holders of applicable Shares in the Company if the Option has been exercised and Shares allotted in respect of the Option before the record date. The Company must give at least six business days notice to Option holders of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules.

If between the date of issue and the date of exercise of an Option the Company makes one or more rights issues (being a pro rata issue of Shares in the capital of the Company that is not a bonus issue) in accordance with the Listing Rules, the exercise price of Options on issue will be reduced in respect of each rights issue according to the following formula:

$$NE = OE - \frac{E[P-(S + D)]}{(N + 1)}$$

where:

NE is the new exercise price of the Option;

OE is the old exercise price of the Option;

E is the number of underlying Shares into which one Option is exercisable;

P is the average closing sale price per Share (weighted by reference to volume) during the five trading days ending on the day before the ex-rights date or ex-entitlements date (excluding special crossings and overnight sales);

S is the subscription price for a Share under the rights issue;

D is the dividend due but not yet paid on each Share at the relevant time; and

N is the number of Shares that must be held to entitle holders to receive a new Share in the rights issue.

If there is a bonus issue to the holders of Shares in the capital of the Company, the number of Shares over which the Option is exercisable will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.

Reconstructions and alteration of capital

Any adjustment to the number of outstanding Options and the exercise price under a reorganisation of the Company's share capital must be made in accordance with the Listing Rules at the time of the reorganisation.

ASX Listing

The Company must make an application for quotation of Shares issued on exercise of the Options on ASX in accordance with the Listing Rules. Shares so issued will rank equally with other issued Shares of the Company.

10.7 Existing Holder

The table below sets out the interests of the Existing Holder as at the date of this Prospectus and immediately following the Offer. The table does not reflect any Securities which the Existing Holder may subscribe for under the Offer.



	Date of Prospectus		Immediately following the Offer ¹	
	Number of Shares	Percentage of Shares	Number of Shares	Percentage of Shares on issue at the Minimum Subscription
Existing Holder				
Investors Mutual Limited	1	100%	1	0%

Notes:

1. The number of Shares on issue immediately following the Offer is based on the Minimum Subscription of \$100,000,000 being achieved.

10.8 Interests of Directors

Other than as set out below or elsewhere in the Prospectus, no Director or proposed director:

- has or had at any time during the two years preceding the date of this Prospectus an interest in the formation or promotion of the Company, or in any property acquired or proposed to be acquired by the Company or in the Offer; and
- has been paid or agreed to be paid any amount, or has been given or agreed to be given any other benefit, either to induce him or her to become, or to qualify him or her as, a Director or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Offer.

Remuneration of Directors

The Directors will be entitled to receive the following benefits:

(a) From the maximum total of \$250,000 set out in the Constitution, the aggregate remuneration of the Directors of the Company has been set initially at \$100,000 per annum (including superannuation) to be divided amongst them in such proportions as they agree. The Directors have agreed that Peter McKillop will initially receive \$30,000 per annum, Don Stammer will initially receive \$40,000 per annum and John McBain will initially receive \$30,000 per annum.

(b) Graham Hook is General Manager of the Manager. He is remunerated by the Manager and will not receive Directors' fees or any other form of remuneration from the Company for his services. As at the date of this Prospectus, Graham does not hold any of the equity interests in the Manager.

(c) Anton Tagliaferro is a director and Chief Investment Manager of the Manager. He is remunerated by the Manager and will not receive Directors' fees or any other form of remuneration from the Company for his services. As at the date of this Prospectus, Anton holds 43% of the equity interests in the Manager.

(d) Simon Conn is a Portfolio Manager of the Manager. He is remunerated by the Manager and will not receive fees or any other form of remuneration from the Company for his services. As at the date of this Prospectus, Simon holds rights to 1.5% of the equity interests in the Manager.

Except as set out elsewhere in this Prospectus, there are no interests that exist at the date of this Prospectus and there were no interests that existed within two years before the date of this Prospectus that are or were, interests of a Director or a proposed Director in the promotion of the Company or in any property proposed to be acquired by the Company in connection with its formation or promotion. Further, except as set out in this Prospectus, there have been no amounts paid or agreed to be paid to a Director in cash or securities or otherwise by any persons either to induce him to become or qualify him as a Director or otherwise for services rendered by him in connection with the promotion or formation of the Company.

Under the Company's Constitution, each Director (other than a Managing Director or an Executive Director) may be paid remuneration for ordinary services performed as a Director.

Under the ASX Listing Rules the maximum fees payable to directors may not be increased without prior approval from the Company at a general meeting. Directors will seek approval from time to time as deemed appropriate.

Directors interests in Shares and Options

As at the date of this prospectus the Directors and their associates have no interests in the Securities of the Company. Certain of the Directors have indicated an intention to subscribe for securities under the Offer, however, the final amount of their investment has not yet been determined.



Indemnification of Directors and Officers

The Company has entered into deeds of indemnity, access and insurance with each Director. Under these deeds, the Company has agreed to indemnify, to the extent permitted by the Corporations Act, each Director in respect of certain liabilities which the Director may incur as a result of, or by reason of (whether solely or in part), being or acting as an officer of the Company. These liabilities include losses or liabilities incurred by the Director to any other person as an officer of the Company, including legal expenses. The Company has also agreed to maintain in favour of each officer a directors' and officers' policy of insurance for the period that they are officers and for seven years after they cease to act as officers.

Related party interests

Other than as set out below or elsewhere in this Prospectus, there are no existing agreements or arrangements and there are no currently proposed transactions in which the Company was, or is to be, a participant, and in which any related party had or will have a direct or indirect material interest:

- the compensation arrangements with Directors and executive officers, which are described in this Section 10.8;
- the indemnification arrangements with the Directors which are described in this Section 10.8; and
- the Management Agreement between the Company and the Manager which is described in Section 9.1.

As at the date of this Prospectus, the Manager holds 100% of issued capital of the Company, by way of the issue of one share on incorporation of the Company on 17 April 2014.

The Management Agreement has been entered into on arm's length terms between the Company and the Manager.

Policy for approval of related party transactions

The Company's Audit Committee is responsible for reviewing and approving all transactions in which the Company is a participant and in which any parties related to the Company, including its executive officers, Directors, beneficial owners of more than 5% of the Company's Shares, immediate family members of the foregoing persons and any other persons whom the Board determines may be considered related parties of the Company, has or will have a direct or indirect material interest.

The Audit Committee or its Chair, as the case may be, will only approve those related party transactions that are determined to be in, or are not inconsistent with, the best interests of the Company and its Shareholders, after taking into account all available facts and circumstances as the Audit Committee or the Chairperson determines in good faith to be necessary. Transactions with related parties will also be subject to Shareholder approval to the extent required by the Listing Rules.

10.9 Australian taxation implications of investing under the Offer Introduction

The tax implications provided below only relate to Australian security holders who hold their Securities on capital account. Different tax implications apply to non-resident security holders or security holders whose Securities are held on revenue account.

The comments in this Section 10.9 are general in nature on the basis that the tax implications for each Security holder may vary depending on their particular circumstances. Accordingly, it is recommended that each Security holder seek their own professional advice regarding the taxation implications associated with the Offer.

The comments in this Section 10.9 are based on the *Income Tax Assessment Act 1936*, the *Income Tax Assessment Act 1997*, and the ATO Taxation Ruling TR 2005/23 as at the date of this Prospectus.

Income tax position of the Company

The Company will be taxed as a company at the prevailing company tax rate (currently 30%).

The Company will be required to maintain a franking account and may declare franked dividends to Shareholders.

The Company will not be required to frank a distribution in any income year in accordance with a benchmark franking percentage where it is a listed entity and has one class of member. The Directors intend to frank distributions at 100%, or to the maximum extent possible.

Income tax position of Australian resident security holders

A general outline of the tax implications associated with the Offer for Australian resident security holders who hold their Securities on capital account are set out below.



Issue of Shares and Options

The issue of Shares and Options involves the acquisition of two CGT assets; a Share at a cost price of \$1.00 under the General Offer and 98.35 cents (inclusive of GST) under the Broker Firm Offer and a free Option (excluding incidental costs) but will not give rise to a taxing event for the Company.

Fees incurred for brokers services (including the Service Fee described in Section 2.4), and other incidental acquisition costs borne by investors, will be included in the tax cost base of the relevant Shares issued. Accordingly, these expenses will be included in the tax cost base of those Shares and will decrease (or increase) any subsequent gain (or loss) realised for capital gains tax purposes upon the event of any disposal of those Shares at a later date.

Disposal of Shares

The disposal of Shares will be a taxing event for Shareholders. Shareholders should derive a taxable capital gain where the capital proceeds that are received as a result of the disposal exceed the cost base of the Shares. Likewise, Shareholders should generally incur a capital loss where the reduced cost base of the Shares exceeds the capital proceeds.

Generally, the capital proceeds that are received as a result of the disposal of the Shares will be equal to the consideration received on disposal. The cost base of the Shares will generally be equal to the amount paid in respect of the acquisition of the Shares plus any incidental costs of acquisition or disposal.

Provided Shareholders (other than corporate Shareholders) have held their Shares for 12 months prior to the disposal, the CGT discount concession may be available in relation to any capital gain arising as a result of the disposal. Where this concession applies, any such capital gain will be reduced (after applying capital losses) by the following discount percentages:

- (a) 50% for an individual or trust; or
- (b) 33.33% for a complying superannuation fund.

Exercise of Options

Any capital gain or capital loss made by the holder of an Option on exercising the Options held by them should be disregarded (i.e. no tax liability should arise). The cost base of the Shares acquired by the Option holders on exercising their Options will have a cost base equal to the consideration paid to exercise the Options plus any incidental costs.

Disposal of Options

The disposal of the Options will give rise to a taxing event. An Option holder should derive a capital gain where the capital proceeds that are received as a result of the disposal exceed the cost base of the Options. Likewise, an Option holder should generally incur a capital loss where the reduced cost base of the Options exceeds the capital proceeds.

Provided an Option holder (other than a corporate Option holder) has held their Options for 12 months prior to the disposal, the CGT discount concession may be available in relation to any capital gain arising as a result of the disposal. Where this concession applies, any such capital gain will be reduced (after applying capital losses) by the following discount percentages:

- (a) 50% for an individual or trust; or
- (b) 33.33% for a complying superannuation fund.

If ownership of the Options ends by the Options being redeemed, cancelled or by expiring, an Option holder may derive a capital gain if the capital proceeds from the redemption, cancellation or expiration of the Option is greater than the cost base of the Option. An Option holder may derive a loss if the capital proceeds from the redemption, cancellation or expiration of the Option is less than the reduced cost base of the Option.

Dividends

Dividends received by Shareholders should be included in the assessable income of Shareholders. Generally, Shareholders will be taxed on the dividends at their relevant marginal rate. If the Shareholder is a company, the Shareholder will be taxed at the prevailing company tax rate (currently 30%).

Generally, to the extent that the dividends are franked, an amount equal to the franking credits attaching to the dividends will be included in the assessable income of the Shareholder. Further, Shareholders will generally be entitled to a tax offset equal to the amount of the franking credits on the dividend (i.e. Shareholders will effectively get a tax credit for the corporate tax paid in respect of the dividends).

Certain Shareholders (including individuals and complying superannuation funds) may be entitled to a refund of 'excess franking credits' where their tax offset in respect of the franked dividends exceeds their tax liability. The income tax rate for complying superannuation funds is 15%. Complying superannuation funds generally obtain a tax offset from franked dividends against the fund's income tax liability, and any excess franking credits may be fully refunded.

A complying superannuation fund 100% in pension phase would be entitled to a full refund of franking credits, as all income of the fund would be attributable to the fund's liability



to pay current pensions, and are therefore exempt from income tax.

The Company intends to comply with the LIC provisions for income tax purposes. Accordingly, eligible Shareholders (i.e. Australian resident individuals, complying superannuation funds, trusts and partnerships) should be entitled to benefits similar to the CGT discount concession where the Company pays a dividend which is reasonably attributable to certain capital gains (i.e. 'LIC capital gains') which have been reflected in the taxable income of the Company for the year in which the capital gain is made.

Broadly, a 'LIC capital gain' is a capital gain that is made by a LIC that:

- arises in respect of certain permitted investments; and
- would have given rise to the CGT discount concession had it been derived by an entity that was not the LIC.

The Company may make a LIC capital gain, where it disposes of direct investments which are permitted investments held on capital account (including shares in listed and unlisted companies, derivatives and other securities such as managed investment schemes and unlisted securities).

Where the Company makes a LIC capital gain and pays a dividend which is reasonably attributable to that LIC capital gain, the Company will advise Shareholders of the proportion (if any) of the dividend which is attributable to the LIC capital gain.

Eligible Shareholders (i.e. Australian resident individuals, complying superannuation funds, trust and partnerships), will then be entitled to a deduction for the part of the dividend which is attributable to the LIC capital gain. The deduction will be equal to the relevant discount percentage applicable to the Shareholder.

The following examples illustrate the tax treatment for investors where a dividend includes a LIC capital gain:

Example – Distribution of a LIC Capital Gain to an individual Shareholder

Assume the Company makes a LIC capital gain of \$100 which is subject to company tax at the current rate of 30%. The after tax gain is therefore \$70. Further, assume that the Company pays a fully franked dividend of \$70 (which is attributable to the LIC capital gain) to one of its individual Shareholders.

Furthermore, assume that the Company advises this individual Shareholder that their 'attributable part' of the dividend (i.e. an amount equal to the LIC capital gain grossed up for the company tax paid) is equal to \$100. Based on these facts, the individual would include the dividend (i.e. \$70) and the attached franking credits (i.e. \$30) in their assessable income.

However, the individual would be entitled to a deduction equal to 50% of the individual's attributable part of the LIC capital gain (i.e. \$50). Assume that the individual will be taxed at a rate of 46.5%. This example is set out in the following table.

	\$
Dividend paid	70.00
Franking credits	30.00
Grossed-up Dividend included in Assessable Income	100.00
Tax Deduction Allowable (at 50%)	(50.00)
Net Taxable Income	50.00
Income Tax (at 46.5%)	23.25
Franking credits	(30.00)
Tax refund	(6.75)
Summary	
Dividend	70.00
Tax Refund	6.75
After-tax value	76.75
Effective tax rate to individual (%)	23.25%

Example – Distribution of a LIC Capital Gain to a complying superannuation fund

Further, assume the same facts as above except that the Company pays the dividend to a complying

superannuation fund rather than an individual. Assume that the superannuation fund will be taxed at a rate of 15%. This example is set out in the following table.

	\$
Dividend paid	70.00
Franking credits	30.00
Grossed-up Dividend included in Assessable Income	100.00
Tax Deduction Allowable (at 33.33%)	(33.33)
Net Taxable Income	66.67
Income Tax (at 15%)	10.00
Franking credits	(30.00)
Tax refund	(20.00)
Summary	
Dividend	70.00
Tax Refund	20.00
After-tax value	90.00
Effective tax rate to Superannuation Fund (%)	10.00%



Important Notice

The comments provided in this Section 10.9 provide a general overview of the Australian income tax implications of investing in the Company, based on current tax law and ATO rulings. As such, they are not intended as a substitute for investors obtaining independent tax advice in relation to their personal circumstances.

If you are in doubt as to the course you should follow, you should seek professional advice.

10.10 Interests of experts and advisers

Other than as set out below, no person named in this Prospectus as providing professional or advisory services in connection with the preparation of this Prospectus or any firm in which any such person is a partner:

- has or had at any time during the two years preceding the date of the Prospectus, any interest in the formation or promotion of the Company, or in any property acquired or proposed to be acquired by the Company or the Offer; or
- has been paid or agreed to be paid any amount or given or agreed to be given any other benefit for services rendered by them in connection with the formation or promotion of the Company or the Offer.

CBA Equities, Patersons, Taylor Collison and BBY have acted as Joint Lead Managers to the Offer. The Company has paid or agreed to pay a minimum amount of \$1,200,000 (exclusive of GST) in respect of these services (based on the Minimum Subscription being achieved) and a maximum amount of \$2,400,000 (exclusive of GST) (based on the Maximum Subscription being achieved).

CBA Equities Limited will be paid an Arranger fee of up to \$250,000 (exclusive of GST) which is to be paid by the Manager.

Moore Stephens Sydney Corporate Finance Pty Ltd has acted as the Australian Investigating Accountant and provided the Investigating Accountant's Report on Pro Forma Financial Information in Section 8. The Company has paid or agreed to pay an amount of approximately \$35,000 (plus disbursements and GST) in respect of these services. Further amounts may be paid to Moore Stephens Sydney Corporate Finance Pty Ltd in accordance with time-based charges.

Moore Stephens Sydney Pty Ltd has acted as the Australian tax adviser to the Company. The Company has paid or agreed to pay an amount of approximately \$5,000 (plus disbursements and GST) in respect of these services. Further amounts may be paid to Moore Stephens Sydney Pty Ltd in accordance with time-based charges.

DLA Piper Australia has acted as the Australian legal adviser to the Company and performed work in relation to due diligence enquiries on Australian legal matters. The Manager has paid or agreed to pay an amount of approximately \$195,000 (plus disbursements and GST) up to the date of this Prospectus in respect of these services. Further amounts may be paid to DLA Piper Australia in accordance with time-based charges.

DLA Phillips Fox has acted as the New Zealand legal adviser to the Company. The Manager has paid or agreed to pay an amount of approximately \$NZ4,500 in respect of these services. Further amounts may be paid to DLA Phillips Fox in accordance with time-based charges.

10.11 Offer expenses

The Company will pay all of the costs associated with the Offer with the exception of CBA Equities Arranger fee. The Manager has agreed to pay the Arranger fee and to not be reimbursed for this cost by the Company. If the Offer proceeds, the total estimated cash expenses in connection with the Offer (including advisory, legal, accounting, tax, listing and administrative fees as well as printing, advertising and other expenses) are estimated to be approximately \$1,739,878 assuming Minimum Subscription is reached and \$3,056,424 assuming the Maximum Subscription is reached.

10.12 Consents

Each of the following parties has given and has not, before the issue of this Prospectus, withdrawn its written consent to being named in the Prospectus and to the inclusion, in the form and context in which it is included, of any information described below as being included with its consent.

Each of the parties referred to below, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than the reference to its name and any statement or report included in this Prospectus with the consent of that party as described below:

- CBA Equities has consented to being named as Joint Lead Manager to the Offer, but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by CBA Equities;
- Commonwealth Securities Limited has consented to being named as authorised intermediary to the Offer, but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by Commonwealth Securities Limited;



- Patersons has consented to being named as Joint Lead Manager to the Offer, but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by Patersons;
- BBY has consented to being named as Joint Lead Manager to the Offer, but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by BBY;
- Taylor Collison has consented to being named as Joint Lead Manager to the Offer, but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by Taylor Collison;
- Lonsec Limited has consented to being named as Co-Lead Manager to the Offer, but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by Lonsec Limited;
- Investors Mutual Limited, the Manager, has consented to being named as Manager, but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by the Manager, Investors Mutual Limited;
- Moore Stephens Sydney Corporate Finance Pty Ltd has consented to being named in the Corporate Directory of this Prospectus as the Company's Investigating Accountant and to the inclusion of its Investigating Accountant's Report on Pro Forma Financial Information in Section 8 in the form and context in which it appears;
- Moore Stephens Sydney Pty Ltd has consented to being named in the Corporate Directory of this Prospectus as the Australian tax adviser to the Company, but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by Moore Stephens Sydney Pty Ltd;
- DLA Piper Australia has consented to being named in the Corporate Directory of this Prospectus as the Australian legal adviser to the Company, but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by DLA Piper Australia;
- DLA Phillips Fox has consented to being named in the Corporate Directory of this Prospectus as the New Zealand legal adviser to the Company, but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by DLA Phillips Fox; and

- Link Market Services Limited has consented to being named in the Corporate Directory and elsewhere in this Prospectus as the Share Registry for the Company. Link Market Services Limited has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registry to the Company. Link Market Services Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

10.13 Legal proceedings

To the knowledge of the Directors, there is no material current, pending or threatened litigation with which the Company is directly or indirectly involved.

10.14 Investor considerations

Before deciding to participate in this Offer, you should consider whether the Securities to be issued are a suitable investment for you. There are general risks associated with any investment in the stock market. The value of Securities listed on ASX may rise or fall depending on a range of factors beyond the control of the Company.

If you are in doubt as to the course you should follow, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser.

The potential tax effects relating to the Offer will vary between investors. Investors are urged to consider the possible tax consequences of participating in the Offer by consulting a professional tax adviser.

10.15 Governing law

This Prospectus and the contracts that arise from the acceptance of Applications under the Offer are governed by the law applicable in New South Wales, Australia and each Applicant submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

10.16 Statement of Directors

Other than as set out in this Prospectus, the Directors report that after due enquiries by them there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus.

Each Director has authorised the issue of this Prospectus and has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.



11. Defined Terms

In this Prospectus:

AEST

Australian Eastern Standard Time.

AIFRS

Australian International Financial Reporting Standards.

AFSL

Australian Financial Services Licence.

Allotment Date

The date on which the Shares and Options are allotted under the Offer.

Applicant

A person who submits a valid Application Form and required Application Amount pursuant to this Prospectus.

Application

An application for Shares and Options under this Prospectus.

Application Amount

Money submitted by Applicants under the Offer representing:

- (a) **General Offer** – the Subscription Price of \$1.00 per Share; and
- (b) **Broker Firm Offer** – the Subscription Price of 98.35 cents per Share payable to the Company and the Service Fee per Share of 1.65 cents (inclusive of GST) payable to the Applicant's Broker.

Application Form

The application form attached to or accompanying this Prospectus for investors to apply for Shares and Options under the Offer.

Arranger

CBA Equities Limited ABN 76 003 485 952 (AFSL 238817)

ASIC

The Australian Securities and Investments Commission.

Associate

Has the meaning ascribed to that term in the Corporations Act.

ASX

ASX Limited ABN 98 008 624 691 or the market it operates, as the context requires.

ASX Corporate Governance Principles

The corporate governance principles and recommendations of the ASX Corporate Governance Council as at the date of this Prospectus.

ATO

The Australian Taxation Office.

Authorised Intermediary

Commonwealth Securities

BBY

BBY Ltd ABN 80 006 707 777 (AFSL 238095).

Benchmark

S&P/ASX 300 Accumulation Index excluding that part of the return that is generated by the securities comprised in the S&P/ASX20 Index.

Board

The board of directors of the Company.

Broker

Any ASX participating organisation selected by the Joint Lead Managers in consultation with the Company to act as a broker to the Offer.

Broker Firm Offer

Has the meaning ascribed to that term in Section 2.1.

CBA Equities

CBA Equities Limited ABN 76 003 485 952 (AFSL 238817).

CGT

Capital Gains Tax.

Closing Date

The date that the Offer closes.

Co-Lead Manager

Lonsec Limited ABN 56 061 751 102 (AFSL 246842).

Company

QV Equities Limited ACN 169 154 858.

Commonwealth Securities

Commonwealth Securities Limited ABN 60 067 254 399 (AFSL 238814).

Consent

Under a Broker Firm Offer, the consent given in accordance with a Broker's consent process by a Retail Applicant to their Broker in connection with the Retail Applicant's consent and authorisation to the payment of the Service Fee to their Broker (and also the on-payment of a percentage of that Service Fee to the individual broker advising the Retail Applicant, any financial planners or any financial intermediaries providing advice or dealing services to them in respect of the Offer).

Constitution

The constitution of the Company.

Corporations Act

The *Corporations Act 2001* (Cth).

CRN

Customer Reference Number.

Custodian

RBC Investor Services Trust.



Directors

The directors (including any alternate directors) of the Company as at the date of this Prospectus.

Existing Holder

The Manager as the sole holder of securities of the Company as at the date of this Prospectus.

Exposure Period

The seven day period after the date of lodgement of the Prospectus with ASIC (as extended by ASIC (if applicable)).

Ex-20 Segment

Entities included in the S&P/ASX 300 Index excluding the entities in the S&P/ASX 20 Index.

General Offer

Has the meaning ascribed to that term in Section 2.

IML Australian Share Fund or IMAS

Investors Mutual Australian Share Fund.

IML Concentrated Australian Share Fund or IMCASF

Investors Mutual Concentrated Australian Share Fund.

IML Equity Income Fund or IMEIF

Investors Mutual Equity Income Fund.

IML Future Leaders Fund or IMFL

Investors Mutual Future Leaders Fund.

IML Industrial Share Fund or IMIS

Investors Mutual Industrial Share Fund.

IML Small Cap Fund or IMCAPS

Investors Mutual Small Cap Fund.

IML Australian Smaller Companies Fund or IMSC

Investors Mutual Australian Smaller Companies Fund.

Income Tax Assessment Act

The *Income Tax Assessment Act 1936* (Cth) and the *Income Tax Assessment Act 1997* (Cth).

Institutional Applicant

An Applicant to whom offers or invitations in respect of securities can be made without the need for a lodged prospectus (or other formality, other than a formality which the Company is willing to comply with), including in Australia persons to whom offers or invitations can be made without the need for a lodged prospectus under section 708 of the Corporations Act (disregarding section 708AA), and excluding a retail client within the meaning of section 761G of the Corporations Act.

Joint Lead Managers

CBA Equities, Patersons, Taylor Collison and BBY.

LIC

Listed Investment Company.

Listing Rules

The official Listing Rules of ASX as amended or waived from time to time.

Lonsec

Lonsec Limited ABN 56 061 751 102 (AFSL 246842)

Management Agreement

The agreement between the Company and the Manager dated 23 June 2014, a summary of which is included in Section 9.1.

Manager

Investors Mutual Limited ACN 078 030 752.

Maximum Subscription

The maximum amount being sought by the Company under the Offer, being \$200,000,000.

Minimum Subscription

The minimum subscription being sought by the Company under the Offer, being \$100,000,000.

NAV

Net asset value.

Offer

The offer of Shares to raise up to \$200,000,000, together with an entitlement to one Option for every one Share subscribed for.

Offer Period

The period during which investors may subscribe for Securities under the Offer.

Option

An option to acquire one Share for every one Share subscribed for under the Offer, exercisable at \$1.00 per Option on or before 15 March 2016.

Patersons

Patersons Securities Limited ABN 69 008 896 311 (AFSL 239052).

Portfolio

The portfolio of investments of the Company from time-to-time.

Portfolio Net Asset Value

The market value of the assets of the Portfolio reduced by any accrued but unpaid expenses of the Company, but not provisions for tax payable, and after subtracting any borrowings drawn down and adding back borrowings repaid.

Prospectus

This Prospectus, dated 23 June 2014, for the issue of Shares and Options to raise up to \$200,000,000 (including the electronic form of that Prospectus).

Retail Applicant

An Applicant who is not an Institutional Applicant.



Retail Funds

The IMAS, the IMSC, the IMIS, the IMFL, the IMEIF, the IMCAPS and the IMCASF.

Securities

The Shares and Options the subject of the Offer.

Service Fee

A one off fee of 1.65 cents (inclusive of GST) per Share payable by Applicants under the Broker Firm Offer to the Applicant's Broker in respect of the services provided by their Broker (and any individual broker advising the Retail Applicant, financial planners or financial intermediaries) in introducing the Applicant to the Offer, giving advice in respect of the Offer, the provision of information and dealing in respect of the Offer.

Share

A fully paid ordinary share in the capital of the Company.

Shareholder

A registered holder of a Share.

Share Registry

Link Market Services Limited.

Subscription Price

The amount payable by Applicants to the Company for the issue of Shares under the Offer being \$1.00 per Share under the General Offer and 98.35 cents per Share under the Broker Firm Offer.

Taylor Collison

T.C. Corporate Pty Ltd ABN 31 075 963 352 (Authorised Representative Number 341322).

US Person

Citizens and residents of the United States of America.



The issuer of this Financial Services Guide

This Financial Services Guide (FSG) is issued by Commonwealth Securities Limited (ABN 60 067 254 399 AFSL 238814) (CommSec, our, we, or us) and is dated 23 June 2014. CommSec is a wholly owned but non-guaranteed subsidiary of the Commonwealth Bank of Australia ABN 48 123 123 124 and a participant of the ASX Group and Chi-X Australia.

Issue of shares and options by QV Equities Limited

CommSec has entered into an arrangement with QV Equities Limited (QV) to make offers to you to arrange for the issue of the shares and options in QV being offered by QV in accordance with the Corporations Act 2001 (Cth). This is the service we are providing to you.

Purpose of this FSG

This FSG has been produced to inform you about the financial services that we will be, or are likely to be, providing to you, the kinds of financial products to which those services relate and the fees that we charge in relation to the service we are providing to you.

Relationships

CommSec and CBA Equities are both subsidiaries of the Commonwealth Bank of Australia.

Remuneration

CommSec will be paid a Service Fee under the Broker Firm Offer of 1.65 cents per Share (inclusive of GST) for any firm allocation it receives under the Broker Firm Offer in accordance with the terms of the Prospectus.

CBA Equities Limited with the other Joint Lead Managers who are managing the issue of shares and options by QV will be paid a management fee of 1.20% (exclusive of GST) of the total proceeds of the offer received by the Company. CBA Equities is also entitled to an arranger fee from Investors Mutual Limited (Manager) of:

- \$150,000 (exclusive of GST if the gross proceeds of the offer reach \$100,000,000);
- \$200,000 (exclusive of GST if the gross proceeds of the offer reach \$150,000,000); and
- \$250,000 (exclusive of GST if the gross proceeds of the offer reach \$200,000,000);

If the offer is fully subscribed raising \$200,000,000 CBA Equities share of the management and arranger fee will be \$850,000 (exclusive of GST).

What if I have a complaint?

If you are not satisfied with the service or advice you receive from CommSec, you are entitled to complain.

CommSec has established procedures to ensure that all enquiries and complaints are properly considered and dealt with. To save yourself valuable time, gather all the facts and documents about the complaint, think about the questions you want answered and decide what you want CommSec to do. Next, contact the department that handled the matter and explain the problem. A quick call is all that is required to resolve most issues. If you are unsure which department to contact, please call 13 15 19 and speak to a Client Service Officer. If your complaint is not satisfactorily resolved within 3 business days after you first notified CommSec, please put your complaint in writing addressed to the CommSec Client Relations team:

By phone: 1800 805 605

By fax: 1800 025 542

By email: www.commbank.com.au/feedback

By mail: CBA Group Customer Relations

Reply Paid 41 Sydney NSW 2001

If, after giving CommSec Client Relations the opportunity to resolve your complaint, you feel we have not resolved it satisfactorily, you may also lodge a written complaint with the Financial Ombudsman Service Limited ("FOS"):

For further information please contact FOS at:

Mail Address: GPO Box 3 Melbourne VIC 3001

Telephone: 1300 780 808

Fax: 03 9613 6399

Internet: www.fos.org.au

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very strong income performance well ahead of prior year



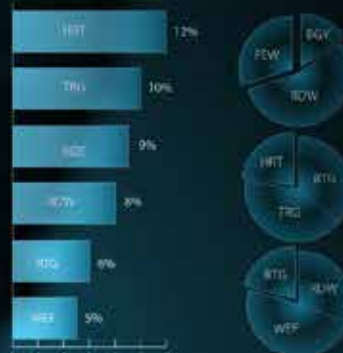
Projected sales of main products in 2015



Distribution marketing participation in the securities market



Distribution of the securities market key players



Revenue growth division



Quarter	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	Q4 09
Q1 08	100	100	100	100	100	100	100	100
Q2 08	100	100	100	100	100	100	100	100
Q3 08	100	100	100	100	100	100	100	100
Q4 08	100	100	100	100	100	100	100	100
Q1 09	100	100	100	100	100	100	100	100
Q2 09	100	100	100	100	100	100	100	100
Q3 09	100	100	100	100	100	100	100	100
Q4 09	100	100	100	100	100	100	100	100

Quarter	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	Q4 09
Q1 08	100	100	100	100	100	100	100	100
Q2 08	100	100	100	100	100	100	100	100
Q3 08	100	100	100	100	100	100	100	100
Q4 08	100	100	100	100	100	100	100	100
Q1 09	100	100	100	100	100	100	100	100
Q2 09	100	100	100	100	100	100	100	100
Q3 09	100	100	100	100	100	100	100	100
Q4 09	100	100	100	100	100	100	100	100



