

Investment Update & Net Tangible Assets Report



SEPTEMBER 2014

NET TANGIBLE ASSETS (NTA)	AMOUNT
NTA before tax	\$0.981*
NTA after tax	\$0.977*

*The NTA per share is as at 30 Sept 2014 is before any provision for dividends. The before and after tax numbers relate to the provision for deferred tax on the unrealised gains in the Company's investment portfolio. The Company is a long term investor and does not intend disposing of its total portfolio. Under current Accounting standards, the Company is required to provide for tax on any gains that might arise on such a theoretical disposal, after utilisation of brought forward losses

PERFORMANCE	QVE's NTA	BENCHMARK
1 Month	+0.3%	-5.3%
Since Inception**	+0.4%	-5.1%

MARKET OVERVIEW

** Listed 22 Aug 2014

■The local sharemarket peaked in early September before falling sharply, over -5% due to a combination of international and domestic factors.

■Internationally, with the US Fed's QE programme set to conclude in October, attention during September turned to when and by how much the Fed would raise US interest rates in 2015. This in turn led to the US dollar strengthening against all major currencies, including the AUD. The AUD fell over 6% during the month as a result, finishing at US 87.2 cents.

■Investors also focused on the possible negative repercussions for the banking sector of the Murray inquiry as well as various statements about the overheating in the domestic housing market. This included the Reserve Bank stating that it is considering the use of 'macro prudential tools' to cool the housing market.

■Sentiment towards Australia and our dollar was also adversely affected by sharp falls in the prices of oil, gold and iron ore. Weaker than expected growth out of China, coupled with ever growing supply saw iron-ore reaching new 5 year lows, closing below US\$80 per tonne. Various economic data releases over the quarter also showed continued softness in many European economies while the ongoing conflict in the Middle East and the unresolved Ukrainian conflict added to investor uncertainty.

■All of the above led to the weakness in September, with many overseas investors reducing their holdings of Australian shares with large falls seen in sectors such as the Banking and Resources.

■We used the weakness in the sharemarket in September to cautiously invest in shares in the ex-20 companies which fulfill our criteria. That is, companies with a strong competitive advantage, capable management and recurring earnings and which in our view can continue to grow and are currently trading at reasonable valuations.

■Thus we acquired shares in Utility stocks such as AGL Energy and Energy Developments, pathology operator, Sonic Healthcare, packaging companies Pact Group and Orora, rural services provider, Ruralco and shopping centre owner, Shopping Centres Australia.

QV EQUITIES	
ASX Code	QVE
Option Code	QVEO
Listed	22 Aug 2014
Shares on issue	184.6 mil
Dividend per share	n/a

Benchmark

S&P/ASX 300 Ex20 Accumulation Index

Number of Stocks

20 – 50 ASX listed securities which fall outside the S&P/ASX 20 Index

Suggested investment time frame

5+ Years

Dividend Frequency

Half-Yearly

Options expiry

15 March 2016

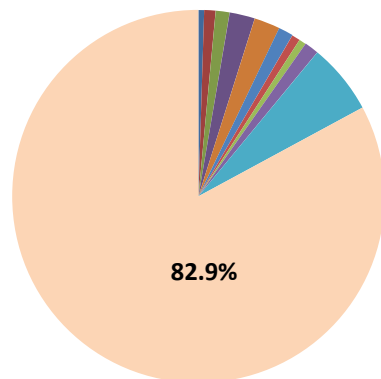
Investment Objective

To provide a rate of return which exceeds the return of the relevant benchmark on a rolling 4 year basis



KEY EQUITY INVESTMENTS	P/E 2015	YIELD 2015
AGL Energy	12.8	4.8%
Sonic Healthcare	17.0	4.1%
Ruralco Holdings	11.2	5.9%
Energy Developments	14.7	5.6%
Chorus Limited	6.4	0.0%
Aurizon Holdings	16.7	4.0%
MyState Limited	12.6	6.3%
Shopping Centres Australasia	13.4	6.7%
Hansen Technologies	15.5	4.3%
ERM Power	11.7	7.2%

SECTOR ALLOCATION



- Energy
- Industrials
- Consumer Staple
- Financials
- Information Technology
- Utilities
- Materials
- Consumer Discretionary
- Health Care
- Listed Property Trusts
- Telecommunications
- Cash



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Disclaimer

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