

Level 24, 25 Bligh Street, SYDNEY NSW 2000
PO Box H104, Australia Square, SYDNEY NSW 1215
1300 551 132 info@qvequities.com
General Enquiries: 1800 868 464
www.qvequities.com ACN: 169 154 858



7 November 2014

A note from QV Equities' Chairman Don Stammer

“From early 2014 to September, volatility in investment markets was unusually low. Share prices then plunged in mid-October only to rebound very strongly in the last few weeks. Investors need to allow for further volatile times ahead as markets take on board the major economies’ diverging growth rates and monetary policies, various geopolitical tensions, and the challenges that arise as our economy goes through a soft patch.

Selection and timing of investments will have a big effect on the returns investors receive. I’d like to take this opportunity to remind investors in QV Equities that our manager, IML, has a calm hand, and is well experienced in finding good opportunities in volatile times.”

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

Don Stammer
QV Equities Chairman

***For further information on the company and its
investment philosophy, please visit
www.qvequities.com***

Investment Update & Net Tangible Assets Report



OCTOBER 2014

NET TANGIBLE ASSETS (NTA)	AMOUNT
NTA before tax	\$0.9853*
NTA after tax	\$0.9851*

*The NTA per share is as at 31 Oct 2014 and 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	+0.8%	+2.3%
Since Inception**	+1.2%	-2.9%

MARKET OVERVIEW

**Inception date: 22 Aug 2014

- The Australian sharemarket finished the month strongly after overcoming a sharp sell off early in the month. This strong performance was despite another weak month for the commodity sector which continued to struggle amid ongoing weakness in gold, coal, iron-ore and oil prices.
- Internationally, continued optimism on the US economy as well as an unexpected boost in stimulus from the Bank of Japan spurred a rally in global equity markets. The US sharemarket reached new all time highs with the S&P500 gaining a further +2.3% while European sharemarkets struggled to make headway as the Euro zone recovery appears to be faltering and deflation fears persist.
- In Australia, the AGM season and quarterly updates greeted investors during the month with a number of companies announcing updated guidance for FY15 including AGL Limited, Echo Entertainment and Dominos Pizza.
- We continued to cautiously invest the money raised during October, with the QVE portfolio now close to 30% invested. Over the month, we established new positions on share price weakness, in well established, quality companies like Sky City, Ansell and ASX Limited. We also participated in a placement of shares by Hotel Property Investments, a relatively new entrant into the ASX which owns pubs and bottle shops on long term leases to Coles in Queensland and South Australia.
- During the month we also added on weakness to existing positions in companies such as Sonic Healthcare, Shopping Centres Australia, Orora Pact Group and AGL Energy.
- While the portfolio's performance lagged its benchmark for the month due to our high cash weighting, we remain disciplined in acquiring shares in companies that fulfill our criteria of strong competitive advantage, recurring earnings and strong management at a reasonable price as opposed to chasing rallies or fads. We are thus being very selective and patient when investing the portfolio in the sharemarket to ensure we end up with a portfolio of quality shares at the right price for our investors.

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

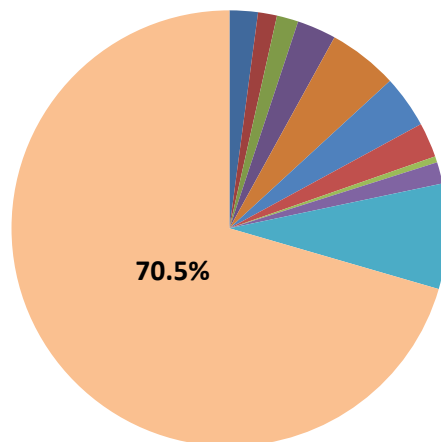
Investment Objective

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	12.9	4.8%
Sonic Healthcare	18.1	3.9%
Ansell	14.4	2.4%
Energy Developments	14.8	5.5%
Ruralco Holdings	11.4	5.8%
Chorus Limited	8.5	0.0%
Aurizon Holdings	17.3	3.8%
Shopping Centres Australasia	14.4	6.2%
Oil Search	13.3	1.9%
ERM Power	12.7	6.6%

SECTOR ALLOCATION



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



CONTACT US:

Wayne McGauley

Head of Retail &
State Manager QLD,
Acting State Manager VIC, TAS
wayne.mcgauley@iml.com.au
P: +61 2 8224 0536
M: 0404 012 644

Luke Mackintosh

State Manager NSW & SA
luke.mackintosh@iml.com.au
P: +61 2 8224 0506
M: 0432 147 399

Sam Harris

Key Account Manager NSW & ACT
sam.harris@iml.com.au
P: +61 2 8224 0516
M: 0429 982 159

Peter Jackson

State Manager WA
peter.jackson@iml.com.au
P: +61 8 9387 2500
M: 0439 887 044

INVESTMENT ENQUIRIES

info@qvequities.com

(+61) 1800 868 464

CORPORATE ENQUIRIES

1300 552 895

Disclaimer

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