

5 February 2015

Dear Shareholder,

RE: QVE Investment Strategy update

We are writing to clarify an anomaly in the QVE Prospectus dated 23rd June 2014 that has come to the Board's attention.

When outlining permitted investments for the portfolio, the Prospectus used the term "ASX listed securities" extensively throughout, although we note that the term "ASX listed equities" was also used within the summary table on page 27.

The Board confirms that the term "ASX listed securities" is the more appropriate term as it was always the intention to give the manager some flexibility to invest part of the portfolio in securities such as ASX listed hybrids, convertible notes and preference shares of good quality entities outside the top 20. This is particularly relevant during the current economic environment where many share prices of good quality companies look fairly fully priced.

In addition, QVE's Investment Strategy stated that IML, as Manager '***may take up to six months to fully invest the portfolio***' (QVE Prospectus, page 26).

With the Australian sharemarket currently at new 5 year highs and many companies trading at a premium to IML's assessed value, IML has asked for a further 6 month extension to achieve this goal. We, the Board, have approved this extension.

The QVE Board notes that the portfolio is currently over 55% invested in quality ex20 stocks and that IML is making good progress towards the target of being at least 75% invested. The Board is also satisfied that IML, as manager of QVE's portfolio, remains very focused on building a quality portfolio of ex20 securities that offer the potential for both long term capital and sustainable income growth.

Should you have any questions regarding the above, please do not hesitate to contact us on 1300 552 895.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Don Stammer'.

Don Stammer
Chairman, QV Equities