

QV Equities AGM

O c t o b e r 2 0 1 5



IML INVESTORS
MUTUAL LTD

AGM Agenda

- ❑ Chairman's Welcome
- ❑ Chairman's Address
- ❑ Investment Strategy Update
- ❑ Questions & Discussion
- ❑ Formal voting proceedings
 - Resolution 1
 - Resolution 2
 - Resolution 3
- ❑ Other Business
- ❑ Closure
- ❑ Morning Tea & Refreshments

Board & Key Personnel

Name	Position	Independence	Prior Experience
Don Stammer	Chairman & Non-executive Director	Independent	Reserve Bank of Australia, Deutsche Bank and ING Australia
Peter McKillop	Non-executive Director	Independent	State Super Financial Services and Perpetual Funds Management
John McBain	Non-executive Director	Independent	Centuria Capital Limited and Century Property Funds
Graham Hook	CEO and Executive Director	Not Independent	PM Capital and Fitzpatrick's Dealer Group
Anton Tagliaferro	Executive Director	Not Independent	Perpetual, County Natwest and BNP
Simon Conn	Alternate Director <i>for A. Tagliaferro</i>	Not Independent	QBE Insurance
Linda Kwong	CFO, Company Secretary Public Officer, ASX Liaison Officer	Not Independent	

QV Equities Limited

- Managed by Investors Mutual
- Focused on Ex-20 stocks
- Listed 22 August 2014
- Experienced Board with independent majority
- Dedicated to developing a healthy long term dividend stream for clients

QV Equities Summary

QV Equities Limited	
ASX Code	ASX: QVE
Investment Manager	Investors Mutual Limited
Portfolio Managers	Anton Tagliaferro and Simon Conn
Number of Stocks	20 – 50 ASX listed securities which fall outside the S&P/ASX 20 Index
Minimum Market Cap for Investments	Invest in companies with a market cap of at least \$200 million
Capital Deployment	<input type="checkbox"/> Up to 25% of the Portfolio's NAV may be held in cash
Benchmark	S&P/ASX ex 20 Index (Accum)
Objective	To provide a rate of return which exceeds the return of the relevant Benchmark on a rolling five year basis.
Fees (ICR)	<input type="checkbox"/> 0.90% p.a. (plus GST) of the NAV of the portfolio up to \$150m; <input type="checkbox"/> 0.75% p.a. (plus GST) of the NAV of the portfolio above \$150m
Performance Fees	Not Applicable
Dividend Frequency	Half-Yearly

First year results

Profit after tax

\$3,751,543

Earnings Per Share*

2.81 Basic **2.78** Diluted

Dividends

2.0 cps Fully Franked

Net Assets

\$200,334,933

Management Expense Ratio

1.04%

Total Portfolio
Return**

+6.8%

Benchmark***

vs

+2.4%

QVE Outperformance**

+4.4%

QVEO exercised

8,898,649

All data as at 30 June 2015

*Calculated from date of incorporation 17 April 2014

**Returns are measured since listing on 22 August 2014

***S&P/ASX300 ex20 index

Source: QVE Annual Report 2015

QVE Returns 31 August 2014 to 30 September 2015

Index	Return
S&P/ASX 20 Accumulation Index	-9.0%
S&P/ASX 300 Accumulation Index	-6.0%
S&P/ASX 300 ex20 Accumulation Index	-0.6%
QVE Net Tangible Assets per share After Tax	+5.5%

Looking Ahead

- Markets remain volatile
- QVE focused on quality stocks that pay reliable income
- Board expects significant first half increase in dividend
- Board still intent on progressively growing shareholder dividends

QV Equities Investment Update

Anton Tagliaferro

Simon Conn



IML INVESTORS
MUTUAL LTD

About IML

- Boutique manager established in 1998
- Over \$5bn FUM- retail and institutional clients
- Disciplined 'true to label' value style
- Large investment team with experienced leadership
- Consistent performance over 17 years

IML: Australia's most awarded value manager



Awards
2015
Domestic
Equities

2008
Domestic
Equities
Small Caps

Nominations
2015
Overall Fund
Manager of the
Year

2012
Domestic
Equities

2002
Emerging
Australian
Equities
Fund
Manager of
the Year

2015
Domestic Equities-
Small Cap

2013
Domestic
Equities



Awards
2012
Australian
Equities
Large Cap

Nominations
2013
Australian Equities
Large Cap

2011
Australian Equities
Small Cap

2002
Golden Calf
Award

2010
Australian Equities
Small Cap

2009
Australian Equities
Small Cap

Awards

2012
Australian Equities (Broad Cap)

2003
Rising Star Award

2002
Domestic Equities



FINANCIAL REVIEW
smartinvestor
BLUE RIBBON AWARDS
Australian large-cap shares



2015
Australian Equities
Large Cap

2012
Australian Equities
Large Cap

2015
Australian Equities
Small Cap

2009
Australian Equities
Small Cap

Firm-wide
✓ 13 Awards
+ many other nominations



Investment Philosophy: focus on quality

We seek to buy and own:

Companies with a **competitive advantage**,

with **recurring earnings**,

run by **capable management**,

that can **grow**,

.....at a **reasonable price**.

Where are we today?

- US economy continuing to expand
- Japan & EU still sluggish
- China slowing sharply
- Emerging economies in turmoil
- Interest rates at record lows
- Sharemarkets volatile

Australia

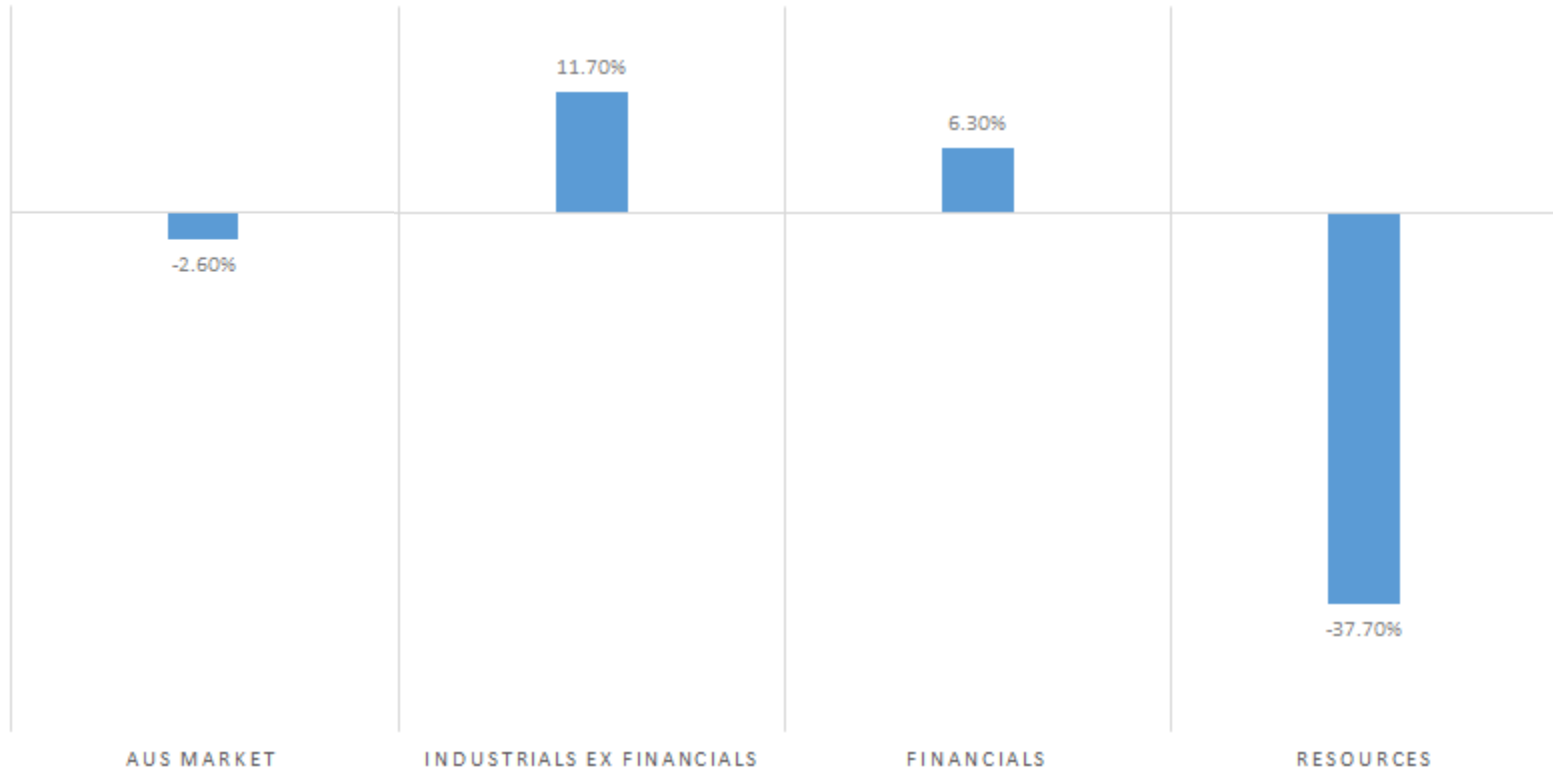
- Consumer sluggish – high debt and no real wage growth
- Mining sector struggling
- Interest rates at record lows
- Earnings growth outlook remains sluggish and patchy
- \$A has fallen significantly from its peak

Market Outlook

- Still cautious on the Resources sector
- Selective value in some industrials appearing
- Expecting further volatility
- Remains a stock pickers' market

Aussie Market- Reporting Season - Earnings growth FY15

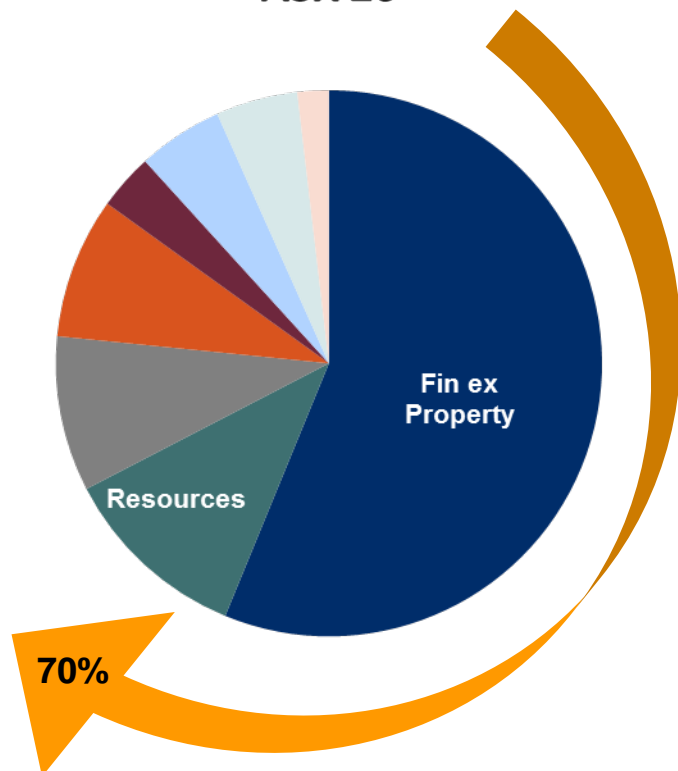
EPS GROWTH FY15



Small Caps - the diversification benefits are clear

ASX 20: 62% of ASX300

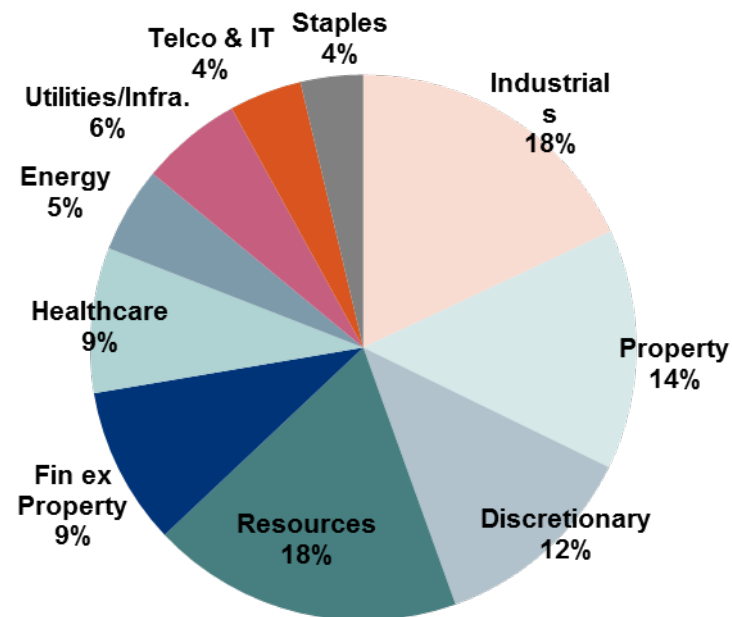
ASX 20



70% in Financials and Resources

ASX Ex20: 38% of ASX300

ASX Ex 20



Why focus on an ex 20 managed portfolio?

- More diverse entities in terms of market capitalisation and industry sectors
- Less researched opportunities
- Clients typically underweight in this segment
- Solid yields on offer
- IML has a long record of significant value add in this segment

QVE Portfolio Strategy

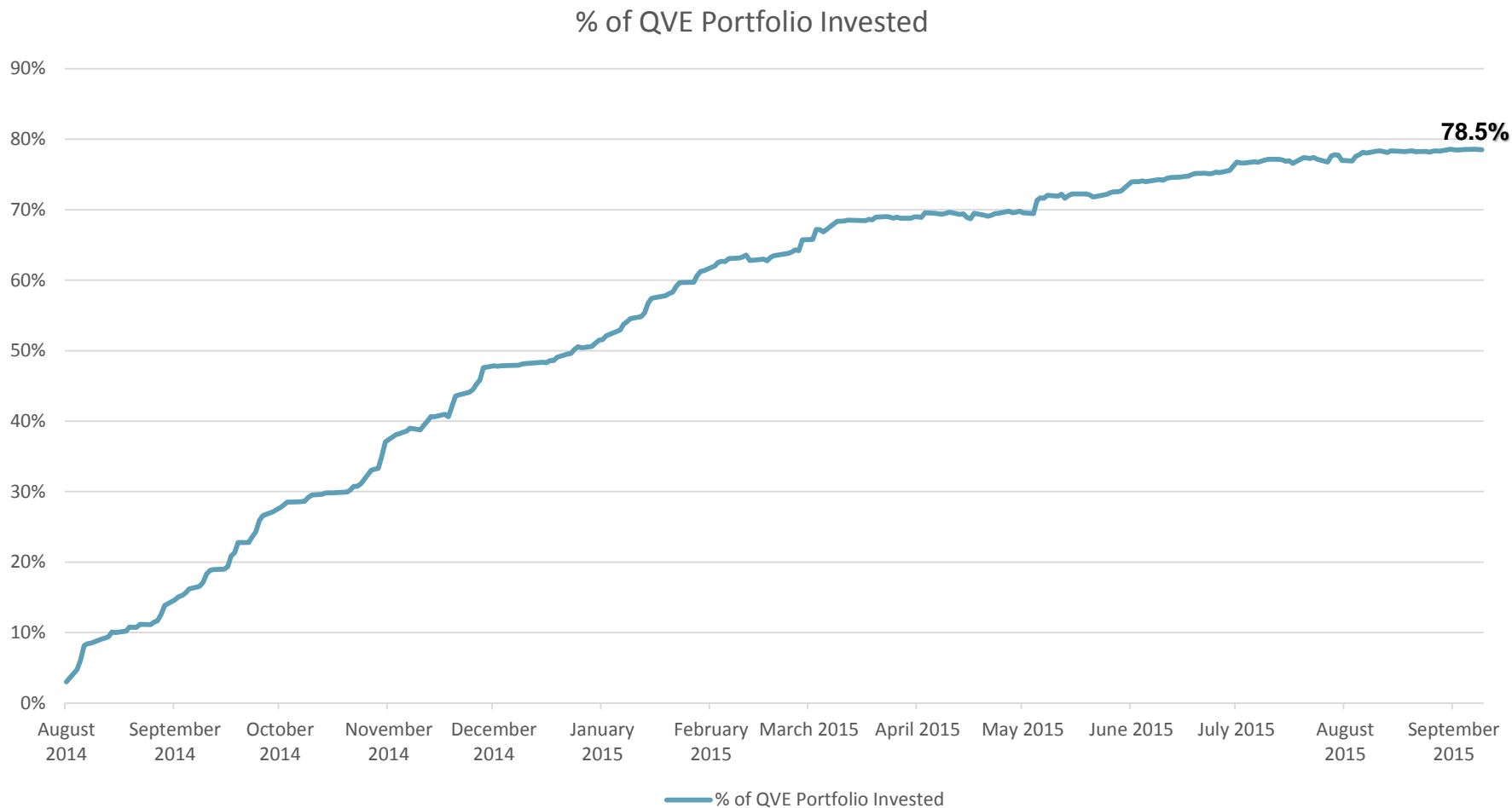
- Buying quality stocks
- Buying on weakness
- Focus on industrial stocks

... patiently building a portfolio that can deliver consistent dividends

Focus on Income

- Focus on dividend paying stocks
- Focus on companies which can sustainably grow their dividends
- Selective use of options - selling calls on existing positions

Taking time to prudently invest the portfolio



Portfolio positioning - company specific

Cost-outs →	Fletcher Building
Acquisitions →	Sonic Healthcare
Contracted growth →	Energy Developments, Ausnet, Spark Infrastructure
Market share gains →	Amaysim
Restructuring →	GWA Group

- IML long term shareholder in Energy Developments
- QVE's average buy price \$5.25, representing 2.5% of the portfolio
- Leading remote power and clean energy producer
- Strong counterparties underpinned high level of recurring income
- Operates 80 projects across 3 continents
- Duet took over at \$8 per share





Source: IML Estimates. As at 30 September 2015

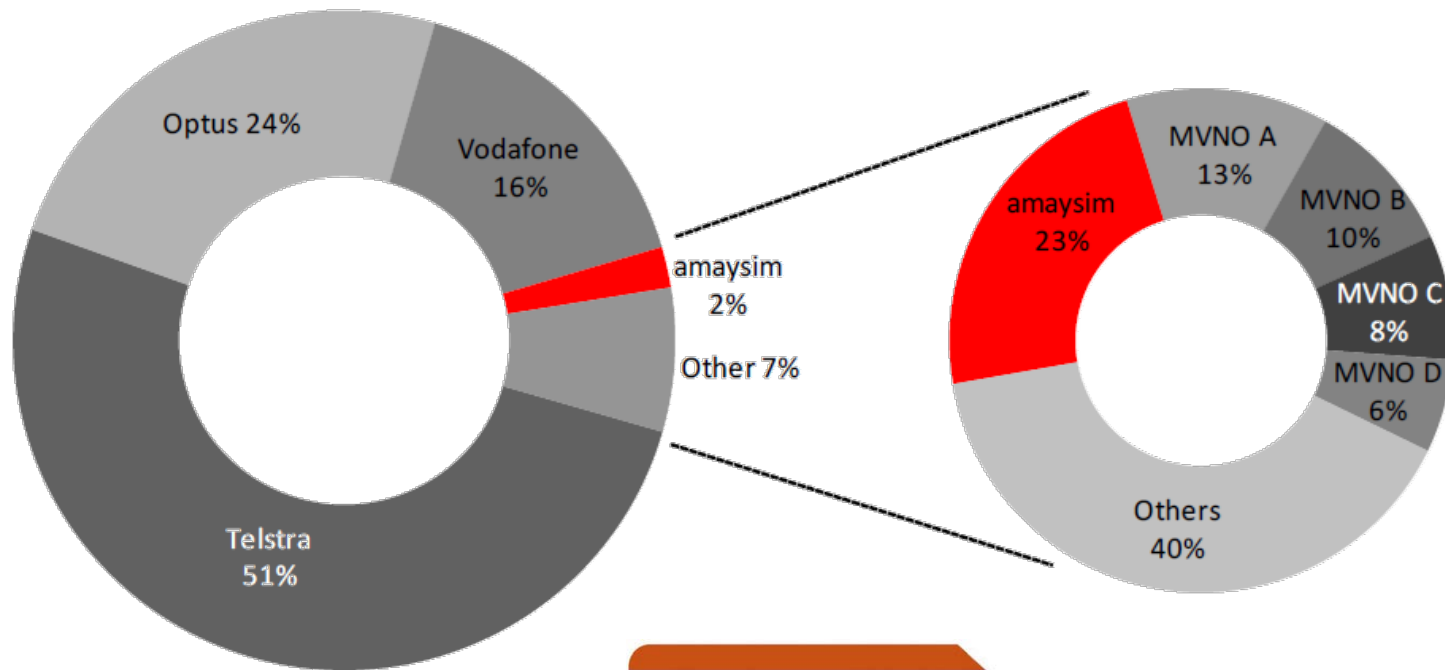


- Incumbent gas and electricity retailer with a strong brand
- New CEO and revamped management team
- Owner of Australia's lowest cost generators
- Growth through significant cost-out opportunities
- PE 15.5x ; yield 4.2%





- Largest manufacturer of rigid plastics in Australasia
- 50% market share with 62 manufacturing sites and long-term blue chip customer relationships
- 75% of revenues from defensive consumer end-use products
- Growth via bolt-on acquisitions
- PE 15x ; yield 4.8%



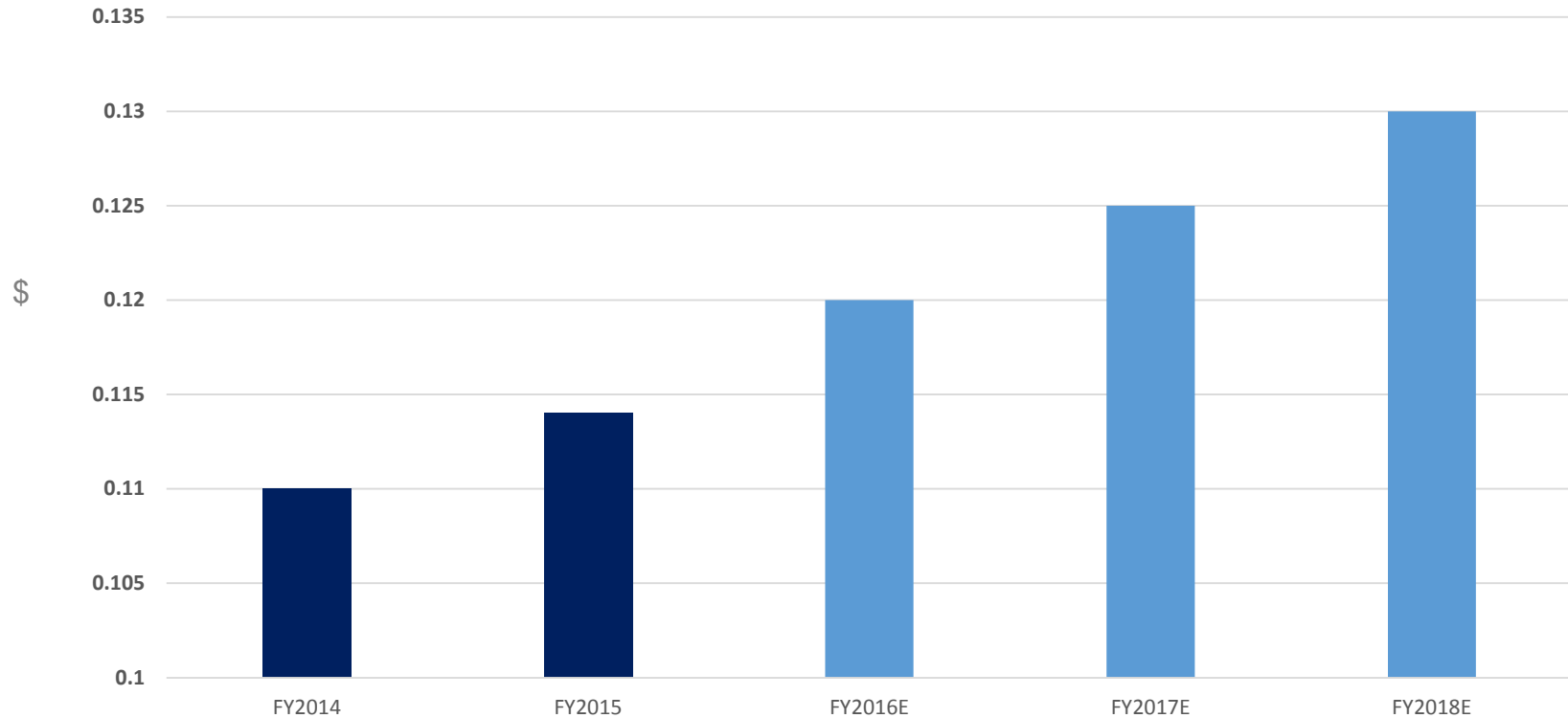
- Branded reseller of mobile network SIMs
- Low cost billing systems, no lock-in contracts, industry-leading customer satisfaction metrics
- 800k subscribers equals strong bargaining position with mobile network supplier
- Growth through market share gains
- PE 19x ; yield 4.0%



- Long-term leases (WALE 15yrs+) with fixed annual increases
- Quality anchor tenant in WOW (60% of rent) with non-discretionary specialties
- Strong balance sheet (gearing 33%) & strong cashflows
- P.E. 14.6x, Yield of 6.3%



SCA Property Group- current and estimated distributions

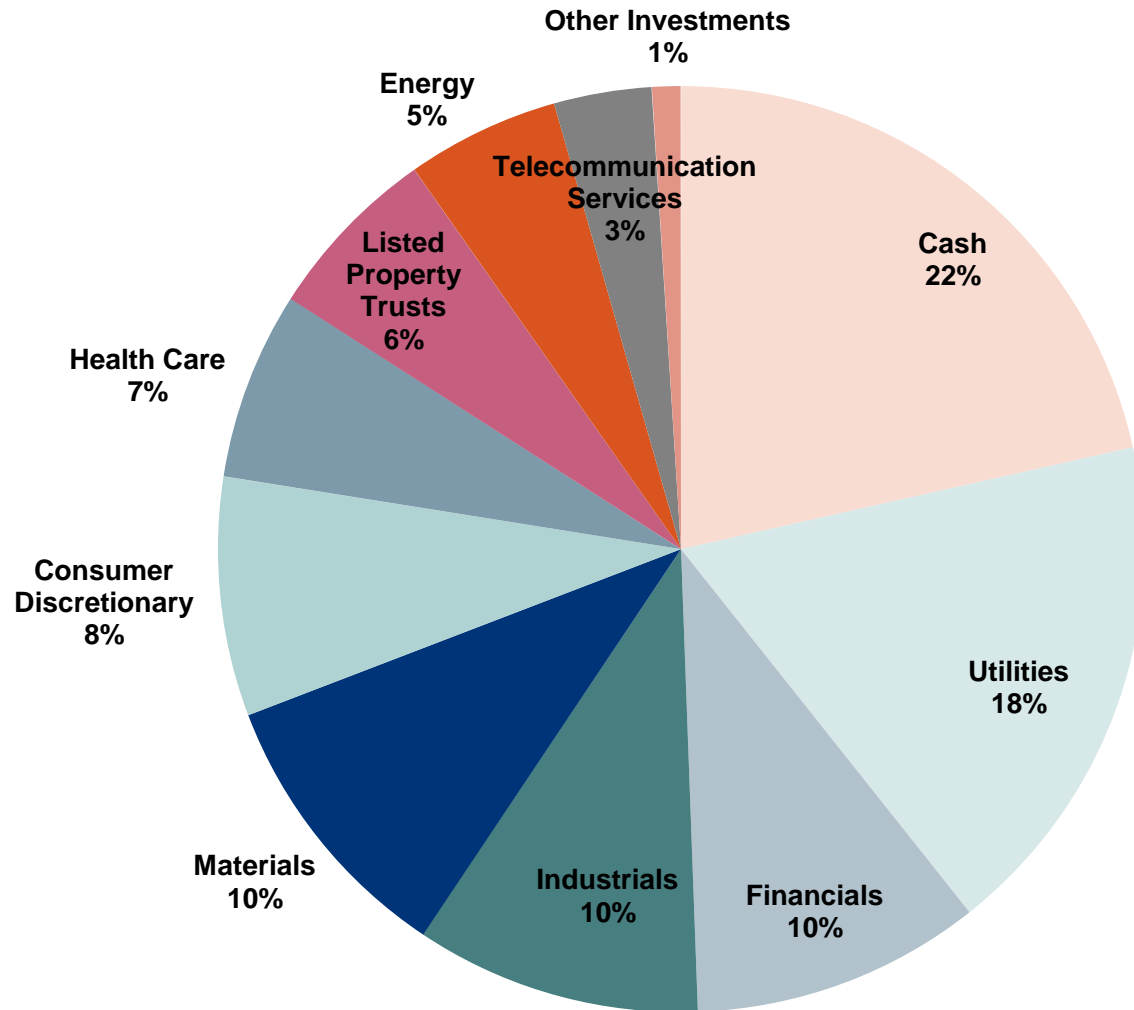


Top 10 stocks

KEY EQUITY INVESTMENTS	P/E 2016	YIELD 2016
AGL Energy	15.7	4.5%
Energy Developments	Under Take over	
Bank of Queensland	11.4	6.6%
Sonic Healthcare	16.0	4.5%
Fletcher Building	11.2	5.8%
Orica	12.5	5.6%
GWA Group	14.1	5.0%
Steadfast	12.8	4.5%
AusNet Services	17.5	6.3%
ASX Ltd	17.8	5.1%

Source: IML Estimates as at 12 October 2015

QVE Portfolio Weights



Performance & NTA - September

NET TANGIBLE ASSETS (NTA)	Pre Option Dilution	Diluted for QVE Options
NTA before tax	\$1.0278*	\$1.0150**
NTA after tax	\$1.0184*	\$1.0099**

PERFORMANCE	QVE's NTA after tax	BENCHMARK
1 Month	-0.7%	-1.2%
Since Inception (22 Aug 14)	+5.2%	-0.4%

*The NTA per share is as at 30 September 2015. 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. **This NTA per share is calculated allowing for the dilution effect assuming all outstanding options are exercised.

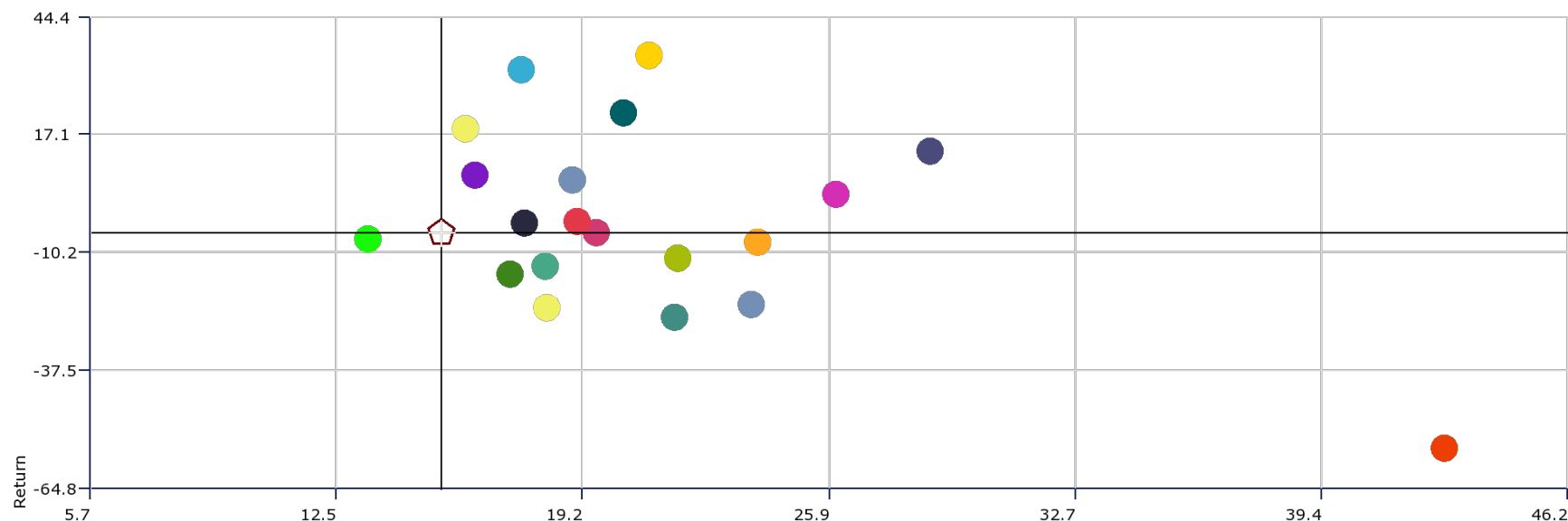
Source: QVE NTA as at 30 September 2015

QVE Complementary to the Top 20

QVE v Top 20 Risk-Return

Time Period: 1/09/2014 to 30/09/2015

Peer Group (5-95%): None - None



AMP Ltd

Brambles Ltd

Insurance Australia Group Ltd

Origin Energy Ltd

Scentre Group

Westpac Banking Corp

Woolworths Ltd

S&P/ASX 300 TR

Australia and New Zealand Banking Group Ltd

Commonwealth Bank of Australia

Macquarie Group Ltd

QBE Insurance Group Ltd

Suncorp Group Ltd

Wesfarmers Ltd

Woodside Petroleum Ltd

BHP Billiton Ltd

CSL Ltd

National Australia Bank Ltd

Rio Tinto Ltd

Telstra Corp Ltd

Westfield Corp

QV Equities Ltd

Source: Morningstar Direct, calculated using month end data as at 30 September 2015

QVE Options: QVEO

- 184.7m issued at IPO
- Exercised at any time up until & including 15th March 2016 at \$1.00 per option
- 14.2m options exercised to 30 September, 170.4m outstanding
- Option exercise forms available on the website

Shareholder engagement - focus on communication

- Monthly communication schedule – monthly videos and updates
- IML sales team – supporting adviser and broker relationships
- QVE shareholder road show – across all capital cities
- Website – communication & information portal for shareholders

... We want informed and engaged shareholders

QVE's focus on shareholder communications-

Investment Update & Net Tangible Assets Report

SEPTEMBER 2015

NET TANGIBLE ASSETS (NTA)	Per Option	Diluted for QVE Options
NTA before tax	\$1.078*	\$1.0150**
NTA after tax	\$1.0184*	\$1.0099**

*The NTA per share is as at 30 Sept 2015. The before and after tax numbers relate to the provision for deferred tax on the unrealised gains on the company's investments portfolio. The company is a tax resident in Australia and does not intend distributing its net profits. Under current accounting standards, the company is required to provide for tax on any gains that might arise on such a hypothetical dividend after utilisation of brought forward losses. **The NTA per share is calculated assuming the dilution after assuming all outstanding options are exercised.

PERFORMANCE	QVE's NTA after Tax	BENCHMARK
3 Month	-0.7%	-1.2%
Since Inception (22 Aug 14)	+5.2%	-0.4%

•The sell off in global equity markets continued in September, following on from the sharp falls in August. Concerns regarding China's growth led investor concerns as well as to significant commodity price weakness. This in turn raised concerns regarding the economic health of many emerging economies as countries such as Brazil, Kazakhstan and Russia are almost totally dependent on commodity prices. As a result global sharemarkets as measured by the MSCI index fell by -3.9% over the month. Amongst the larger global sharemarkets, the Nikkei was the worst performer, down -8%, while the Euro Stoxx 50 and the US S&P 500 fell -5% and -2.6% respectively.

•The Australian sharemarket was also weak losing -2.3% over the month as measured by the ASX200. While there were very few bright spots in the Australian sharemarket, the worst performing sectors locally were the Energy and Materials sectors which fell -1.2% and -4.8% respectively.

•The ex-20 sector of the market fared relatively better with the benchmark posting a fall of -1.2% over the month. The QVE portfolio held up better than this, losing only -0.7%, helped by our high weighting to the defensive Utilities sector and our small weighting to the highly volatile resources. QVE's holdings in Trade Me, Pact Group, Asnet and Genesis Energy all did well over the month.

•Over the month we purchased a holding in NZ based utility company, Contact Energy after Origin Energy divested its 53% stake in the business at what we thought was an attractive price. Contact Energy provides natural gas, electricity, LPG and energy related products and services in New Zealand.

•The ongoing sharemarket weakness provided us with an opportunity to top up our existing holdings in some of our favoured companies. This included building products manufacturer, Fletcher Building, global pathology company Sonnet Healthcare as well as the Bank of Queensland. All these companies are well managed, well established companies and we bought more shares at what we believe are very attractive levels and on very compelling dividend yields.

•The ongoing global uncertainties reaffirms our belief that sharemarkets will remain volatile in the near term. The current low interest rate environment and recent falls in share prices of some good quality companies has provided attractive buying opportunities and we continue to focus on buying good quality companies at what we believe are very attractive valuations and yields.

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QVE EQUITIES	QVE
ASX Code	QVE
Option Code	QVEO
Listed	22 Aug 14
Shares on Issue	198.8 mil
Options Exercised	14.2 mil
Options Outstanding	170.4 mil

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
3+ 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



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QVE Equities Limited

QVE Equities Limited (ACN 169 154 858, ASX: QVE) is a listed investment company managed by Investors Mutual Limited (ACN 078 030 752 (IML)) aiming to give investors the opportunity to invest in a diversified, carefully selected portfolio of quality entities outside of the S&P/ASX 20 index.

Share Price	Option Price	ASX
Code: QVE Latest Price: \$1.015 (Price delayed by 20 minutes)	Code: QVEO Latest Price: \$0.015 (Price delayed by 20 minutes)	QVE Equities is listed on the ASX (Australian Stock Exchange) -> Follow Link to ASX Website



Anton Tagliaferro reflects on the volatile month of August and outlines the impacts on the QVE portfolio



QVE Investor Update Webinar

View this email in your browser



Dear Kate,

This is a friendly reminder that our inaugural Annual General Meeting (AGM) will be held at the **Westin, Sydney on Tuesday 13 October at 10am in the Heritage Ballroom.**

If you are unable to attend the AGM we are hosting a **live webinar on Tuesday 13 October at 2pm.**

Please register on the link below:

| QVE Equities NTA Announcement September 2015



QVE Summary – key competitive strengths

- Delivers much needed diversification - focused on ex20 stocks
- The Board – high quality and independent
- The Manager – IML – solid experience and track record
- Focused on shareholder outcomes
- Informed shareholder base

QV Equities AGM

Resolutions



IML INVESTORS
MUTUAL LTD

Ordinary Business

Resolution 1 - Remuneration Report

To consider and if thought fit pass the following resolution as an ordinary resolution:

“That the Company adopt the remuneration report for the year ended 30 June 2015 in accordance with Section 250R(2) of the Corporations Act.”

Proxy Voting Results- Resolution 1

	Number	Percentage
FOR	8,179,194	84.29%
AGAINST	599,160	6.17%
OPEN	924,800	9.53%

Resolution 2 - Re-election of John McBain as a Director

To consider and if thought fit pass the following resolution as an ordinary resolution:

“That John McBain, who retires by rotation in accordance with the Company’s constitution and, being eligible for re-election, be re-elected as a Director.”

Proxy Voting Results- Resolution 2

	Number	Percentage
FOR	14,242,354	93.01%
AGAINST	114,500	0.75%
OPEN	955,800	6.24%

Ordinary Business

Resolution 3 - Appointment of Auditor

To consider and if thought fit pass the following resolution as an ordinary resolution:

“That, subject to the Australian Securities and Investments Commission granting its consent to the resignation of the Company’s current auditor, Moore Stephens Sydney, for the purposes of Section 327B of the Corporations Act and for all other purposes, Pitcher Partners, having been nominated and having consented in writing to act as auditor of the Company, be appointed as auditor of the Company and the Directors be authorised to set its remuneration.”

Proxy Voting Results- Resolution 3

	Number	Percentage
FOR	14,402,354	93.77%
AGAINST	1,500	0.01%
OPEN	955,800	6.22%

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