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9 October 2015

A note from the Chairman

Recently, share markets have been unusually volatile and generally gloomy. Most market participants I've spoken with recently expect the volatility and nervous times to persist.

Investors are understandably concerned with uncertainties relating to how much the Chinese economy will slow and how soon the US cash rate will be raised. Some investors – among them big hedge funds – are taking an extremely short-term view of investment opportunities; many are trying to profit from momentum trades.

Investment markets could well remain choppy – at least until the depth of the Chinese slowdown is clear and until the US central bank has begun to make the small (and gradual) increases in the US cash rate it's been preparing for.

Investors might like to remind themselves that the investment outlook is rarely all bad or all good. The current gloom will in due course give way to a more balanced and positive view on investment prospects – and to the better rates of return on shares that apply over the medium and long terms.

Also, share investors seem overly concerned with how a higher US cash rate, when announced, will impact on share markets. In fact, US share prices rose in each of the last four periods when the Fed was raising its cash rate.

At times like this, quality stocks with good earnings prospects and that pay secure dividends, can become very attractively priced for long term investors such as QVE that is prepared to be patient and to maintain a disciplined approach.

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

Don Stammer
QV Equities Chairman

For further up to date information on the company and its investment philosophy, please go to: www.qvequities.com

Investment Update & Net Tangible Assets Report

SEPTEMBER 2015

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**

*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 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.

PERFORMANCE	QVE's NTA after tax	BENCHMARK
1 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. Ongoing concerns regarding Chinese growth fuelled investor anxiety and also led to significant weakness in commodity prices. This in turn raised questions regarding the economic health of many emerging economies as countries such as Brazil, Kazakhstan and Russia, which are very dependent on commodity prices. As a result, global sharemarkets fell -3.9% during the month as measured by the MSCI Index. Amongst the larger and the more developed markets, 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 -2.9% over the month as measured by the ASX300. While there were very few bright spots in the Australian sharemarket, the worst performing sectors locally were the Energy and Materials sectors which fell -12% 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 sector. QVE's holdings in Trade Me, Pact Group, Ausnet 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 favored companies. This included building products manufacturer, Fletcher Building, global pathology company, Sonic 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..

QV EQUITIES

ASX Code	QVE
Option Code	QVEO
Listed	22 Aug 14
Shares on issue	198.8 mil
Options Exercised	14.2 mill
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

5+ Years

Dividend Frequency

Half-Yearly

Options expiry

15 March 2016

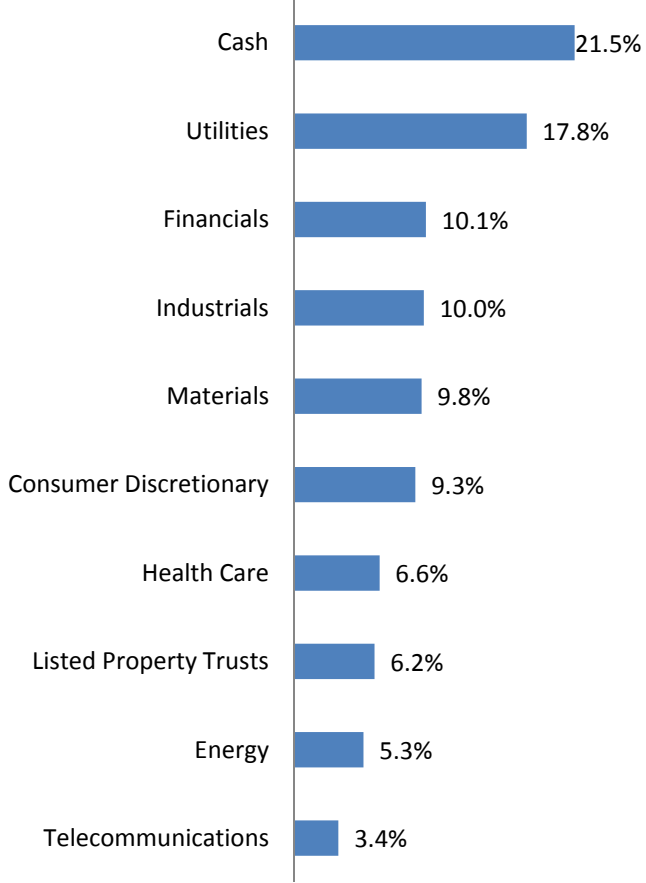
Investment Objective

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 2016	YIELD 2016
AGL Energy	15.7	4.5%
Energy Developments	Under Take over	
Bank of Queensland	11.4	6.6%
Sonic Healthcare	16.2	4.4%
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%

SECTOR ALLOCATION



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