

# QV Equities AGM

1 November 2017



QV  
Equities Ltd.

**IML** INVESTORS  
MUTUAL LTD

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## Board & Key Personnel

Name	Position	Independence	Experience
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
Jennifer Horrigan	Non-executive Director	Independent	Greenhill & Co, APN Funds Management, Generation Healthcare Industria REIT, Redkite, Breast Cancer Institute of Australia
Anton Tagliaferro	Executive Director	Non Independent	Perpetual, County Natwest and BNP
Simon Conn	Executive Director	Non Independent	QBE Insurance Investment Division, KPMG
Zac Azzi	Company Secretary		SFG Australia Limited, St George, AMP, Old Mutual (Skandia)

# AGM Agenda

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- ❑ Chairman's Welcome
- ❑ Chairman's Address
- ❑ Investment Director's Address
- ❑ Formal proceedings
  - Annual Financial Report for the year ended 30 June 2017
  - Resolution 1 (Adoption of Remuneration Report)
  - Resolution 2 (Re-election of Anton Tagliaferro as a Director)
  - Resolution 3 (Ratification of Prior Issue of Shares)
- ❑ Other Business
- ❑ Closure
- ❑ Morning Tea & Refreshments

# Natixis Global Asset Management

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- ❑ Leading Global Funds Manager- \$951.7 billion
- ❑ Proven success with over 20 affiliates globally
- ❑ IML has a supportive long term shareholder in Natixis
- ❑ Key IML investment employees committed
- ❑ Business as usual

## Year ended 30 June 2017:

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Increase in QVE's Net Tangible Assets per share:

QVE NTA (pre tax)	QVE NTA (post tax)	ASX 300	ASX 300 Ex20
+12.7%	+12.0%	+13.8%	+13.6%

Growing Dividend Stream– Fully Franked

2016	2017
3.3 cps	4.0 cps

# The Australian Share market

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- ❑ Economic growth: ~2%
- ❑ Unemployment and under-employment rates: 5.5% and 8.8%
- ❑ Continuing low wage growth and inflation
- ❑ Record low interest rates
- ❑ Higher commodity prices
- ❑ Growing geo-political risks
- ❑ Federal Budget

# QVE Finalist for Listed Investment Company of the Year

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# QVE Capital raising and DRP summary

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## Capital Raising:

- ❑ Successful Share Purchase Plan and Private Placement
- ❑ \$65 million raised (before costs)
- ❑ MER positive

## DRP:

- ❑ DRP raised \$333,461 during FY17
- ❑ 3% DRP discount introduced on 16 August 2017

## 2017 Final Results

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### Profit After Tax

2016	2017
\$ 5.7 million	<b>\$ 8.5 million</b>

### Net Assets

2016	2017
\$ 238 million	<b>\$ 320 million</b>

### Management Expense Ratios

2016	2017
1.09%	<b>1.01%</b>

## Management Expense Ratio

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- ❑ No performance fee
  
- ❑ The investment management fee:
  - ❑ 0.90% on assets up to \$150 million
  
  - ❑ 0.75% on assets above that figure and;
  
- ❑ NTA before tax was \$326 million as at 30 September 2017

## QVE's Net Tangible Assets per share to 30 September 2017

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	ASX 300	ASX 300 Ex20	QVE NTA (pre tax)	QVE NTA (post tax)
3 months to 30 September 2017	+0.8%	+1.4%	-1.9%	-0.8%
Annualised since inception to 30 September 2017	+4.9%	+10.0%	+8.7%	+7.7%

# QV Equities Investment Director Address

Anton Tagliaferro  
Simon Conn



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## Why focus on an ex 20 managed portfolio?

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- ❑ 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

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- ❑ Buying quality stocks
- ❑ Selectively taking profits
- ❑ Focus on industrial stocks
- ❑ High cash weighting

## Performance & NTA – 30 June 2017

NET TANGIBLE ASSETS (NTA)	QVE-ASX
NTA before tax	1.21
NTA after tax	1.16

PERFORMANCE	QVE's NTA (pre tax)	BENCHMARK
1 Month	+1.1%	+0.6%
3 Months	+2.1%	+2.1%
6 Months	+3.9%	+6.5%
1 Year	+12.7%	+13.6%
Since Inception Total Return p.a	+10.2%	+10.4%

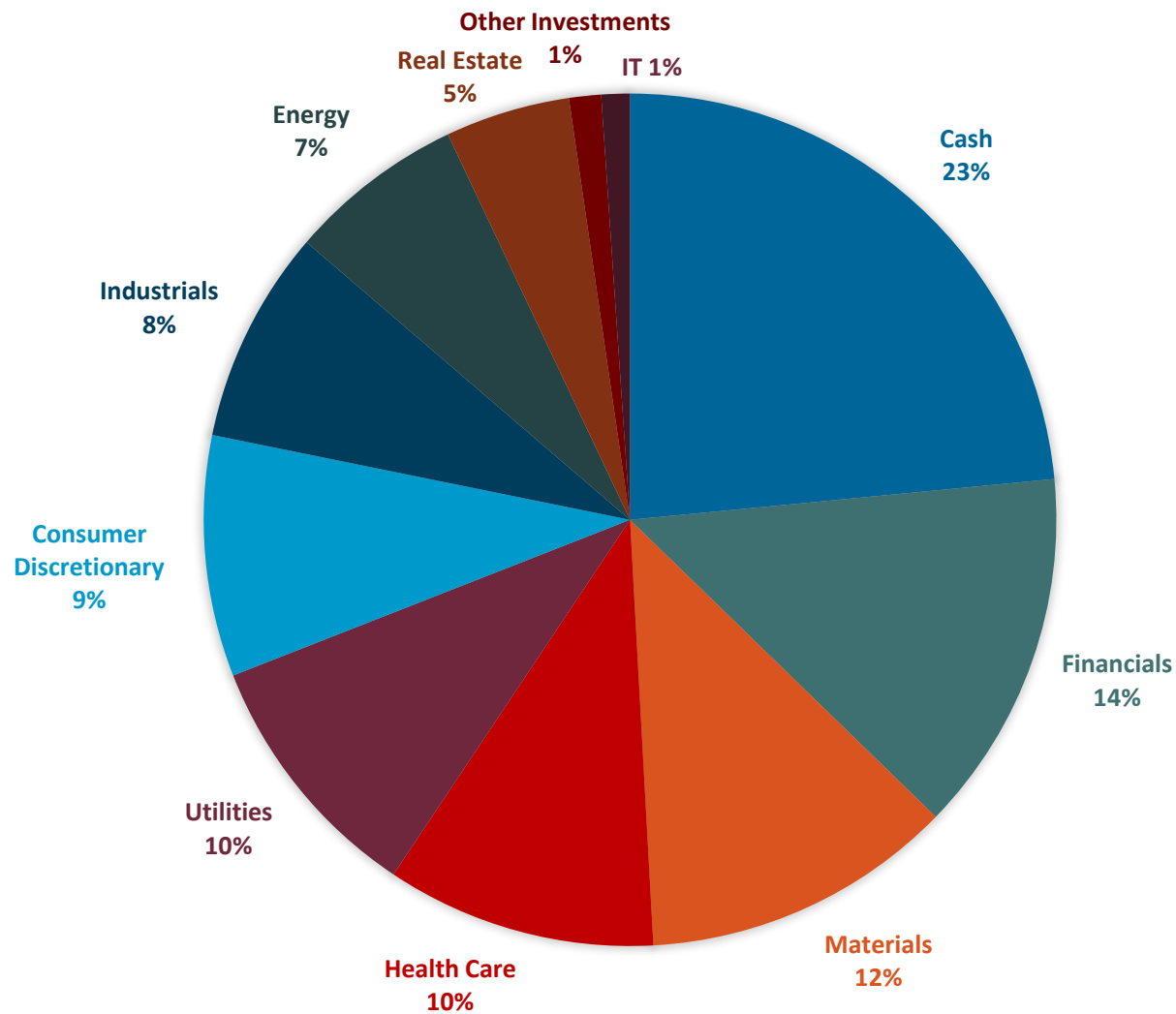
The above returns are after fees and assumes all declared dividends are reinvested

\*The before and after tax NTA numbers relate to the provision for tax on net profit in addition to deferred tax on the un-realised 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.

Source: QVE NTA as at 30 June 2017



# QVE Portfolio as at 30 June 2017

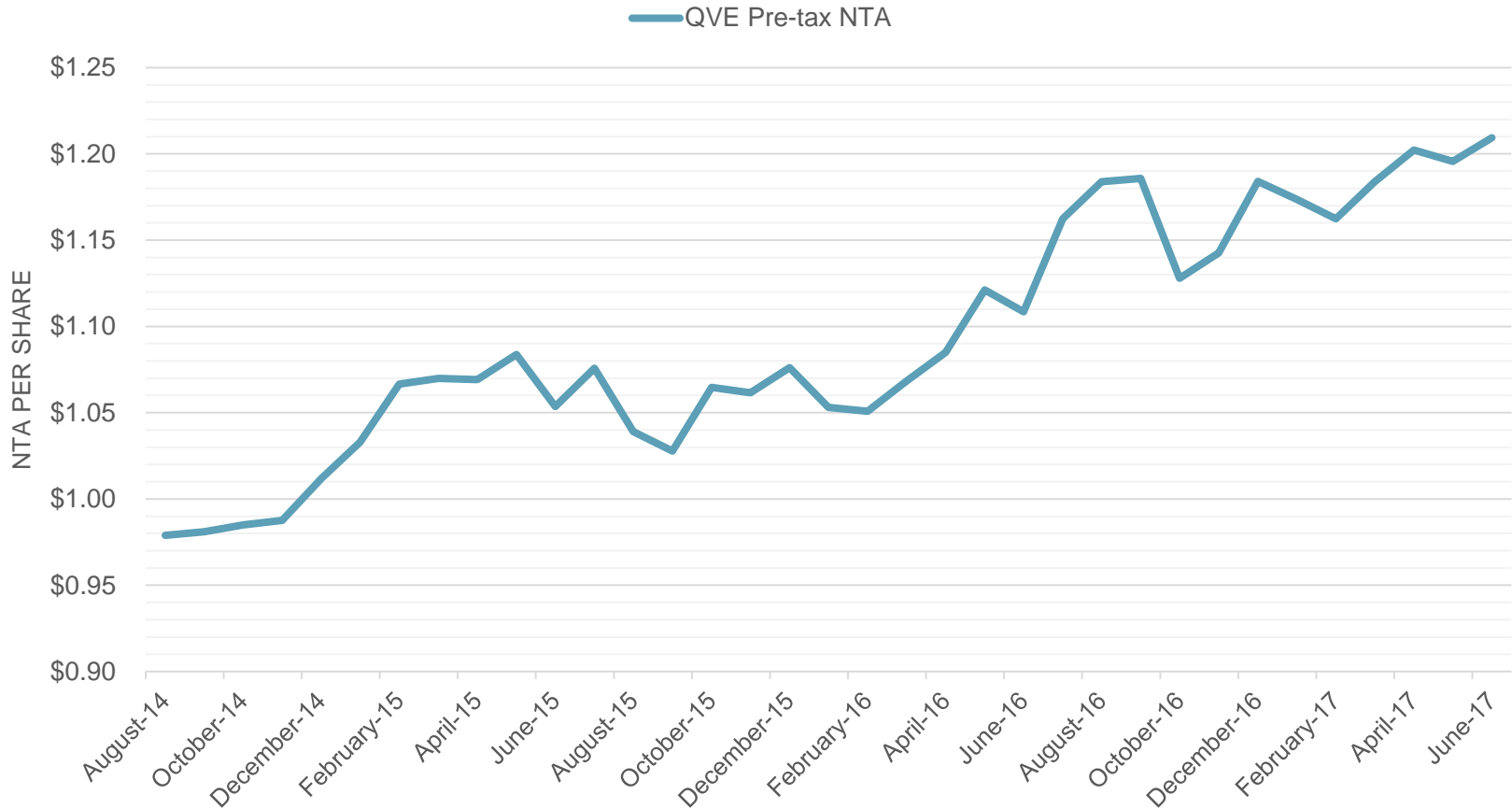


## QVE Top 10- 30 June 2017

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KEY EQUITY INVESTMENTS	ASX CODE	WEIGHT
Sonic Healthcare	SHL	3.6%
Pact Group	PGH	3.2%
Fletcher Building	FBU	3.2%
Clydesdale Bank	CYB	3.2%
Spark Infrastructure	SKI	3.1%
Ansell	ANN	3.1%
Bank of Queensland	BOQ	3.1%
Caltex	CTX	3.0%
Amcor	AMC	2.9%
Tox Free	TOX	2.9%

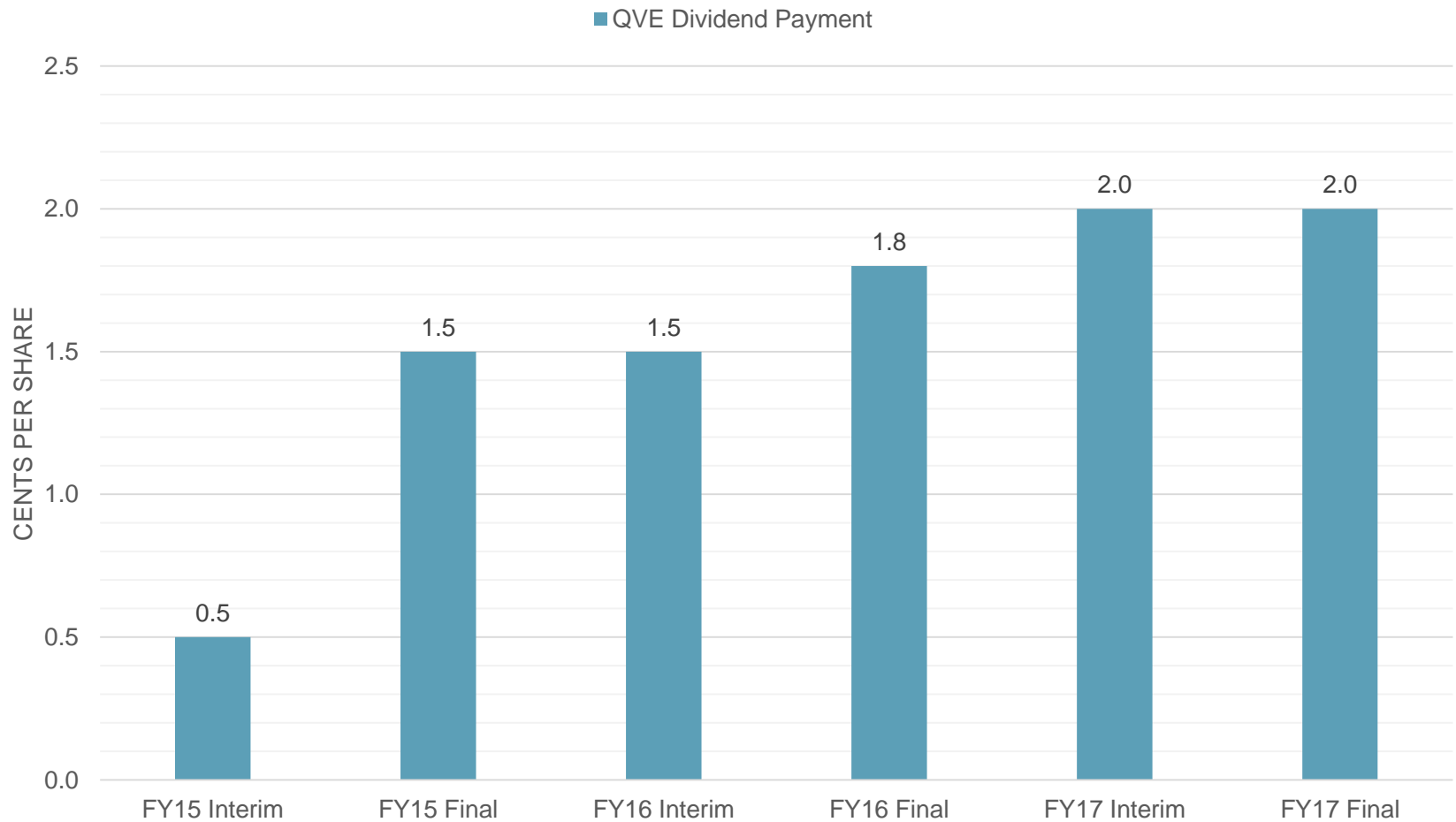
# Historical NTA



Source: QVE NTA as at 30 June 2017

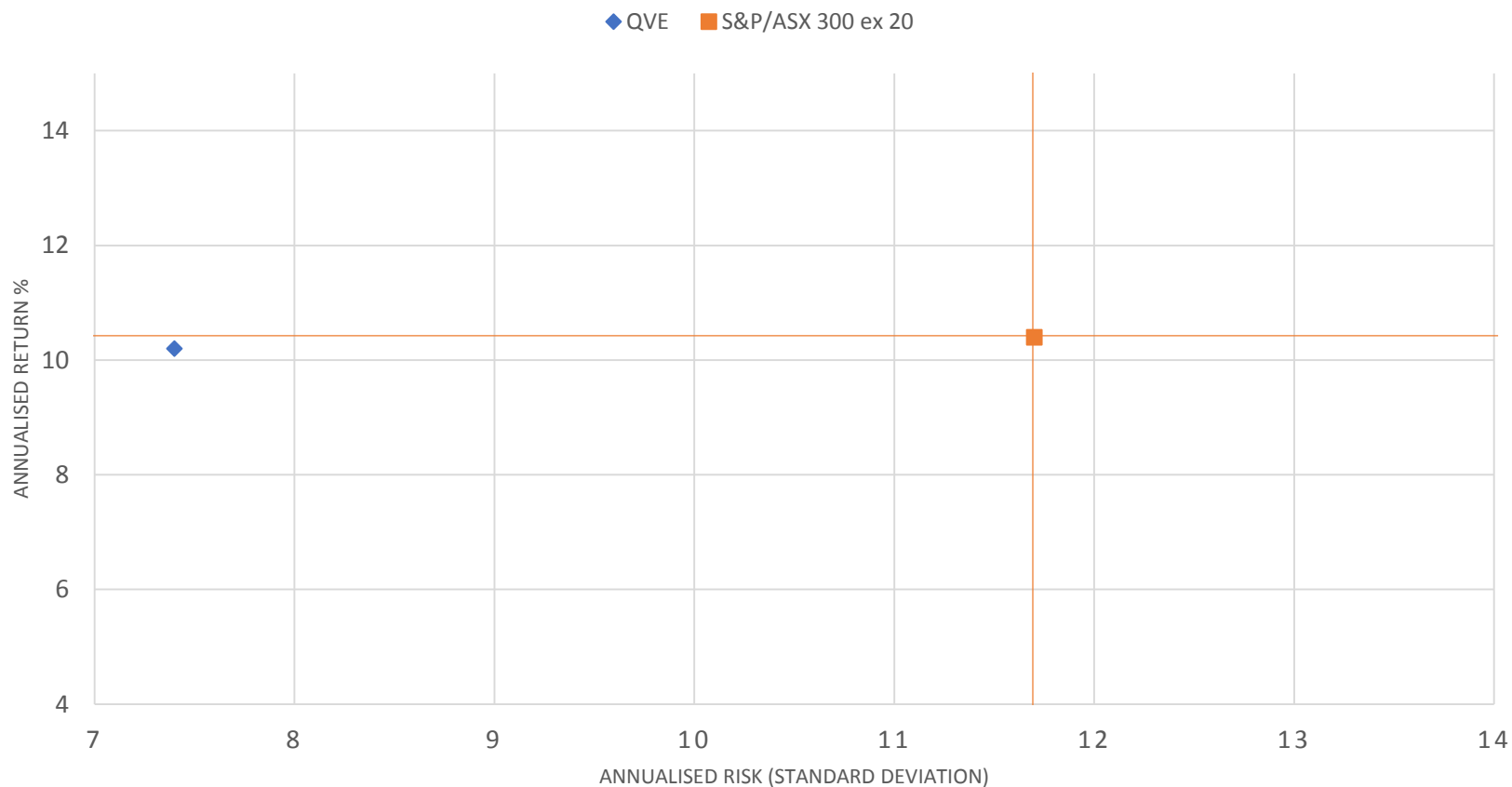


# Historical Dividends to QVE Shareholders



# QVE: Risk-Adjusted Outcomes

RISK ADJUSTED ANNUALISED RETURN SINCE QVE INCEPTION (22 AUGUST 2014)



# QV Equities AGM

Resolutions



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## Item 1 – Annual Financial Report

Questions

### Resolution 1 – Adoption of Remuneration Report

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

*“That the Company adopt the Remuneration Report contained in the Company’s Annual Financial Report for the year ended 30 June 2017 in accordance with Section 250R(2) of the Corporations Act.”*



## Proxy Voting Results- Resolution 1

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	Number	Percentage
<b>FOR</b>	<b>10,411,205</b>	<b>80.31%</b>
<b>AGAINST</b>	<b>1,140,218</b>	<b>8.80%</b>
<b>OPEN</b>	<b>1,412,176</b>	<b>10.89%</b>

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### Resolution 2 - Re-election of Anton Tagliaferro as a Director

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

*“That Anton Tagliaferro, 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

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	Number	Percentage
<b>FOR</b>	<b>16,702,034</b>	<b>91.51%</b>
<b>AGAINST</b>	<b>117,652</b>	<b>0.64%</b>
<b>OPEN</b>	<b>1,431,268</b>	<b>7.84%</b>

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### Resolution 3 – Ratification of Prior Issue of Shares

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

*“That Shareholders of the Company approve and ratify the prior issue and allotment of the March Shares and April Shares.”*

## Proxy Voting Results- Resolution 3

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	Number	Percentage
<b>FOR</b>	<b>15,324,140</b>	<b>85.34%</b>
<b>AGAINST</b>	<b>1,150,157</b>	<b>6.41%</b>
<b>OPEN</b>	<b>1,481,286</b>	<b>8.25%</b>

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## Other business:

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### Comments & Questions

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