

QV Equities Limited

Investor Update



March roadshow 2015

QV Equities Limited – Intro & Business Update

- Managed by Investors Mutual
- Focused on Ex-20 stocks
- Listed 22 August 2014
- Quality and experienced Independent Board
- Dedicated to developing a robust long term dividend stream for clients

About IML

- Boutique manager established in 1998
- Circa \$5.8b FUM- retail and institutional clients
- Disciplined 'true to label' value style
- Large investment team with experienced leadership
- Consistent performance over 16 years

IML: Australia's most awarded value manager



Awards
2015
Domestic
Equities

2012
Domestic
Equities

2008
Domestic
Equities
Small Caps

2002
Emerging
Australian
Equities
Fund
Manager of
the Year

Nominations
2015
Overall Fund
Manager of the Year

2015
Domestic Equities-
Small Cap

2013
Domestic
Equities



Awards
2012
Australian
Equities
Large Cap

2002
Golden Calf
Award

Nominations
2013
Australian Equities
Large Cap

2011
Australian Equities
Small Cap

2010
Australian Equities
Small Cap

2009
Australian Equities
Small Cap



Awards
2012
Australian Equities
(Broad Cap)

2003
Rising Star Award

2002
Domestic Equities



Awards
2012
Australian Equities
Large Cap

2009
Australian Equities
Small Cap

Firm-wide
✓ 12 Awards
+ many other nominations

Retail Investor Needs

- Capital preservation
- Reasonable capital growth
- Income focused

Investment Philosophy: focus on quality

We seek to buy and own:

Companies with a **competitive advantage**,

with **recurring earnings**,

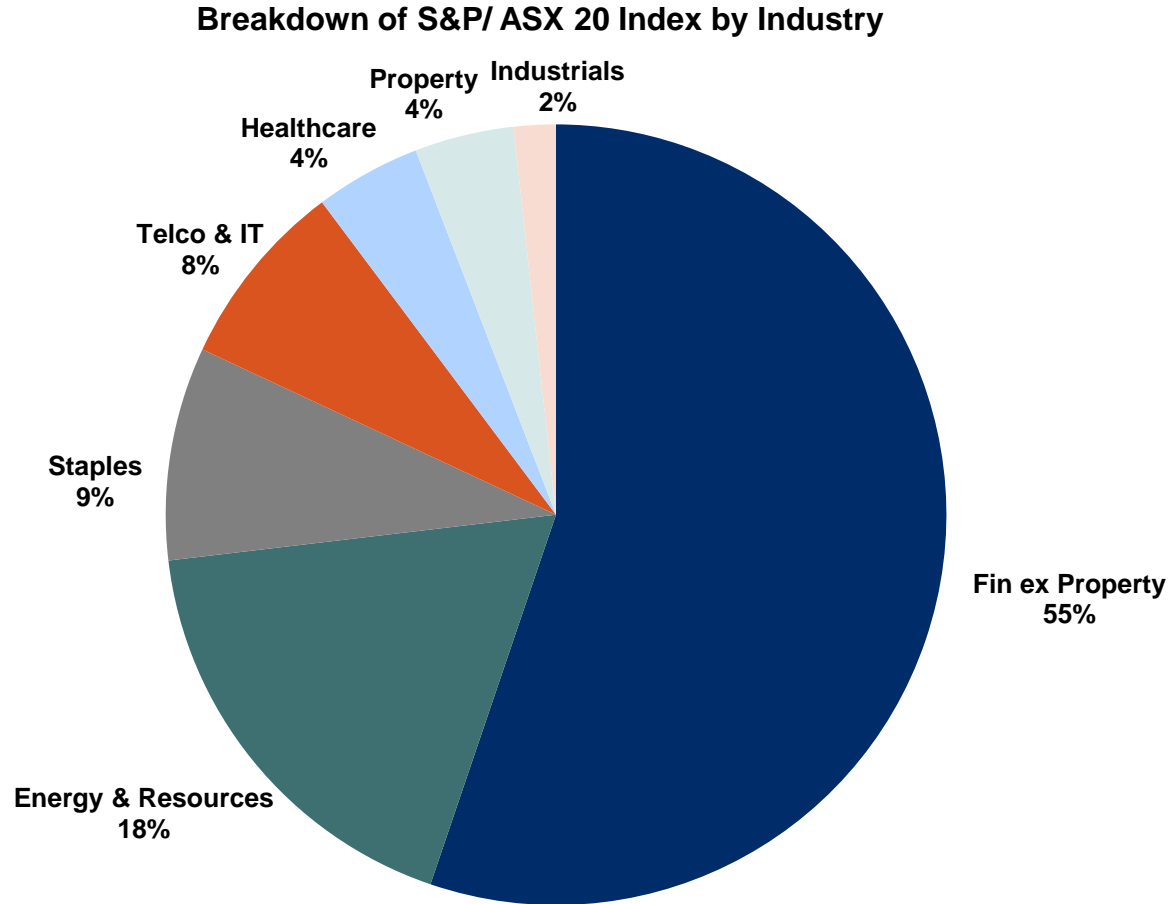
run by **capable management**,

that can **grow**,

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

Top 20 sector composition

The S&P/ ASX 20 Index is heavily concentrated amongst the financial and resource sectors which represent approximately 69% of the Index

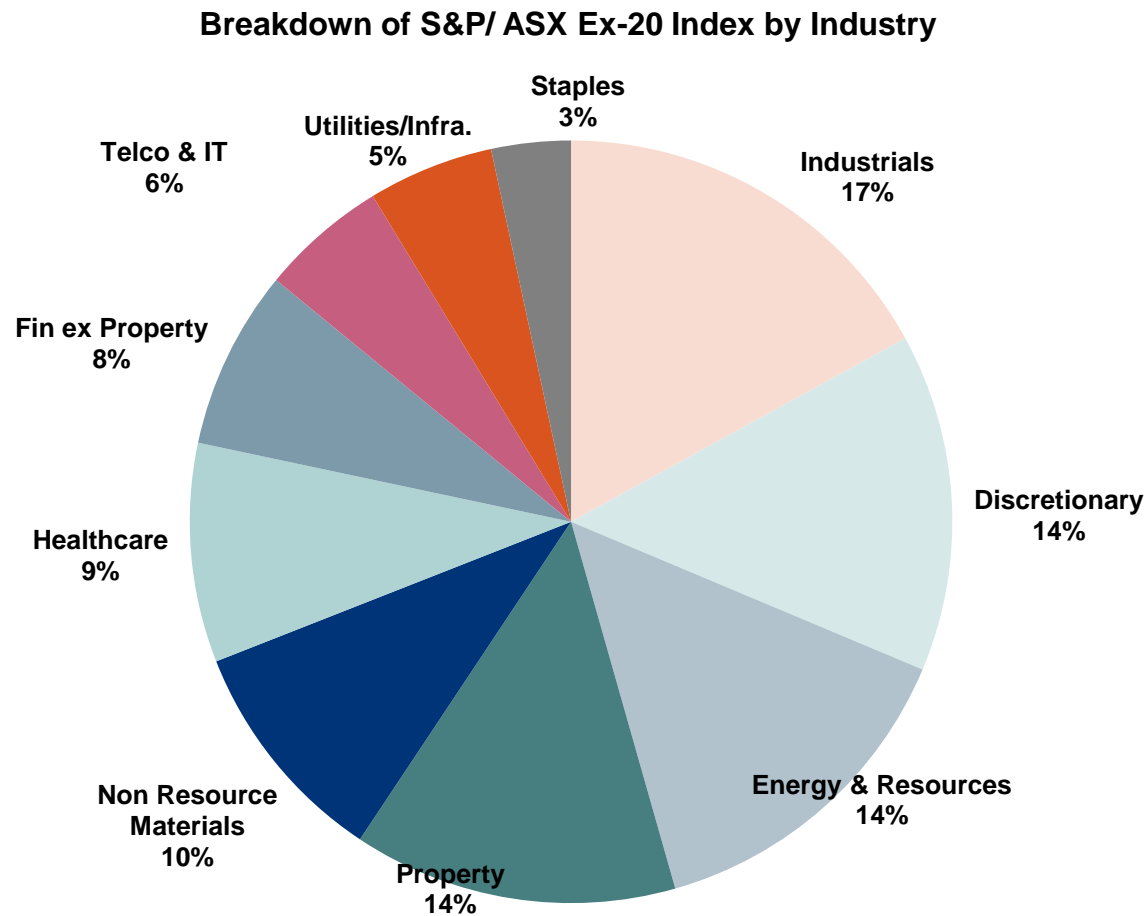


Source: IRESS as at 28 February 2015

Note: Based on free float adjusted market capitalisation, Industrials include basic materials

The ASX Ex-20 segment investment opportunity

In comparison, Ex-20 entities are more diversified by industry and companies and offer greater investment opportunities



Source: IRESS as at 28 February 2015

Note: Based on free float adjusted market capitalisation, Industrials include basic materials

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

Where are we today?

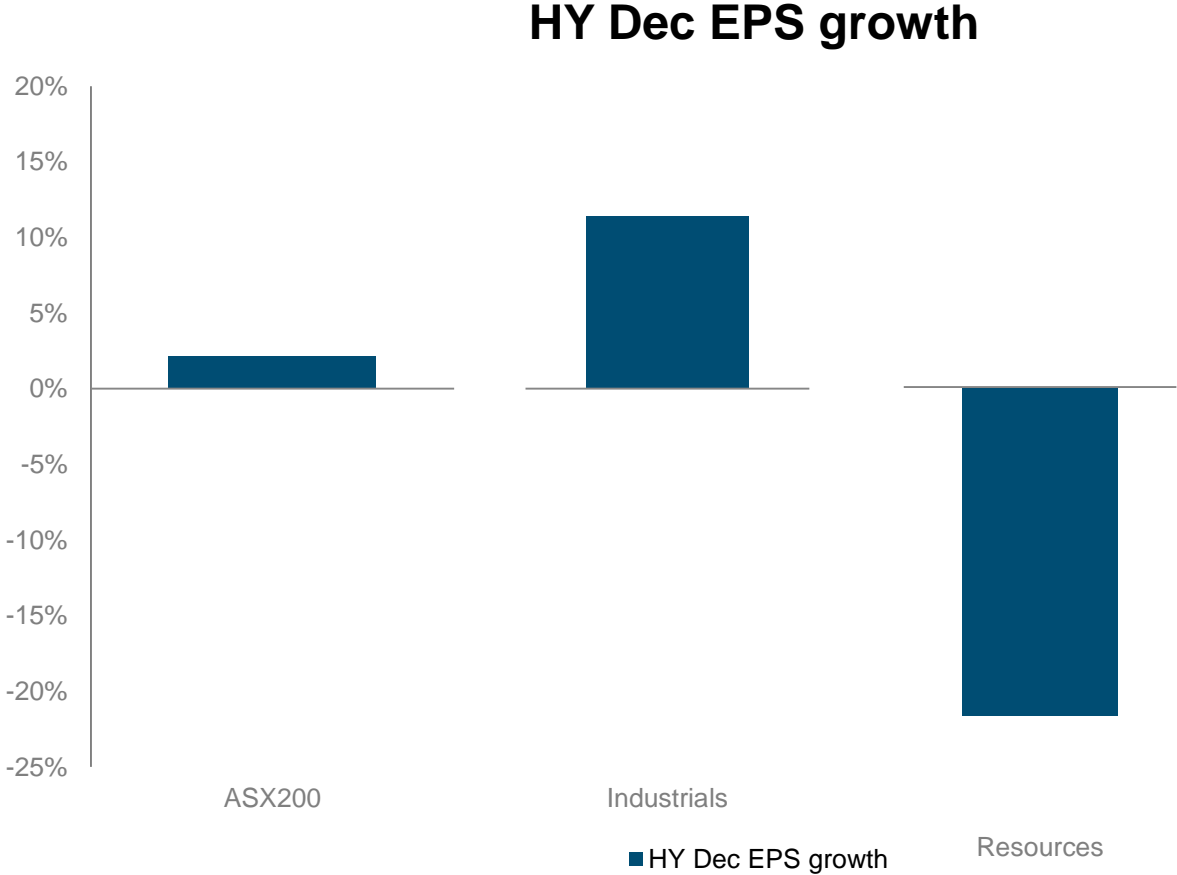
- US economy continuing to expand
- Japan & EU still sluggish
- China slowing sharply
- Interest rates at record lows
- Many share markets at record highs

Australia

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

....Australia muddling through

What is happening with earnings?

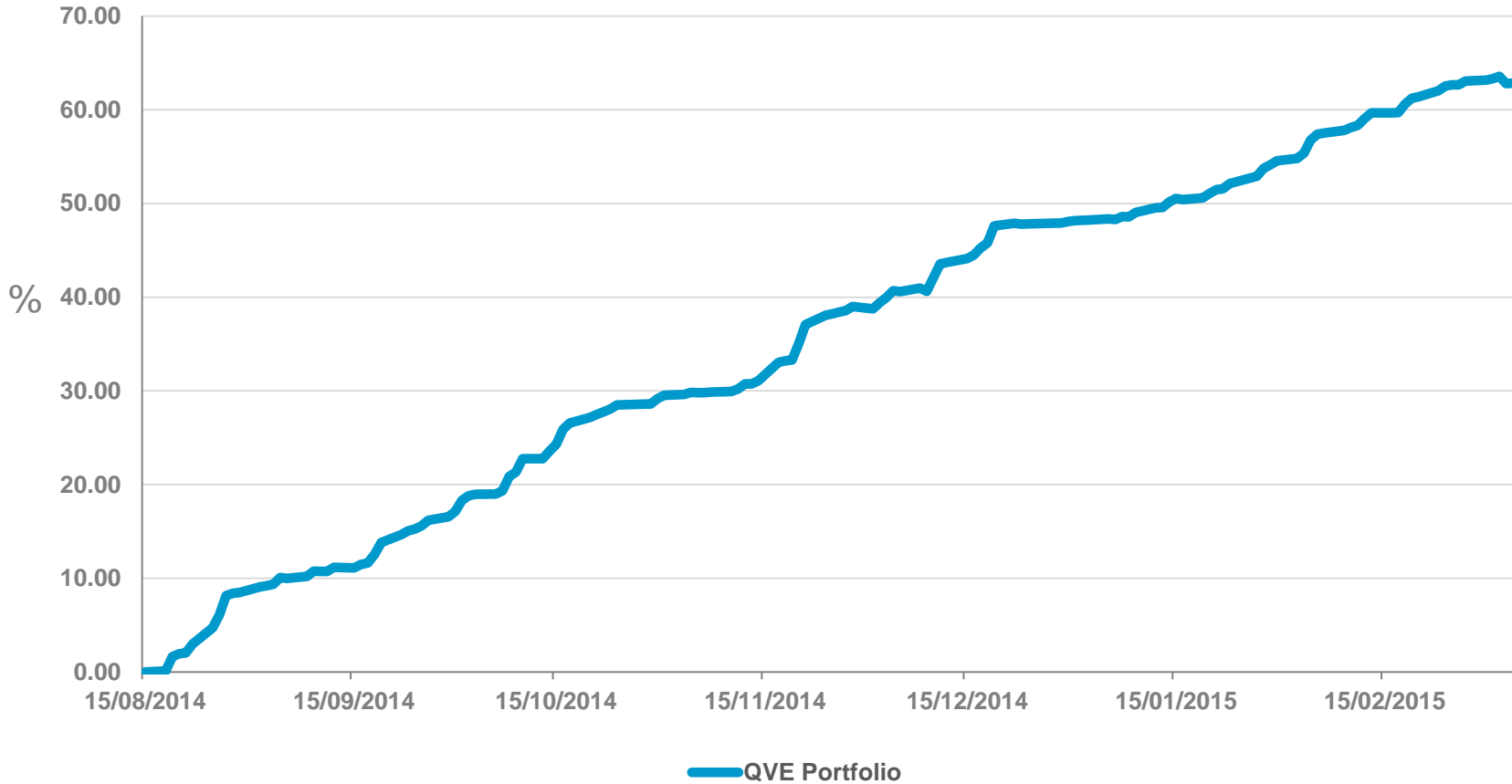


Portfolio Update

- Over 60% invested
- Disciplined & prudently selecting stocks
- Many stocks trading at a premium to IML's assessed valuation
- Six month extension granted by the Board

Taking time to prudently invest the portfolio

QVE: Proportion of the portfolio invested



Portfolio positioning - company specific

Cost-outs →	Orora
Acquisitions →	Ansell
Contracted growth →	Energy Developments
Market share gains →	Trade Me
Restructuring →	GWA

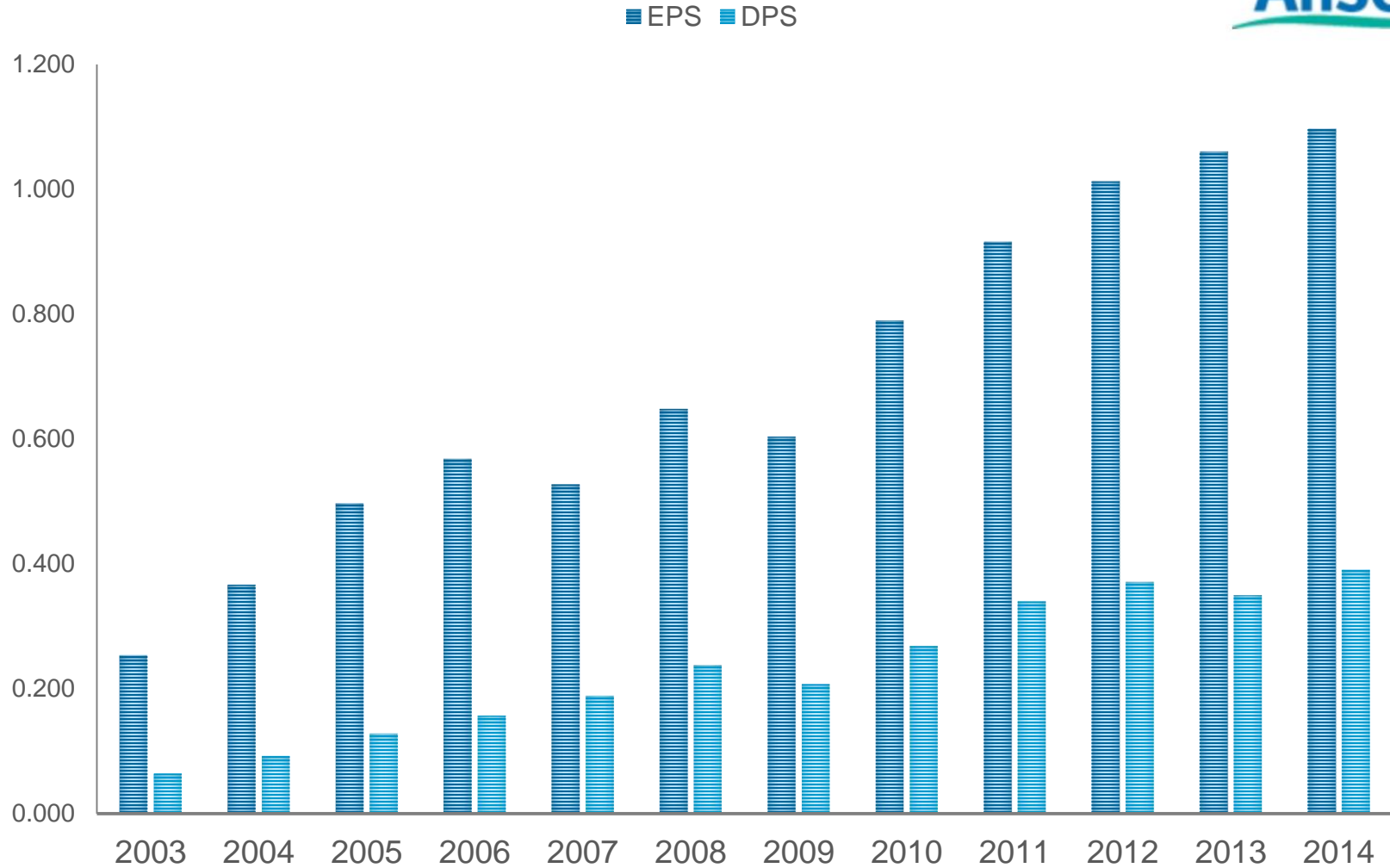


Key Highlights

- ✓ Leader in industrial hand safety, surgical gloves and condoms globally
- ✓ Strong branding and innovation
- ✓ Growing in emerging markets due to increasing OH&S standards
- ✓ Ansell trades on 15.1x FY16



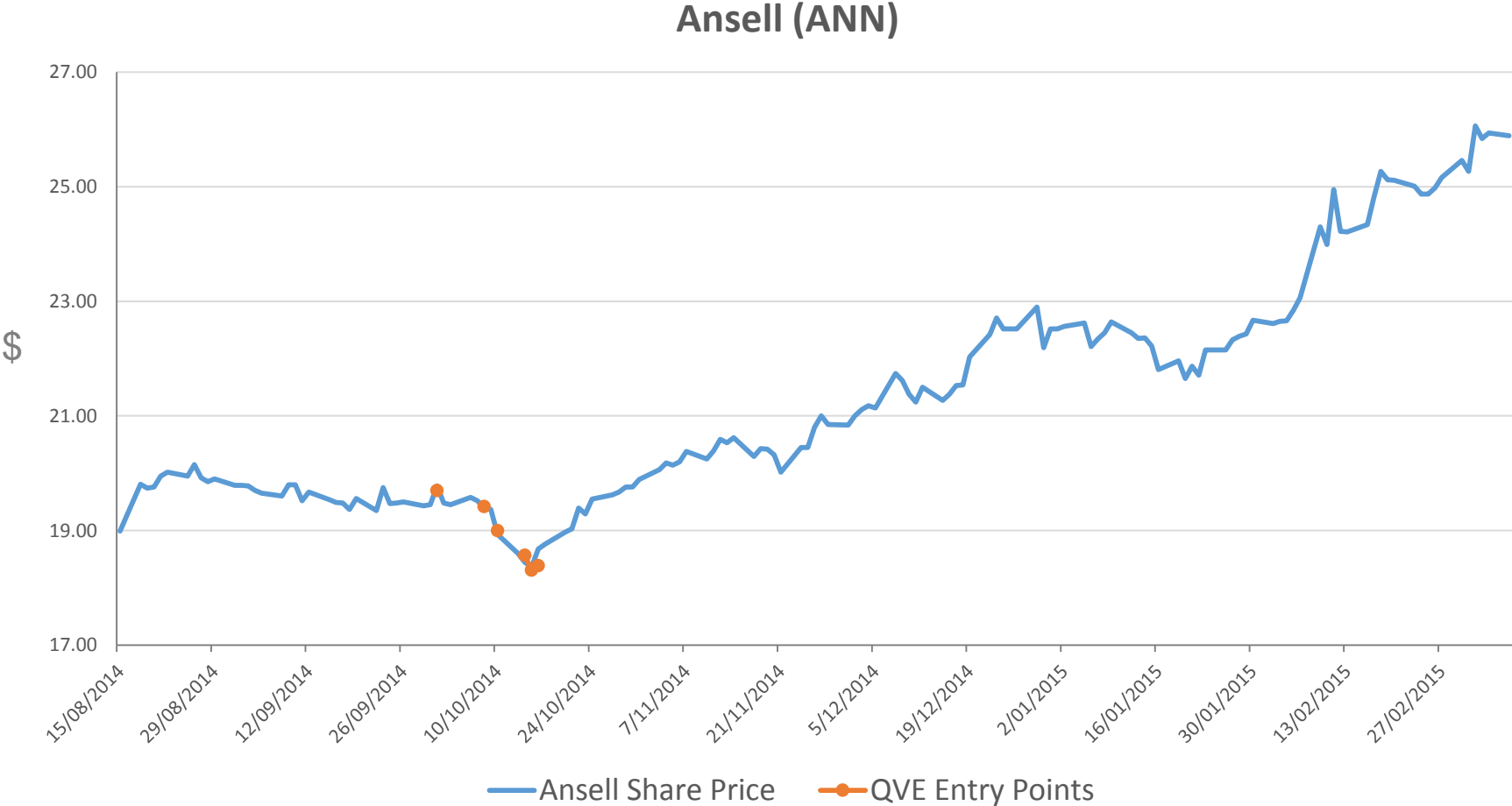
Ansell (ASX: ANN)



Source: Investors Mutual Limited, beliefs and historical research as at 31 January 2015



Ansell purchase chart



Source: IRESS and Investors Mutual Limited, as at 09 March 2015

Bank of Queensland

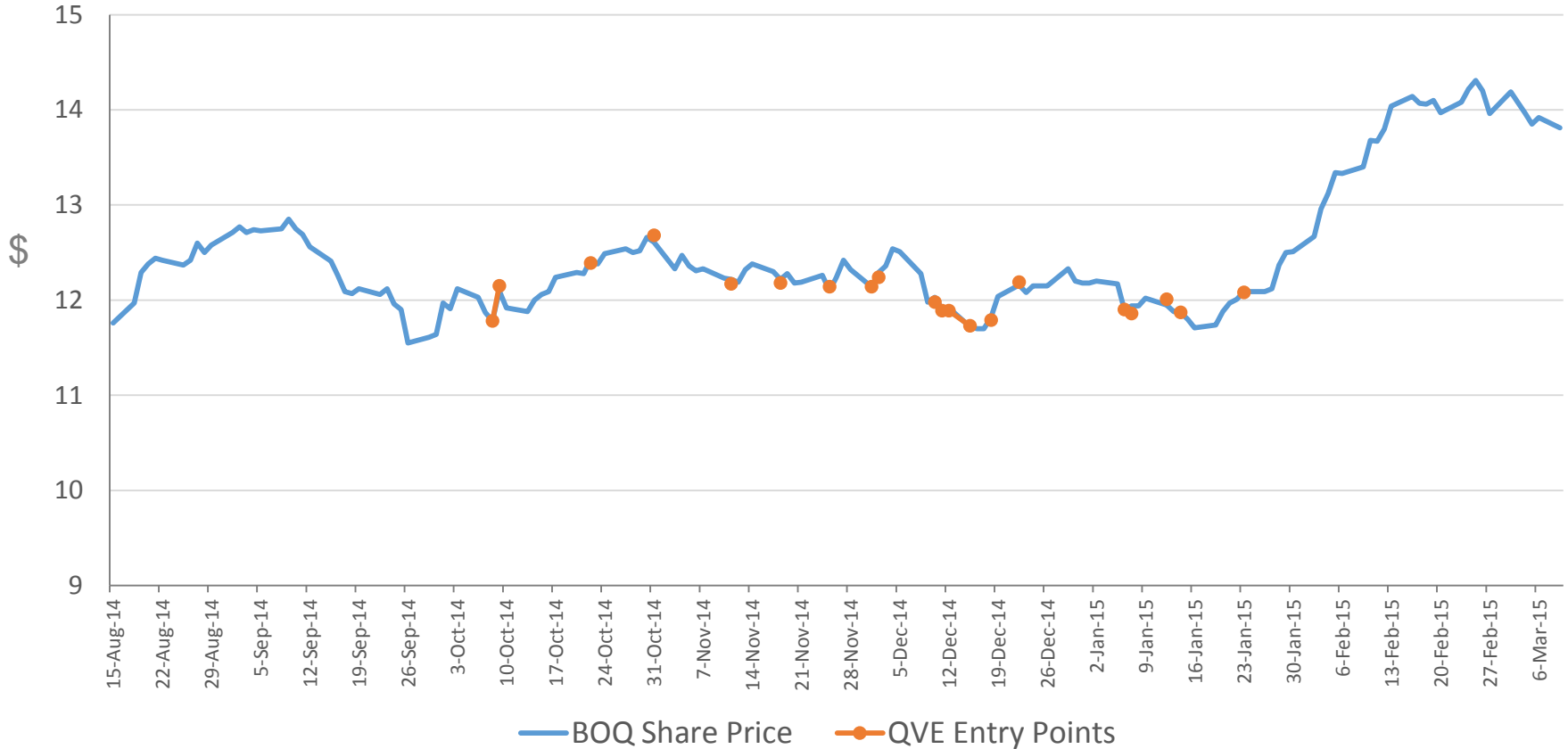


- Growth opportunities through broker distribution of mortgages
- Queensland economy improving
- Acquired on a P/E of 11 ½ ~ 12x with 6% yield



BOQ purchase chart

Bank of Queensland (BOQ)



Source: IRESS and Investors Mutual Limited, as at 09 March 2015



IML Stock picks: Sonic Healthcare (ASX: SHL)



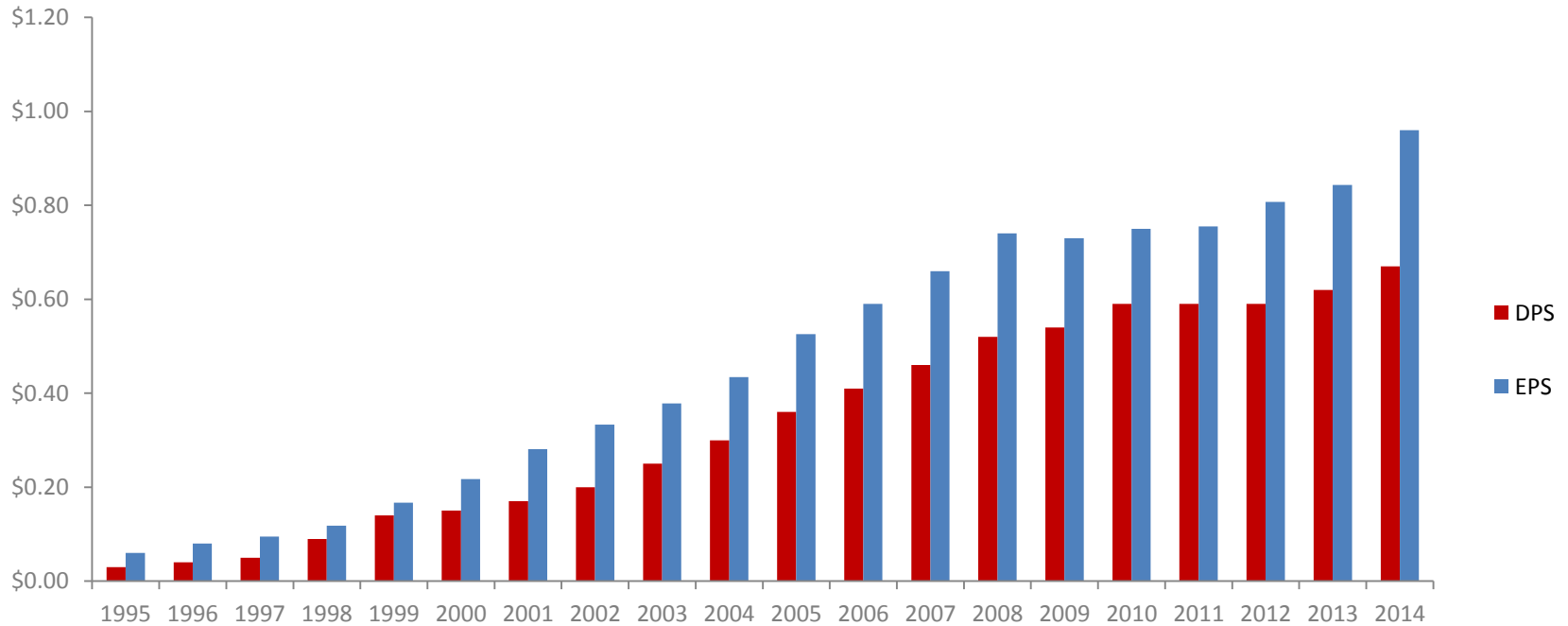
Key Highlights

- ✓ Largest pathology player in Australia & Germany, no. 3 in the US
- ✓ Defensive growing earnings and solid yield
- ✓ Scale advantage provides opportunities for accretive acquisitions
- ✓ Very strong and capable management team
- ✓ Currently trading on FY15 PE of 16.9x & Dividend yield of 3.7%



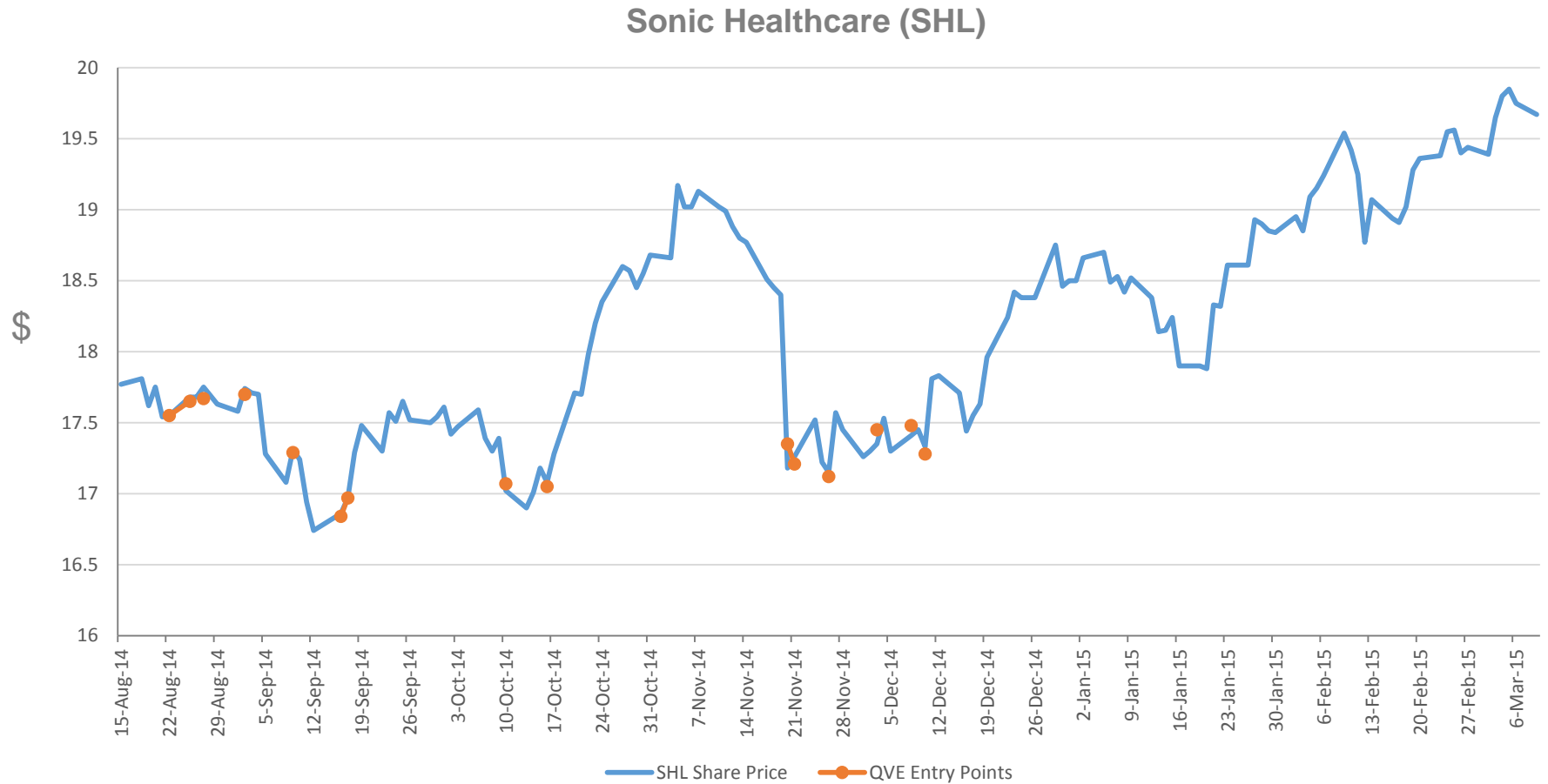
Sonic Healthcare: growing earnings and dividends

Sonic Healthcare (SHL)



Source: Investors Mutual Limited, beliefs and historical research as at 31st January 2015

SHL purchase chart

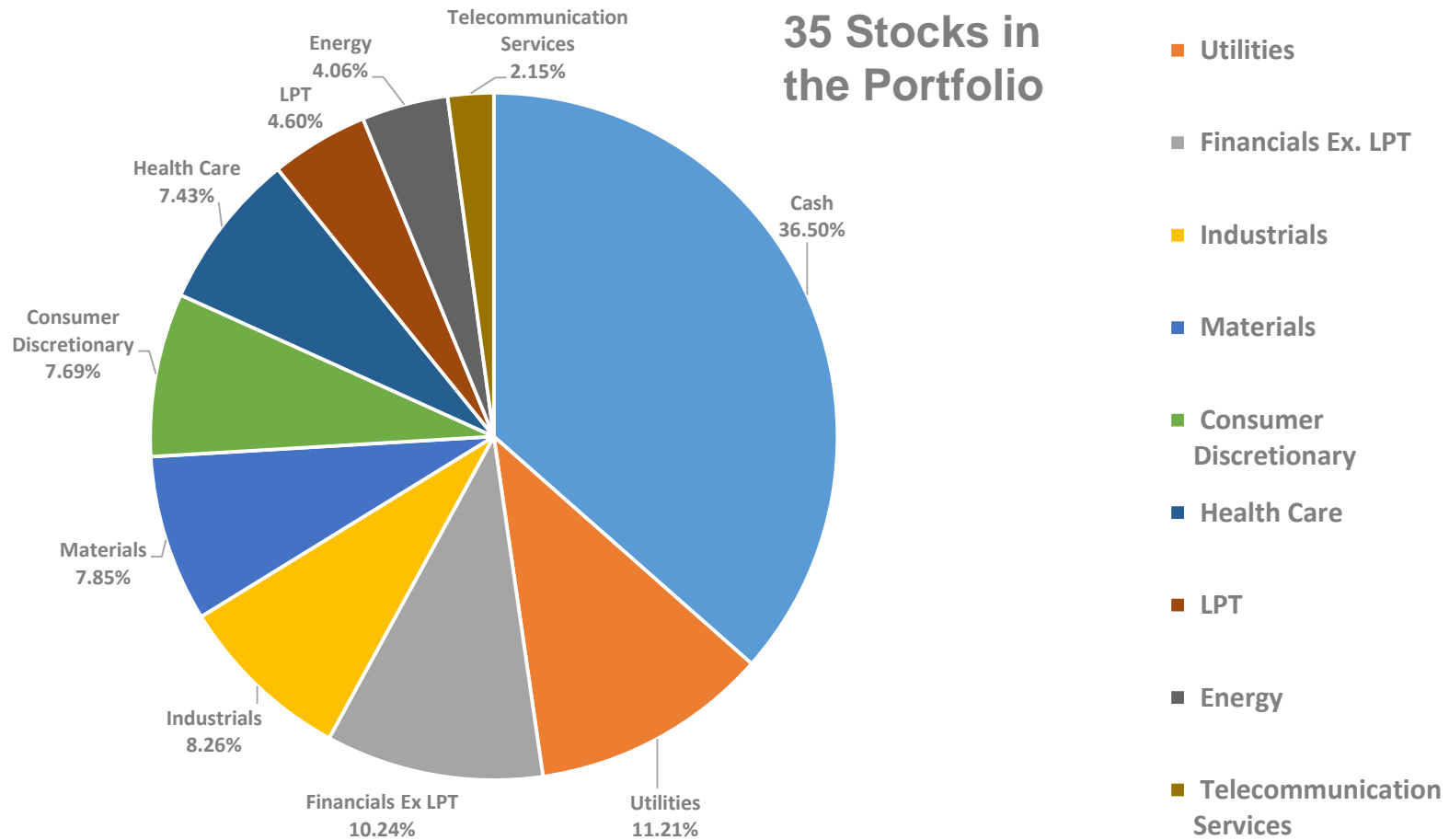


Top 10 stocks

KEY EQUITY INVESTMENTS	P/E 2015	YIELD 2015	P/E 2016	YIELD 2016
AGL Energy	16.4	4.2%	13.5	4.2%
Orica	12.5	4.9%	12.1	5.5%
Sonic Healthcare	19.4	3.6%	16.9	3.7%
Bank of Queensland	15.2	5.0%	14.4	5.7%
ASX	21.4	4.2%	20.0	4.5%
Ansell	16.2	2.2%	15.3	1.7%
Fletcher Building	15.7	5.0%	14.5	5.0%
Energy Developments	15.2	6.3%	14.5	6.5%
Steadfast Group	15.7	3.5%	13.4	4.6%
Chorus	11.7	N/A	11.2	N/A

QVE Sector Weights

QVE as at 12 March 2015



Performance & NTA- February

NET TANGIBLE ASSETS (NTA)	AMOUNT
NTA before tax	\$1.0715
NTA after tax	\$1.0463

*pre option exercise

PERFORMANCE	QVE's NTA	BENCHMARK
1 Month	+2.7%	+7.1%
Since Inception**	+7.5%	+7.4%

**Inception date: 22 Aug 2014
Performance calculated after tax

Interim Result

- QV Equities operating profit before tax of \$1.97m
- Operating profit after tax of \$1.56m
- Inaugural fully franked interim dividend of 0.5 cents per share

Interim dividend dates	
Ex Dividend Date	16 th March 2015
Payment Date	2 nd April 2015

QVE Options: QVEO

- 184.7m issued at IPO
- Exercised at any time up until & including 15th March 2016 at \$1.00 per option
- 3.5m exercised to date*
- 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 roadshow – across all capital cities
- Website – communication & information portal for shareholders

... We want informed and engaged shareholders

QVE Summary

- Relevant for investors (ex20)
- Competitive fees
- Buy & hold proven strategy
- Consistent dividends
- Transparent with investors
- No extra expenses

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

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