

Investment Update & Net Tangible Assets Report



DECEMBER 2014

NET TANGIBLE ASSETS (NTA)	AMOUNT
NTA before tax	\$1.0118*
NTA after tax	\$1.0039*

*The NTA per share is as at 31 Dec 2014 and is before any provision for dividends. 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

PERFORMANCE	QVE's NTA	BENCHMARK
1 Month	+1.7%	+2.6%
Since Inception**	+3.2%	-2.9%

**Inception date: 22 Aug 2014

MARKET OVERVIEW

- QVE continued its positive start in life with the portfolio posting a +1.7% gain over the month, contributing to the NTA's rise to slightly above \$1 per share. The Australian market rose during December despite weakness in commodity prices and weaker overseas equity markets.
- Over the month, we continued to seek out good quality companies to cautiously invest the substantial cash raised in the August IPO. We used share price weakness to top up on existing holdings in quality companies that we believe look attractive such as Sonic Healthcare, global explosives manufacturer Orica, ASX Limited and Bank of Queensland.
- Over the month we initiated positions in Fletcher Building, Duet, Santos and Crown Casinos while taking profits on our small holdings in Hansen Technologies and Clearview.
- Fletcher Building is a diversified building materials company with operations spanning Australia, NZ, US and Europe. We believe the company is attractive trading on a PE of 15 times estimated 2015 earnings and a dividend yield of +5%.
- Shares in utility company, Duet, were also acquired after we underwrote a recent rights issue. Duet is a very well managed company that IML has followed for many years. It owns a diversified spread of utility assets throughout Australia. The shares were acquired for the portfolio on a yield of 7%. Our analysis shows that this yield is sustainable going forward and should grow over the longer term.
- Santos was also added to the portfolio. While the short term direction of the oil price remains uncertain, we believe that over the long term the company will be in a position where its large LNG projects in Gladstone and PNG will generate positive cashflows for many years to come.
- We also bought a holding in Crown Casino; the company's share price has declined over 30% from its 2014 high as the hype associated with its Macau operations have been wound back. Despite the slowdown in Macau, Crown's Australian casinos continue to perform well and their strong cashflow continues to underpin the company's ongoing dividends.

QV EQUITIES	
ASX Code	QVE
Option Code	QVEO
Listed	22 Aug 2014
Shares on issue	184.6 mil
Dividend per share	n/a

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

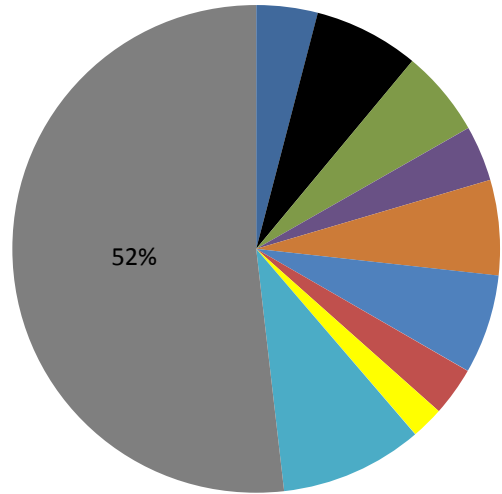
Investment Objective

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 2015	YIELD 2015
Sonic Healthcare	18.0	3.7%
AGL Energy	14.0	4.9%
Orica	11.9	5.1%
Ansell	15.0	2.3%
ASX Limited	18.0	4.9%
Bank of Queensland	13.5	6.0%
Chorus Limited	10.9	NA
Oil Search	16.8	2.0%
Shopping Centres Australasia	14.7	6.2%
Salmat	30.1	4.2%

SECTOR ALLOCATION



- Energy
- Materials
- Industrials
- Consumer Discretionary
- Consumer Staple
- Health Care
- Financials
- Listed Property Trusts
- Information Technology
- Telecommunications
- Utilities
- Cash



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Disclaimer

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