

Investment Update & Net Tangible Assets Report



OCTOBER 2014

NET TANGIBLE ASSETS (NTA)	AMOUNT
NTA before tax	\$0.9853*
NTA after tax	\$0.9851*

*The NTA per share is as at 31 Oct 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	+0.8%	+2.3%
Since Inception**	+1.2%	-2.9%

MARKET OVERVIEW

**Inception date: 22 Aug 2014

- The Australian sharemarket finished the month strongly after overcoming a sharp sell off early in the month. This strong performance was despite another weak month for the commodity sector which continued to struggle amid ongoing weakness in gold, coal, iron-ore and oil prices.
- Internationally, continued optimism on the US economy as well as an unexpected boost in stimulus from the Bank of Japan spurred a rally in global equity markets. The US sharemarket reached new all time highs with the S&P500 gaining a further +2.3% while European sharemarkets struggled to make headway as the Euro zone recovery appears to be faltering and deflation fears persist.
- In Australia, the AGM season and quarterly updates greeted investors during the month with a number of companies announcing updated guidance for FY15 including AGL Limited, Echo Entertainment and Dominos Pizza.
- We continued to cautiously invest the money raised during October, with the QVE portfolio now close to 30% invested. Over the month, we established new positions on share price weakness, in well established, quality companies like Sky City, Ansell and ASX Limited. We also participated in a placement of shares by Hotel Property Investments, a relatively new entrant into the ASX which owns pubs and bottle shops on long term leases to Coles in Queensland and South Australia.
- During the month we also added on weakness to existing positions in companies such as Sonic Healthcare, Shopping Centres Australia, Orora Pact Group and AGL Energy.
- While the portfolio's performance lagged its benchmark for the month due to our high cash weighting, we remain disciplined in acquiring shares in companies that fulfill our criteria of strong competitive advantage, recurring earnings and strong management at a reasonable price as opposed to chasing rallies or fads. We are thus being very selective and patient when investing the portfolio in the sharemarket to ensure we end up with a portfolio of quality shares at the right price for our investors.

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

