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13 April 2015

A note from the Chairman

Dear Shareholder,

Despite the problems of the resources sector, Australian shares delivered an average return of ten per cent in the March quarter. This was thanks to the Reserve Bank cutting the cash rate, bond yields declining further and profits of non-resource shares rising by ten per cent (in large part, because companies are reducing costs). We're in market conditions where many shares are fairly expensive and selection of shares is very important.

QVE's strategy is to focus on quality stocks that can grow their earnings and is prepared to acquire these shares patiently. At time of writing, QVE is 68.4% invested in shares.

Our earnings for the half year to 31 December were limited by having listed only in mid-August, but we are pleased to have paid, on 2 April, an inaugural interim dividend of 0.5 cents a share, fully franked.

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

MONTH 2015



NET TANGIBLE ASSETS (NTA)	Pre Option Dilution	Diluted for QVE Options
NTA before tax	\$1.0698*	\$1.0357**
NTA after tax	\$1.0447*	\$1.0228**

The NTA per share is as at 31 March 2015. * this is the ex-dividend price for the dividend paid on 2 April 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	BENCHMARK
1 Month	+0.3%	-0.5%
Since Inception~	+7.9%	+6.8%

~Inception date: 22 Aug 2014

- Global sharemarkets declined at the start of the month on speculation surrounding news of an imminent rate hike in the US. These fears were later eased following comments from the Fed suggesting a slower pace of rate increases. Markets reacted positively and were able to reclaim some lost ground. Despite the surge, US markets were lower, down circa -2% while the Australian ex 20 benchmark finished down -0.5%.
- The price of many of Australia's largest commodity exports continued their downward slide in the first quarter of 2015 as increased supply continued apace, compounded by further evidence of weaker demand growth from China. The iron-ore price continued its much publicised free fall with the price slumping 28% in the first quarter of 2015. The base metals index fell 6% in the 1st quarter after all major metals recorded price falls, while coal prices continued to wallow.
- Thanks to the quality of the stocks held, QVE's portfolio had another positive month as the NTA finished marginally higher despite the benchmark's fall of -0.5%.
- During the month of March many stocks in the QVE portfolio, such as Sonic Healthcare, AGL Energy, ASX and Amalgamated Holdings all went ex their interim dividend. These dividends will be shown in QVE's June profit and loss and will be available to the Board of QVE to pay out as part of the final dividend, payable in September/October 2015.
- During the month, we acquired a position in Caltex (CTX) for the portfolio after a pull back in the share price following Chevron's sell-off of its 50% stake. CTX is one of Australia's largest fuel distributors and following the closure of its Kurnell refinery is a transformed company. CTX has excellent management and a strong balance sheet and we are confident that the \$1bn of franking credits (\$4 a share) which the company has accumulated will be distributed to shareholders in the years ahead following Chevron's exit. The company can continue to grow with demand for fuel growing in-line with airline and road traffic activity, while the trend to increased usage of premium petrol and diesel helps expand their margins. This growth can be augmented by accretive bolt-on acquisitions.
- During the month, we used price weakness to buy further shares in global explosives manufacturer Orica, energy generator and retailer AGL Energy and rigid plastic packaging company Pact Group, all at good prices.
- We have now close to 70% of the QVE portfolio invested in quality companies that, in our view, are trading at attractive valuations and which we believe can continue to grow their earnings and dividends in the years ahead.

QV EQUITIES	
ASX Code	QVE
Option Code	QVEO
Listed	22 Aug 14
Shares on issue	188.9 mil
Options Exercised	4.3 mil
Options Outstanding	180.3 mil
Interim dividend per share (paid 2 April)	0.5 cents

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

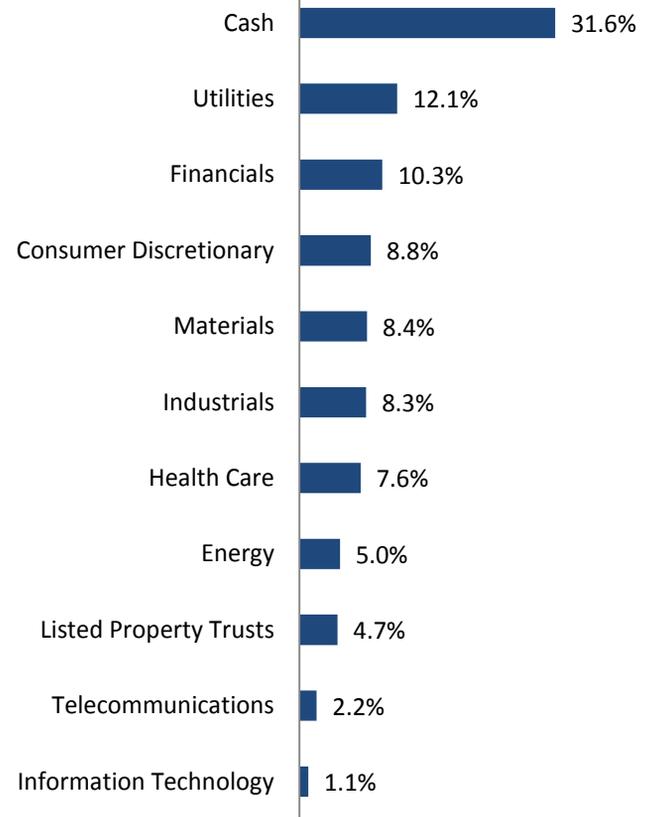
Investment Objective

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	13.7	4.2%
Orica	13.4	4.6%
Sonic Healthcare	18.5	3.8%
Bank of Queensland	13.7	5.6%
Energy Developments	16.5	5.6%
Ansell	15.9	2.2%
GWA Group	15.8	5.4%
Steadfast Group	13.2	4.3%
Fletcher Building	13.7	5.0%
ASX Limited	19.6	4.6%

SECTOR ALLOCATION



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