

17 August 2016

Dear Shareholders,

2016 QVE Annual Report summary & AGM announcement

On 17 August 2016, QVE's Annual Report was announced to shareholders for the year ended 30 June 2016. This is the second annual report to shareholders from QV Equities Limited (the "Company") and the first report for a full financial year, after the Company listed on the Australian Stock Exchange ('ASX') on 22 August 2014. What follows is a summary of this report and an announcement of QVE's second Annual General Meeting (AGM).

Year in Summary FY2016

Profit after tax \$5,717,941	Management Expense Ratio 1.09%		
Earnings Per Share (cents) 2.77 Basic	Portfolio Return (Pre-tax)* +8.2%	Benchmark** +14.7%	ASX 300 +0.87%
Dividends 3.3 cps Fully Franked	Portfolio Return (Post-tax)* +6.7%		
Net Assets \$237,579,502	QVEO exercised*** 36,767,958		

All data as at 30 June 2016

*Returns are measured for the 2016 financial year

**S&P/ASX300 ex20 index

*** Options exercised since listing 22 August 2014

Financials

The Company is pleased to announce an after tax profit of \$5.72 million for the year to 30 June 2016. On a per share basis, that translates as after-tax basic earnings of 2.77 cents.

QVE Portfolio of shares & performance

Over the course of the year the Manager proceeded to cautiously invest, reducing the cash position from 25% at 30 June 2015 to 15% by year end.

March saw the options which were issued at the time of the IPO expire. Some 27.9m options were exercised raising a further \$27.9m for the Company. At 30 June 2016 the Company's portfolio had a market value of just under \$250m. **Anton Tagliaferro** said: "IML took advantage of any pullback in share prices to invest these additional funds so that at the date of writing the Company is around 85% invested in equity holdings. We remain alert to opportunities in periods of weakness to add to the Company's holdings. Given the strong increase recorded by many share prices we have also looked to exit positions that look fully valued."

For the 12 months to 30 June 2016, the QVE portfolio enjoyed another solid year, returning +8.2% before tax, however this return lagged the benchmark. **Anton Tagliaferro** said: "The benchmark return reflects strong gains by the cyclical Materials sector, with gold miners also rallying strongly following an increase in the gold price, while stocks such as iron ore miner Fortescue were also strong performers over the 15/16 financial year. Also boosting the benchmark were gains posted by the property stocks, such as Goodman Group, GPT and Stockland and infrastructure stocks Transurban (now top 20) and Sydney Airport. We believe these stocks do not represent good value and we continue to find better long term value elsewhere."

QV Equities' AGM

It is also with great pleasure that we announce our second AGM. Shareholders are invited to attend this meeting to be held at the **Sofitel, Sydney on Wednesday 26 October at 10am in the Adelaide Room.**

If you are unable to join us, a **webinar** reporting the AGM proceedings & investment update will take place on **Wednesday 26 October at 2pm AEDT. To register**, simply email info@qvequities.com providing your full name & email address, or **register online** at <https://attendee.gotowebinar.com/register/8421212710196192515>

Dividend Announcement, DRP & Important Dates

The Company is also pleased to announce a final year dividend of 1.8 cents per share fully franked, to be paid on 31 October 2016, which brings the total dividends for the 2016 financial year to 3.3 cents per share fully franked.

As we stated in our prospectus, it is Board policy that all dividends paid to shareholders will be franked to the maximum extent possible.

The following dates relate to the final dividend for financial year ended 30 June 2016. For shareholders looking to take up QVE's **Dividend Reinvestment Plan (DRP)**, receipt of your election must be received before 5pm on 10 October 2016 to be eligible for the DRP for this final dividend payment. Further details regarding dividend payments will be sent to shareholders in the coming weeks.

Ex-Dividend	6 October 2016
Record Date	7 October 2016
Last Election date for DRP	10 October 2016
Payment Date	31 October 2016

In Summary

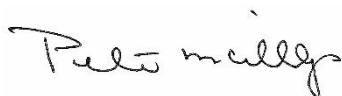
Investment markets remain uncertain and volatile, however investors need to focus on the underlying companies in the portfolio. Share prices may move through time, however the nature of the underlying companies' operations do not necessarily change.

The Board continues to believe that a carefully-selected holding of ex-20 stocks, managed by Investors Mutual Limited, will provide good opportunities for investors going forward. This portfolio should be able to deliver long-term capital growth and sustainable income from a more diversified range of investments than is currently available from those companies that comprise the top-20 index.

I look forward to further discussing the results presented in this Annual Report and to meeting as many of our shareholders as possible, at the Annual General Meeting on **26 October 2016**.

Should you have any questions regarding the above, please do not hesitate to contact us on **1300 552 895** or info@qvequities.com.

Yours sincerely,



Peter McKillop
Chairman, QV Equities

If you would like to receive further invitations or updates on the portfolio, please subscribe on our website qvequities.com