

# QV Equities Annual General Meeting

21 October 2019



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Equities Ltd.

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MUTUAL LTD

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## Board & Key Personnel

Name	Position	Independence	Experience
Peter McKillop	Non-executive Director	Independent	State Super Financial Services and Perpetual Funds Management
Jennifer Horrigan	Non-executive Director	Independent	Greenhill & Co, APN Funds Management, Generation Healthcare Industria REIT, Redkite, Breast Cancer Institute of Australia
Eamonn Roles	Non-executive Director	Independent	Mosaic Portfolio Advisers, Snowball Group, Advance Funds Management, PwC
Anton Tagliaferro	Executive Director	Non Independent	Perpetual, County Natwest and BNP
Simon Conn	Executive Director	Non Independent	QBE Insurance Investment Division, KPMG
Zac Azzi	Company Secretary		SFG Australia Limited, St George, AMP, Old Mutual (Skandia)

# AGM Agenda

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- ❑ Chairman's Welcome
- ❑ Chairman's Address
- ❑ Investment Manager's Address
- ❑ Formal proceedings
  - Item 1: Annual Financial Report for the year ended 30 June 2018
  - Item 2: Adoption of Remuneration Report
  - Item 3: Re-election of Peter McKillop as a Director
  - Item 4: Re-election of Jennifer Horrigan as a Director
  - Item 5: Re-election of Simon Conn as a Director
  - Item 6: Re-election of Eamonn Roles as a Director
- ❑ Other Business
- ❑ Closure
- ❑ Morning Tea & Refreshments

QVE Investment Update presentation will follow

## Year ended 30 June 2019:

### Increase in QVE's Net Tangible Assets per share:

	QVE NTA (pre tax)	QVE NTA (post tax)	ASX 300 Ex20
Year ended 30 June 2019	-0.4%	-0.1%	+7.7%
Since inception* p.a.	+7.5%	+6.3%	+11.0%

The above returns are after fees and assumes all declared dividends are reinvested and excludes tax paid from pre tax NTA. The before and after tax NTA numbers relate to the provision for tax on net profit in addition to 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. All figures are unaudited and approximate.

### Growing Dividend Stream – Fully Franked

2018	2019
4.2 cps Plus 1.0 cps special dividend	4.4 cps

## The Australian Sharemarket

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- ❑ Surprise Coalition victory in the May 2019 Federal election
- ❑ Australian economic growth slowed
- ❑ Employment remains stable but wage growth and inflation are low
- ❑ House prices and housing investment falling
- ❑ Fiscal stimulus: tax cuts and infrastructure spend
- ❑ RBA cut rates to record lows
- ❑ Global interest rates have reversed and geo-political risks continue

## 2019 Final Results

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- ☐ Profit After Tax - excluding special dividends and retrospective tax changes

2018	2019
\$ 8.4 million	<b>\$ 8.5 million</b>

- ☐ Profit After Tax

2018	2019
\$ 11.1 million	<b>\$ 9.4 million</b>

- ☐ Net Assets

2018	2019
\$ 326 million	<b>\$ 312 million</b>

- ☐ Management Expense Ratios

2018	2019
0.99%	<b>1.03%</b>

## Management Expense Ratio

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- ❑ Expenses were maintained at the same level as FY18
  
- ❑ The investment management fee:
  - 0.90% on assets up to \$150 million
  
  - 0.75% on assets above that figure and;
  
- ❑ NTA before tax was \$311 million as at 30 September 2019
  
- ❑ No performance fee



## QVE's Net Tangible Assets per share to 30 September 2019

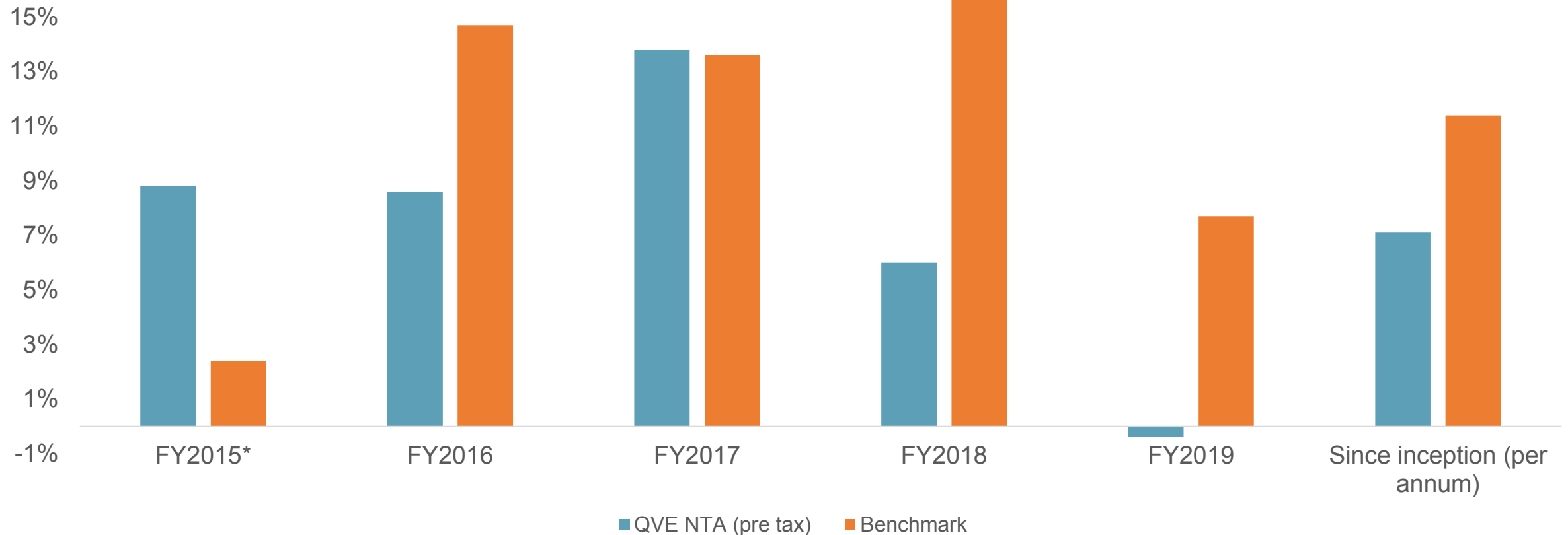
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	QVE NTA (pre tax)	ASX 300 Ex20
3 months to 30 September 2019	+0.1%	+4.6%
Annualised since inception to 30 September 2019	+7.1%	+11.4%

The above returns are after fees and assumes all declared dividends are reinvested and excludes tax paid from pre tax NTA.

The before and after tax NTA numbers relate to the provision for tax on net profit in addition to 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. All figures are unaudited and approximate.

## QVE: performance each financial year (since inception)



*\*Returns are from inception date 22 August 2014*

*Source: QVE NTA announcements; 22 August 2014-30 Sept 2019*

*The above returns are after fees and assumes all declared dividends are reinvested and excludes tax paid from pre tax NTA. Past performance is not indicative of future performance.*

## On-market buy-back

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- ❑ On-market buy-back facility has been established
- ❑ Up to 10% of shares can be purchased by the company over a 12 month period
- ❑ This is a proactive measure to address the share price of the Company, currently trading at a discount.
- ❑ The Board expects the buy-back to be accretive to NTA.

# QV Equities Investment Manager's Address

Anton Tagliaferro



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## Why focus on an ex 20 managed portfolio?

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- ❑ More diverse entities in terms of market capitalisation and industry sectors
- ❑ Less researched opportunities
- ❑ Investors typically underweight in this segment
- ❑ Solid yields on offer
- ❑ IML has a long record of value-add in this segment

## QVE Portfolio Strategy

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- ❑ Buying quality stocks
- ❑ Main focus is on industrial stocks
- ❑ Selectively taking profits
- ❑ Cash available for market opportunities

## Performance & NTA – 30 September 2019

NET TANGIBLE ASSETS (NTA)	QVE-ASX
NTA before tax	\$1.13
NTA after tax	\$1.11

The before and after tax NTA numbers relate to the provision for tax on net profit in addition to deferred tax on the un-realised 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. All figures are unaudited and approximate.

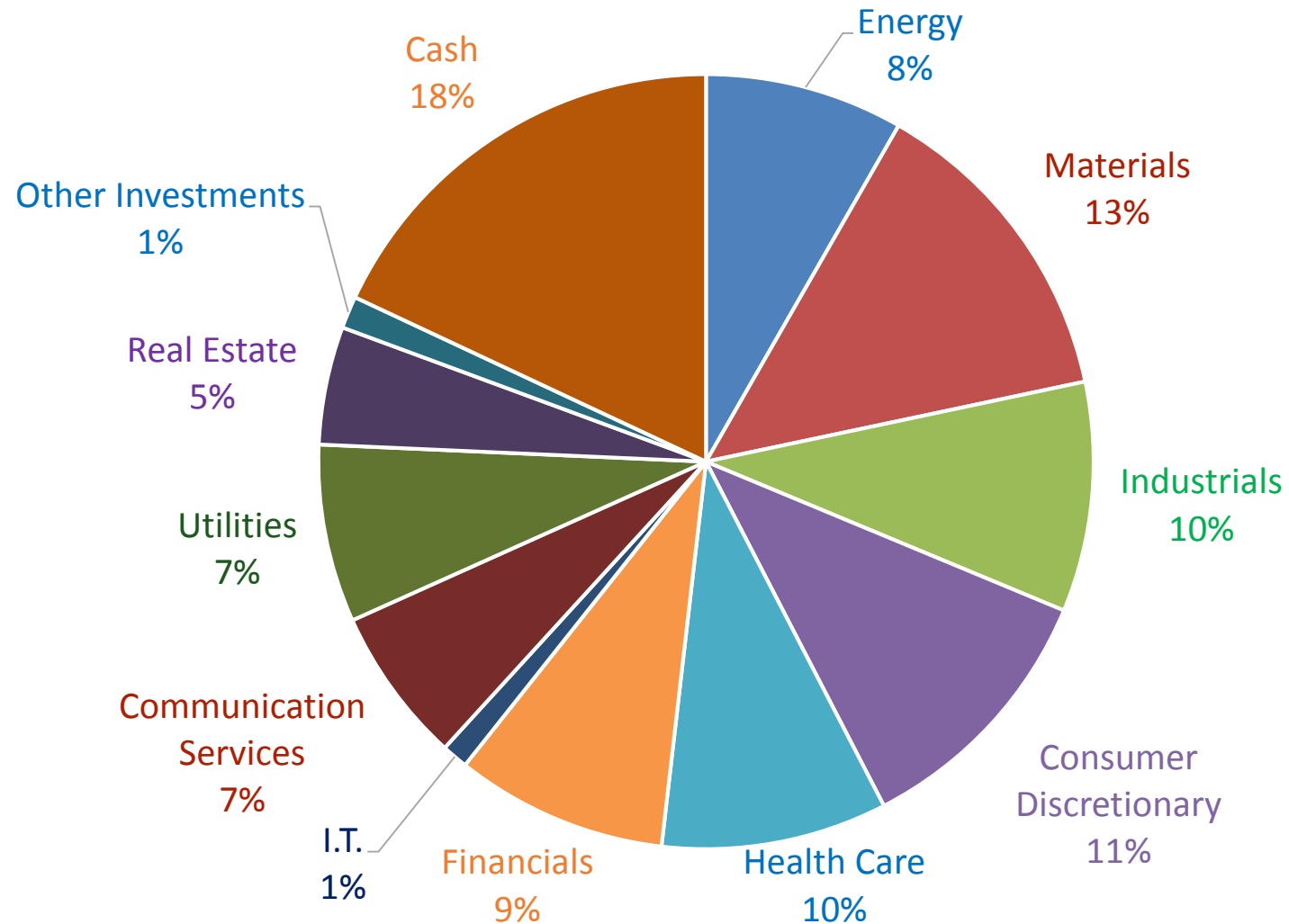
PERFORMANCE	QVE's NTA (pre tax)	BENCHMARK
1 Month	+0.9%	+1.5%
3 Months	+0.1%	+4.6%
6 Months	+2.0%	+11.5%
1 Year	-0.1%	+11.0%
Since Inception Total Return p.a.	+7.1%	+11.4%

The above returns are after fees and assumes all declared dividends are reinvested and excludes tax paid from pre tax NTA. Past performance is not indicative of future performance.

Source: QVE NTA as at 30 September 2019

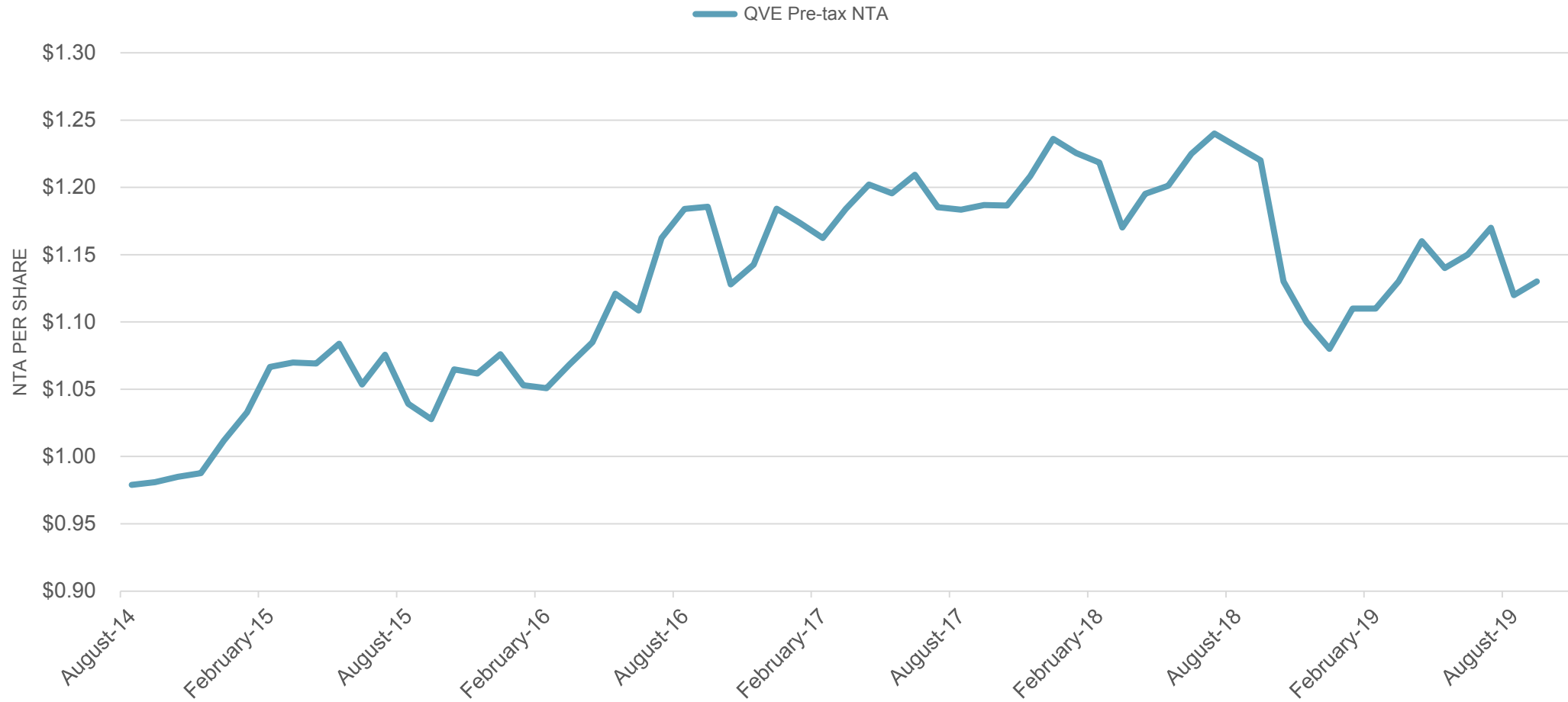
# QVE Portfolio as at 30 September 2019

Portfolio Allocation as at 30 September 2019



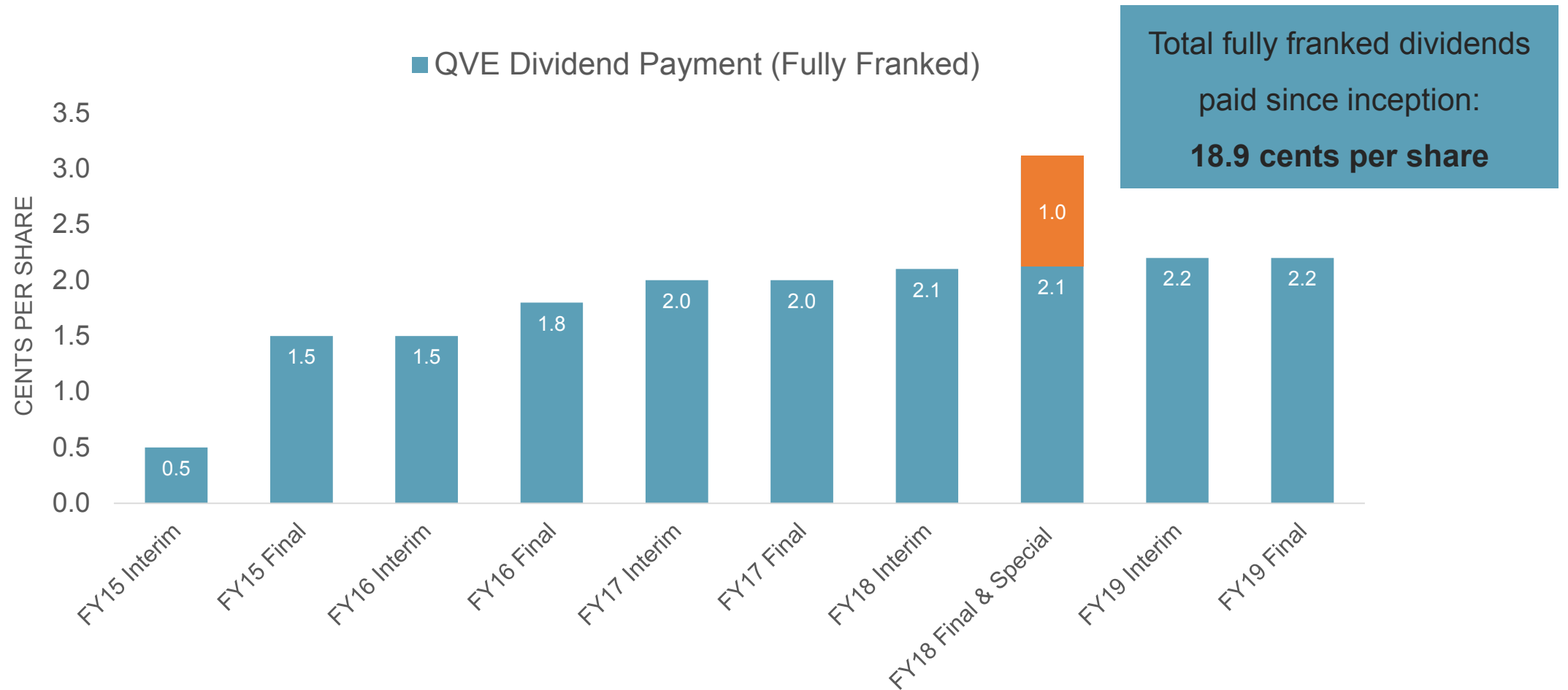


# Historical NTA



Source: QVE NTA as at 30 September 2019

## Historical Dividends to QVE Shareholders



# QV Equities AGM

Resolutions



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### Item 1: Financial statements and reports

Questions

### Adoption of Remuneration Report

- To consider and if thought fit pass the following resolution as an ordinary resolution:

*“That, for the purposes of Section 250R(2) of the Corporations Act, the Company adopt the Remuneration Report contained in the Company’s Annual Financial Report for the year ended 30 June 2019.”*

## Proxy Voting Results – Item 2

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	Number	Percentage
<b>FOR</b>	21,597,323	91.35%
<b>AGAINST</b>	689,956	2.92%
<b>OPEN</b>	1,353,929	5.73%

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### Re-election of Peter McKillop as a Director

- To consider and if thought fit pass the following resolution as an ordinary resolution:

*“That Peter McKillop, a Director who retires by rotation in accordance with the Company’s constitution and ASX Listing Rule 14.4 and being eligible offers himself for re-election, be re-elected as a Director of the Company.”*

## Proxy Voting Results – Item 3

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	Number	Percentage
<b>FOR</b>	28,167,760	94.59%
<b>AGAINST</b>	184,415	0.62%
<b>OPEN</b>	1,427,081	4.79%

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### Re-election of Jennifer Horrigan as a Director

□ To consider and if thought fit pass the following resolution as an ordinary resolution:

*“That Jennifer Horrigan, a Director who retires by rotation in accordance with the Company’s constitution and ASX Listing Rule 14.4 and being eligible offers himself for re-election, be re-elected as a Director of the Company.”*

## Proxy Voting Results – Item 4

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	Number	Percentage
<b>FOR</b>	28,524,203	94.31%
<b>AGAINST</b>	292,915	0.97%
<b>OPEN</b>	1,427,081	4.72%

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### Re-election of Simon Conn as a Director

- To consider and if thought fit pass the following resolution as an ordinary resolution:

*“That Simon Conn, a Director who retires by rotation in accordance with the Company’s constitution and ASX Listing Rule 14.4 and being eligible offers himself for re-election, be re-elected as a Director of the Company.”*

## Proxy Voting Results – Item 5

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	Number	Percentage
<b>FOR</b>	28,728,321	94.75%
<b>AGAINST</b>	161,548	0.53%
<b>OPEN</b>	1,429,947	4.72%

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### Re-election of Eamonn Roles as a Director

- To consider and if thought fit pass the following resolution as an ordinary resolution:

*“That Eamonn Roles, a Director who was appointed to fill a casual vacancy in accordance with the Company’s constitution and ASX Listing Rule 14.4 and being eligible offers himself for re-election, be re-elected as a Director of the Company.”*

## Proxy Voting Results - Item 6

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	Number	Percentage
<b>FOR</b>	28,549,043	94.76%
<b>AGAINST</b>	131,761	0.44%
<b>OPEN</b>	1,445,867	4.80%

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## Other business:

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### Comments & Questions

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Please stay for light refreshments followed by the

Investment Managers Update from

Anton Tagliaferro and Simon Conn



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