

2 September 2020

QV Equities Limited – Investor Update

Dear Shareholder

I'm writing to provide you with an update on QV Equities Limited (QVE) ('the Company').

The Company recently announced a full year after-tax profit of \$10.5 million, up 11.6% on the prior year. A final fully-franked dividend of 2.2 cents per share (cps) was declared, taking the full year fully-franked dividend to 4.4cps.

The Board and the Investment Manager, Investors Mutual Limited (IML), are focused on building long-term value and income for shareholders and addressing the issue of the Company's share price trading at a discount to its net tangible asset backing. (This is discussed in more detail in the Appendix to this letter.)

A Stable to Growing Dividend

One of the Company's long-term objectives is to provide shareholders with a steady and growing dividend over time.

The Board has announced that it intends to maintain dividend payments for the financial year 2021 at 4.4cps (subject to the Company maintaining sufficient profit reserves and no material changes or unforeseen events). We believe this announcement makes the shares very attractive for shareholders looking for income in the current low interest rate environment.

Portfolio Positioning and Investment Outlook

Financial year 2020 has been a very challenging time for investors, with the COVID-19 pandemic affecting people's health and the state and outlook for the economy and sharemarkets around the world.

Sharemarkets have in recent years been dominated by momentum and growth-style investment approaches, operated by fund managers which value stocks using relatively short-term and often very optimistic trends and extrapolating these into the future. QVE's investment manager, IML, remains disciplined and invested in good quality defensive companies. Although this means QVE has lagged the benchmark lately, it also means that QVE's portfolio is positioned defensively and invested prudently in companies that have a strong franchise, that are run by experienced capable management teams, and have resilient businesses that can continue to generate healthy cashflows through the current uncertain times and beyond.

IML anticipates that market conditions will ultimately return to valuing companies on the basis of their fundamentals and in this environment, the companies in QVE's portfolio should be well-positioned to perform well for QVE's shareholders as the fundamentals of the companies held in the QVE portfolio are very strong.

Share Buyback

The Board announced the implementation of an on-market buyback facility in August 2019 to buy back up to 10 percent of the Company's issued shares. The number of shares bought back is announced to the ASX daily. This facility has now been extended to 8 September 2021.

The Company intends to continue to use available surplus cash for the buyback facility, as the Board has confidence in the underlying quality and long-term prospects of the companies held in the QVE investment portfolio.

Apart from helping to support the QVE share price, the main advantages of this buyback include:

1. As the shares are being bought back at a discount to NTA, the buyback should lead to incremental growth of the Company's NTA and is thus beneficial for all long-term shareholders.
2. The buyback provides liquidity for any shareholders who want to sell their shares on the ASX.

Director Buying

A further sign of confidence in the Company is evidenced by several Directors increasing their shareholdings in the last 12 months by buying shares on the ASX.

All such buying is disclosed in announcements made to the ASX.

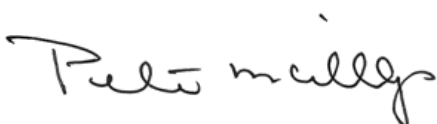
Investor Communications

Additional information about QVE is available at the website qvequities.com. If you have not already done so, we encourage you to visit the website and subscribe to our email list to receive regular investor communications.

You may also be interested in a recent article from IML Investment Director Anton Tagliaferro, [*QV Equities Portfolio: Positioned for Sustainable Earnings*](#), which provides an update on market conditions and an overview of QVE's key shareholdings as well as recent investment activity.

Thank you again for your continuing support of QVE.

Yours sincerely

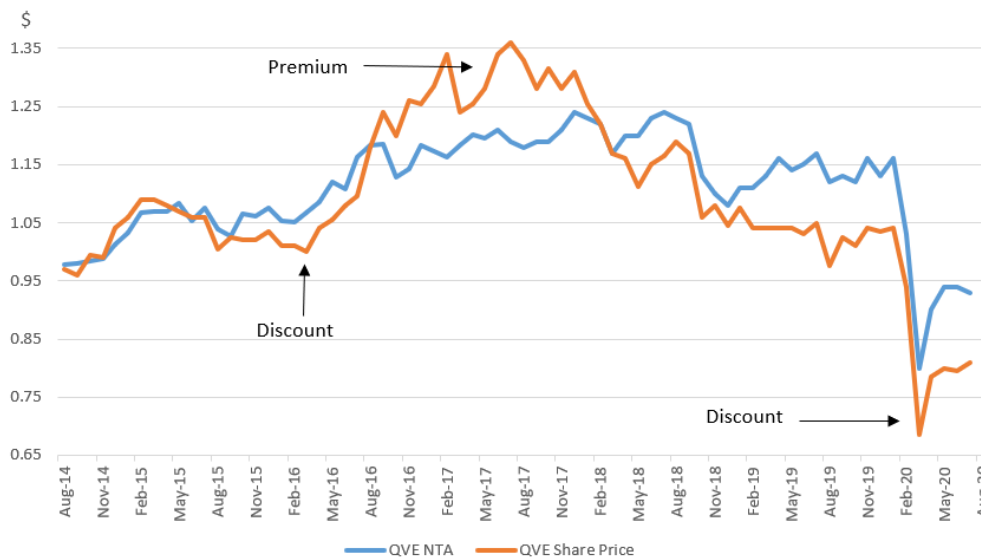
A handwritten signature in black ink that reads "Peter McKillop". The signature is written in a cursive, flowing style.

Peter McKillop, Chairman

Appendix

History – Premium and Discount to NTA

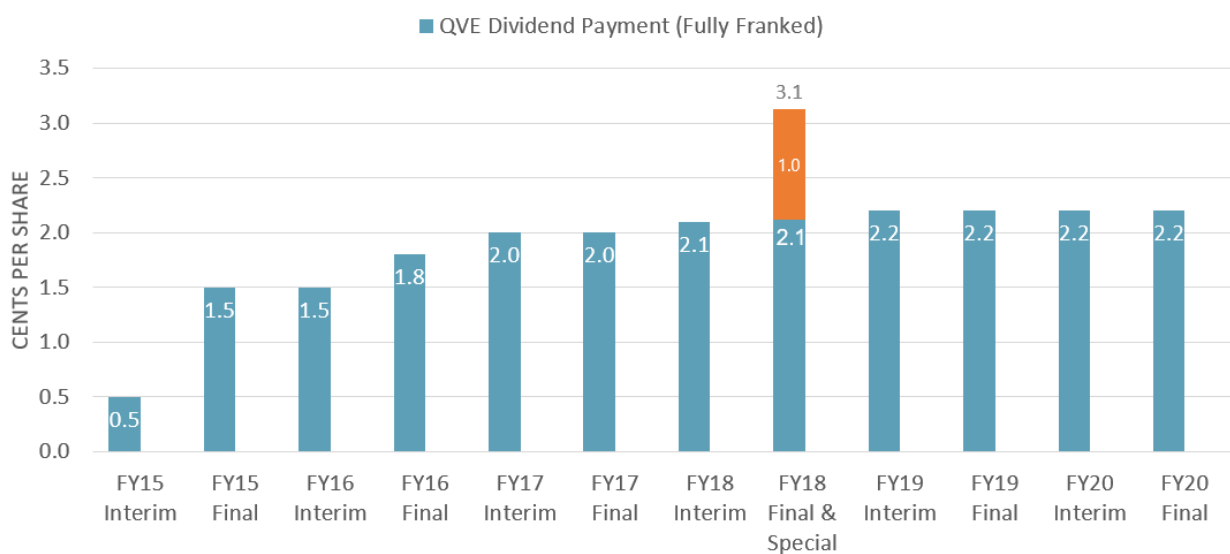
A review of the long-term history of Listed Investment Companies (LICs) reveals that frequently, these companies trade at premiums or discounts to their underlying net assets. The reasons for this are not always clear but often have to do with prevailing market sentiment. When markets are in bullish mode, the LIC sector tends to trade at a premium to NTA, while when markets are more uncertain, the LIC sector often tends to trade at a discount to NTA. As the following chart shows, QVE has traded at both premiums and discounts since its listing on the ASX in 2014, as has been the case for the majority of LICs throughout this time period.



Sources: IML, FactSet

A Stable to Growing Dividend

One of the Company's long-term objectives is to provide its shareholders with a steady and growing dividend over time. The following chart shows that this objective has been achieved to date.



Source: QV Equities Annual Report

Release authorised by Company Secretary, Zac Azzi.

Disclaimer

Investors Mutual Limited AFSL 229988 has prepared the information in this announcement, as the investment manager for, and on behalf of, QV Equities Limited ACN 169 154 858 (QVE). This announcement has been prepared for the purposes of providing general information only and does not constitute an offer, solicitation or recommendation with respect to the purchase or sale of any securities in QVE nor does it constitute financial product or investment advice nor take into account your investment objectives, taxation situation, financial situation or needs. An investor must not act on the basis of any matter contained in this announcement in making an investment decision but must make their own assessment of QVE and conduct their own investigations and analysis. Sharemarkets can move up and down and this may adversely impact your investment return. Past performance is not a reliable indicator of future performance.