

19 August 2020

## QV Equities Limited - Full Year 2020 Results Announcement

### Highlights

- Full year **after-tax profit was \$10.5 million, up 11.6%** on the prior year.
- A **final, fully-franked dividend of 2.2 cents per share (cps)** will be paid on 18 September, taking the full year fully franked dividends to 4.4cps.
- Also, the Board announced its intention to maintain dividend payments for financial year 2021 at 4.4cps.

QV Equities Limited ('the Company') reported a net after-tax profit of \$10.5 million for the year to 30 June 2020, compared to \$9.4 million for the 2019 financial year.

Chairman **Peter McKillop** said of the result: "Financial year 2020 was a very challenging one for investors, with the COVID-19 pandemic affecting people's health and the state of and outlook for the economy and sharemarkets around the world. Despite this, the uplift in the Company's profit allows the Board to maintain profit reserves which will support funding future dividends for our shareholders."

The Company announced on 8 July 2020 a final, fully-franked dividend of 2.2 cents per share (cps) to be paid to shareholders on 18 September 2020. For the full year, the Company's fully-franked ordinary dividend is 4.4 cps. The Board also announced its intention to maintain dividend payments for financial year 2021 at 4.4 cents per share, as were paid in financial year 2020 (conditional on the Company maintaining sufficient profit reserves and there being no material changes or unforeseen events). The dividend announcement can be read on the Company's [website](#) or the ASX.

### QVE Portfolio and Performance

The Company's portfolio delivered a negative return before tax and after fees of -14.5% for the year ended 30 June 2020, compared to the benchmark ASX ex-20 Index's negative return of -5.3%.

**Anton Tagliaferro**, Investment Director at the Company's Investment Manager, Investors Mutual Limited ('IML'), said: "This was a disappointing outcome, although to provide some perspective on QVE's result, the benchmark's return was driven by sectors such as IT and Medical Technology, and many companies in these sectors have little or no earnings and business models which remain unproven. Specific investments also held back the portfolio's return for the year, in particular companies which had earnings severely affected by the COVID-19 lockdowns and resulting economic slowdown. More positively, the portfolio benefited from its exposure to holdings such as Sonic Healthcare, Ampol and Pro-Pac Packaging, which all performed well.

"Global sharemarkets endured one of the most turbulent 12-month periods on record over financial year 2020. From record highs in mid-February, most sharemarkets collapsed from late February to late March as the COVID-19 pandemic forced the shutdown of economies across the globe. However, unprecedented government stimulus together with ongoing record low interest rates and investor exuberance continued to support markets, with many companies' share prices recovering strongly over the June quarter.

"This environment has been a very challenging one for a value-style fund manager such as IML. However, we remain disciplined and prudent in managing the QVE portfolio of stocks outside the ASX top 20. IML continues to maintain strict adherence to the investment mantra which has defined its approach to investing through all market cycles for the past 22 years."

## Year in Summary FY2020

<b>Profit after tax</b> <b>\$10,478,231</b> (\$9,387,628 in FY19)	<b>Management Expense Ratio</b> <b>1.05%</b> (1.03% in FY19)		
<b>Earnings Per Share (cents)</b> <b>3.85 Basic</b> (3.40 in FY19)	<b>Portfolio Return (Pre-tax)*</b> -14.5%	<b>Benchmark*#</b>	<b>ASX 300*</b>
<b>Dividends</b> <b>4.4 cps</b> Fully Franked (declared for FY20) (4.4 cps in FY19)	<b>Portfolio Return (Post-tax)*</b> -9.3%		
<b>Net Assets</b> <b>\$260,389,742</b> (\$311,749,767 in FY19)	<b>Net Tangible Assets (NTA)</b> <b>\$0.94</b> (pre-tax cum div) <b>\$0.98</b> (post tax cum div)		

All data as at 30 June 2020 unless otherwise specified. \*Returns are measured for the 2020 financial year # S&P/ASX300 ex20 index

## Annual General Meeting Date

Shareholders are invited to attend our Annual General Meeting (AGM) on **Wednesday 28 October 2020 at 10.30am** (AEST). Following the AGM, Investors Mutual will provide an update for shareholders on the Company's portfolio. We are closely monitoring government advice regarding corporate events before deciding on the format of this year's AGM. The health and safety of our staff and shareholders remains our priority and we intend to provide the opportunity to join the event online. Further details regarding the AGM proceedings and the meeting, will be sent to shareholders in September.

Please note the closing date for Director nominations for the AGM is **Wednesday 9 September 2020**.

## On-Market Buy-Back

The on-market buy-back facility which commenced on 9 September 2019 has enabled the Company to buy 16.9 million shares at a cost of \$14.9 million (as at 18 August 2020), when the Company's shares were trading at an excessive discount to the underlying Net Tangible Assets per share.

**About QV Equities:** QV Equities Limited (QVE) is a Listed Investment Company established with the primary objective of providing both long-term capital growth and income through a diversified portfolio of ASX-listed entities outside of the S&P/ASX20 Index. The portfolio is managed by Investors Mutual Limited, an award-winning and experienced investment management company with an excellent track record of successfully managing Australian equities since 1998.

**For further information:** [www.qvequities.com](http://www.qvequities.com)

Release authorised by the Board.