

18 August 2021

QV Equities Limited - Full Year 2021 Results Announcement

Key Results

- The portfolio delivered a strong return of +23.4% for the year
- Full year **after-tax profit was \$5.6 million**
- **A final, fully-franked dividend of 1.1 cents per share (cps)** will be paid on 3 September, taking the full year fully-franked dividends to 4.4cps in line with FY20

QV Equities Limited ('the Company') reported a net after-tax profit of \$5.6 million for the year to 30 June 2021, compared to \$10.5 million for the 2020 financial year. This reduction in profit was due primarily to the impact COVID-19 and the associated lockdowns had on the companies in the portfolio, as many of these companies reduced their dividends.

Chairman **Peter McKillop** said of the result: "In an environment where interest rates are at record lows and where many investors are in need of consistent, regular income, the Board was pleased to maintain dividends at 4.4 cents per share for the full year, in line with the previous year. In addition, the Company now pays its dividends to shareholders on a quarterly basis."

The Company announced on 27 July 2021 a final, fully-franked dividend of 1.1 cents per share (cps) to be paid to shareholders on 3 September 2021. For the full year, the Company's fully-franked ordinary dividend is 4.4 cps. The dividend announcement can be read on the Company's [website](#) or the ASX.

QVE Portfolio and Performance

The Company's portfolio delivered a return before tax and after fees of 23.4% for the year ended 30 June 2021, compared to the benchmark's (ASX 300 ex20 Accumulation Index) return of 24.9%.

Anton Tagliaferro, Investment Director at the Company's Investment Manager, Investors Mutual Limited ('IML'), said: "This was a strong result for the QVE portfolio and pleasingly, over the year the portfolio benefited from its exposure to holdings such as Virgin UK, Pact Group, Tabcorp, Hipages and Home Consortium, which all performed well. The benchmark's return was driven primarily by rallies in the more speculative or cyclical sectors such as Technology and Resources. Many companies in these sectors have highly volatile earnings and business models which are unproven, and we remain comfortable with the portfolio's lower weighting to these sectors.

"Over the course of financial year 2021, global sharemarkets experienced one of the best 12-month periods on record to close at or near record highs. From COVID-19-induced lows in March 2020, unprecedented government stimulus together with ongoing record low interest rates and investor exuberance served to support economic growth and sharemarkets, with many companies' share prices recovering strongly over the FY2021 period.

"Although market conditions in recent years have not always favoured our rational, value style, our focus on the fundamental value and quality of companies has enabled us to deliver reliable income and long-term capital growth to our investors over IML's 23 years of existence, while achieving returns which are more consistent and less volatile than the overall sharemarket."

Year in Summary FY2021

Profit after tax \$5,633,706 (\$10,478,231 in FY20)	Management Expense Ratio 1.11% (1.05% in FY20)		
Earnings Per Share (cents) 2.26 Basic (3.85 in FY20)	Portfolio Return (Pre-tax)* +23.4%	Benchmark*# +24.9%	ASX 300* +28.5%
Dividends 4.4 cps Fully Franked (declared for FY21) (4.4 cps in FY20)	Portfolio Return (Post-tax)* +16.4%		
Net Assets \$263,369,217 (\$260,389,742 in FY20)	Net Tangible Assets (NTA) \$1.09 (pre-tax cum div) \$1.08 (post tax cum div)		

All data as at 30 June 2021 unless otherwise specified. *Returns are measured for the 2021 financial year # S&P/ASX300 ex20 index

Annual General Meeting Date

Shareholders are invited to attend the Annual General Meeting (AGM) on **Wednesday 27 October 2021** at 4.00pm (AEDT). Following the AGM, Investors Mutual will provide an update for shareholders on the Company's portfolio. It is intended that the AGM is conducted in-person in Sydney, subject to government advice regarding corporate events. Shareholders will receive further information about the AGM in September.

Please note the closing date for Director nominations for the AGM is **Wednesday 8 September 2021**.

On-Market Buy-Back

The on-market share buyback which has been in place since September 2019 and during the year was extended to September 2022 has enabled the Company to purchase 36.1 million shares at a cost of \$31.7 million to 17 August 2021 when the Company's shares have traded at an excessive discount to the underlying Net Tangible Assets per share. Apart from supporting the Company's share price, the main advantage of the buyback is that the shares are being purchased at a discount to NTA and cancelled, thereby increasing the NTA per share for remaining shareholders.

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.gvequities.com

Release authorised by the Board.

For personal use only