

16 February 2022

Half Year Results to 31 December 2021

Summary

- \$3.36 million operating profit after tax, up 13%
- The Board announced its intention to pay dividends totaling 4.8 cents per share for this financial year*, up 9%
- The portfolio gained +8.2% for the period, in line with its benchmark
- The on-market buyback of QV Equities shares continues and the Board expects this to be accretive to net tangible assets (NTA)

Financial Results

QV Equities (the Company) today reported an operating profit after tax of \$3.36 million for the half year to 31 December 2021. The reported profit is up 13% on the previous corresponding period with many companies in the QV Equities portfolio re-commencing dividend payments as the underlying economy began to normalise following the impact of Covid and its associated lockdowns.

The Company has accumulated \$21.8 million in capital profits reserves at 31 December 2021, these reserves support the Company's objective of maintaining a growing and sustainable dividend for shareholders in future periods.

Dividends

The Board declared a fully franked dividend of 1.2 cents per share for the December 2021 quarter, taking the first half total dividends to 2.4 cents per share fully franked. This is in line with the forecast of dividends totalling 4.8* cents per share for the financial year ending 30 June 2022 as previously announced on 21 October 2021. This represents an increase of 9.1% or 0.4 cents per share on the dividends paid for the prior financial year. Dividends will continue to be paid on a quarterly basis in equal instalments.

Chairman Peter McKillop stated *"Your Board and Investment Manager are focused on ensuring that shareholders receive a sustainable dividend from their investment in QV Equities. The opportunity to receive an annual dividend of 4.8 cents per share is equivalent to a yield of 4.8% for financial year 2022 (calculated on the closing share price on 15 February 2022). With franking credits included, this equates to a 6.8% gross yield."*

Portfolio performance

The Company's investment portfolio delivered a return of +8.2% (pre-tax) for the 6 months to 31 December 2021, which was in line with the ASX ex20 benchmark's return. Over the first half of financial year 2022, sharemarkets around the world continued the strong momentum that began after the Covid-related falls in March 2020. There are clear indicators that investors are increasingly beginning to value companies based on their fundamentals, demonstrated in part by elevated takeover activity, with several takeover bids seen for many of the companies held in the portfolio for some time.

Anton Tagliaferro, co-Portfolio Manager of QV Equities, said:

“We are pleased to have delivered our shareholders a positive and solid return from the QVE Portfolio over this period. Also, to see that many well-established businesses with track records of consistent earnings are becoming appreciated again by many investors.

“Looking forward, we expect the sharemarket to experience volatility for some time as interest rates are likely to increase from their current historic lows as central banks respond to rising inflation.

“As we have done for more than two decades, we continue to focus on what we believe are good quality companies trading at an attractive price and which we believe look attractive on a three-to five-year view, as we seek to generate consistent returns for our shareholders that are less volatile than the overall sharemarket.”

Share buyback

The on-market buyback of the Company’s shares continues to operate. The main advantage of the buyback is that the shares are purchased at a discount to NTA and cancelled, thereby currently increasing the NTA per share for remaining shareholders. The buyback also aims to support the Company’s share price.

In the half year to 31 December 2021, 11.3 million shares were purchased costing \$11.4 million. Since the first buyback commenced in September 2019, over 46 million shares, costing around \$42 million, have been purchased (as at 15 February 2022).

**subject to the Company maintaining sufficient profit reserves and there being no material impacts, changes or unforeseen events.*

We are focused on providing our shareholders with regular communication, investment insights and event invitations. If you would like to receive these invitations and updates on the portfolio, please subscribe on our website qvequities.com or provide your email address to info@qvequities.com

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 (AFSL 229988), an award-winning and experienced investment management company with an excellent track record of successfully managing Australian equities since 1998.

For further information:

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The release of this announcement was authorised by the Board.