DDH GRAHAM LIMITED

FUND PROFILE

31 March 2018

DDH BALANCED GROWTH FUND

INVESTMENT MANAGER QIC

The DDH Balanced Growth Fund invests in a broad range of assets across international and Australian markets. The Fund gives investors access to wholesale portfolios managed by QIC, one of Australia's leading fund managers.

OBJECTIVE

This Fund aims to achieve an investment return of at least CPI plus 4% (before fees) over rolling 5 year periods from investments in cash, fixed interest, property and shares over the medium term.

This Fund invests in underlying QIC wholesale investment funds (referred to as Underlying Funds).

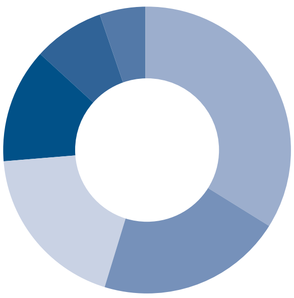
STRATEGY

The Underlying Fund allocates across growth assets (shares, property and alternative assets including listed infrastructure) and defensive assets (fixed interest and cash). For risk management purposes, it may hedge some or all of its currency exposure. QIC seeks to add value by utilising a dynamic asset allocation (DAA) approach in the selection of the investments held by the Fund. QIC's DAA process improves on static asset allocations by responding to valuation signals to maximise the likelihood of achieving its return and risk objectives. Through DAA, the asset allocation mix of the portfolios is adjusted in response to changing market prices and QIC's proprietary estimates of fair value. Allocations are managed within pre-approved ranges that allow asset allocations to be increased or decreased in response to changing economic risks.

QIC AS INVESTMENT MANAGER

DDH has appointed QIC Limited ACN 130 539 123 (QIC) as the Fund's wholesale investment manager. As one of Australia's largest wholesale fund managers QIC has extensive experience and capability in institutional investing. QIC's structure and backing is unique amongst institutional investment managers while the expertise and conviction of its investment teams contribute to produce consistently above-average returns. For further information on QIC, please refer to their website: www.qic.com.

ACTUAL ASSET ALLOCATION (%)



Cash	13.00
Diversified Fixed Interest	8.14
Property	5.20
Australian Shares	20.82
International Shares	33.83
Alternative Investments	19.01

AT A GLANCE

APIR Code	QIN0003AU
Management costs Balance over $200,000	1.45% p.a. 1.075% p.a.
Buy Spread	+0.25%
Sell Spread	-0.25%
Inception date	March 2002
Minimum investment	$2000 (Lump Sum) $500 (Regular Savings Plan)
Income distribution	Half-Yearly

FEATURES

Flexibility

Open to both direct investors and indirect investors who wish to invest in the Fund via a master trust or a wrap service.

Medium to High Risk/Return

Relatively stable returns, with the potential for higher returns than low and medium risk investments, however there is the potential for below-average returns and/or some loss of capital.

This may suit investors with a medium to long term investment horizon, seeking long term capital growth, some income, and a moderate tolerance for the risks associated with market volatility.

Minimum Time Horizon 5 Years

PERFORMANCE RETURN %[1,2,3]

	Total	Growth	Dist
3 months	-1.27	-1.27	0.00
1 year	6.72	2.40	4.32
2 years (pa)	8.70	4.76	3.94
3 years (pa)	4.52	0.90	3.62
5 years (pa)	6.04	1.66	4.38
Inception (pa)	6.30	-0.33	6.63

1. Past performance is not a reliable indicator of future performance.
2. Total Return represents unit price movements and assumes all distributions are reinvested; Growth Return represents unit price movement only; Distribution Return represents the difference between Total Return and Growth Return.
3. All performance figures are net of ongoing fees and expenses.

UNDERLYING FUNDS

Fund profiles for each of the Underlying Funds are attached:

QIC Growth Fund

MORE INFORMATION

DDH GRAHAM LIMITED

For more information please refer to the Product Disclosure Statement available from www.ddhgraham.com.au.

Alternatively please phone Fund Services on 1800 226 174 between 9:00am and 5:00pm (AEST), Monday to Friday, or email investments@ddhgraham.com.au.

QIC GROWTH FUND

31 March 2018

Returns (%)*

	1 mth	3 mths	CYTD	FYTD	1 yr	3 yrs	5 yrs	10 yrs	Since inception
Fund	-0.75	-0.69	-0.69	6.56	8.14	6.19	7.68	7.11	7.61
Rolling CPI + 4%	0.49	1.43	1.43	4.40	5.91	5.69	5.91	6.32	6.49

*Fund returns are net of trust administration fees, applicable external management fees and all underlying Fund expenses but gross of QIC management and any applicable performance fees which are charged outside the Fund. Returns greater than one year are annualised. The Fund objective is CPI + 4% p.a. over rolling five year periods but is also shown for all periods for comparison. Rolling CPI + 4% is calculated as annualised CPI over the reporting period + 4% p.a. For periods less than 1 year, rolling 1 year CPI + 4% has been pro-rated over the reporting period. Inception date was 5 March 2002.

- **Volatility returned to global equity markets over the quarter, with most markets finishing in negative territory.**
- **The Fund's financial-year-to-date (FYTD) return is 6.56%, driven primarily by global equities, while fixed interest, other alternatives, global real estate, DAA, private equity, and global infrastructure also added to performance.**
- **The QIC Growth Fund has achieved a return of CPI + 5.78% p.a. over the past 5 years, outperforming its 5-year rolling Australian CPI + 4% return objective.**

Market review

Global equity markets started the year strongly, before volatility hit at the beginning of February and markets entered correction territory. Markets subsequently recovered before President Trump announced tariffs on steel and aluminium, igniting concerns of a global trade war.

Markets initially gained in January as encouraging global growth prospects and positive sentiment from the recently passed US tax cuts drove markets higher. However, markets sentiment shifted abruptly over the first half of February following the release of US employment reports, which showed stronger than expected wage growth. Bond yields rose and equities sold off as markets anticipated further hikes and tighter monetary policy moving forward.

In March, the Federal Reserve raised the Federal funds rate to 1.75% pushing it beyond the RBA's cash rate of 1.5% for the first time since 2000. Elsewhere, the ECB left monetary policy unchanged, but signalled that monetary policy tightening would continue this year.

Late in the quarter, President Donald Trump announced a 25% tariff on steel and a 10% tariff on aluminium imports, sparking fears of a global trade war. Markets broadly declined on the news, before further retreating as China announced a retaliation.

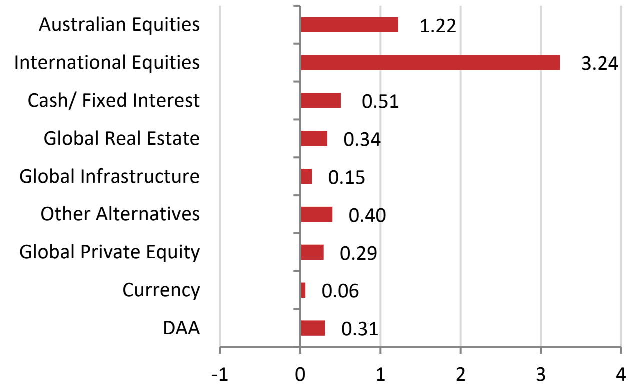
Global Equities

International equity markets fell over the quarter, with the MSCI All Country World Index ex Australia (hedged to AUD) returning -1.96%. The S&P 500 Total Return Index finished in negative territory at -0.76%. Australian equities underperformed over the quarter, with the S&P/ASX200 returning -3.86%. Emerging market equities outperformed, finishing in positive territory, with the MSCI Emerging Markets Index (hedged to AUD) returning 0.16%.

Global Fixed Interest and Cash

In fixed interest markets, yields generally rose over the quarter. However, yields moved lower in Australia, weighed down by weak economic data. Over the quarter, investment grade credit underperformed as credit spreads widened in the US, Europe and Australia. Meanwhile breakeven inflation expectations increased over the quarter both in Australia and the US.

Contribution by asset class for the FYTD (%)



Rolling 5 year return against objective[1] (%)

Currency

The Australian Dollar (AUD) depreciated against most major currencies over the quarter. The AUD depreciated against the Japanese Yen (-7.35%), British Pound (-5.43%), Euro (-4.27%) and the US Dollar (-1.91%). On a trade-weighted basis, the AUD fell by -4.01% over the quarter.

[1]The Investment Objective is to achieve an investment return of Australian CPI + 4% p.a. after fees but before taxes over rolling 5-year periods.
The Investment Objective has been in place since July 2008. Prior to this time the Fund was managed to a Reference Benchmark.
Past performance is not a reliable indicator of future performance.

Fund performance and positioning

The QIC Growth Fund (the Fund) returned -0.69% over the quarter. The Fund has achieved a return of CPI + 5.78% p.a. over the past 5 years (before QIC management fees, which are charged outside the Fund. Net of management fee outcomes will be different for individual investors). This is more than the Fund's objective of CPI + 4% p.a. over rolling 5-year periods.

The Fund is managed to a Strategic Asset Allocation (SAA) portfolio that we believe will deliver the return objective over time. The SAA portfolio targets a position of close to 50% in global equities, including investments in a combination of risk and behavioural based factors such as value, momentum and quality equities, as well as emerging markets. The Australian and International equities exposures detracted from Fund returns over the quarter. Within the equities portfolio, the multi-factor strategy outperformed both domestically and internationally over the quarter, while the value strategy in emerging markets also outperformed.

The SAA portfolio includes a 10% allocation to fixed interest, with a 20 year duration and a 10% allocation to cash. This allocation is expected to have some defensive characteristics and provides some diversification to the Fund's equities exposure. The Fund's fixed interest exposure slightly detracted from performance over the quarter.

The SAA portfolio also targets a 30% exposure to a diverse range of alternative asset classes including direct real estate, direct infrastructure, private equity, insurance-linked securities and liquid managed funds. We expect the Fund's alternative assets to provide a range of benefits for the portfolio, including reducing the Fund's reliance on equity risk to achieve its return objective and diversification to help achieve the risk objective.

In the Fund's alternatives exposures, real estate contributed positively over the quarter. However, the Fund's private equity and infrastructure exposures detracted over the quarter.

The SAA includes a 10% exposure to foreign currency which we expect to offer some diversification in times of equity market stress.

DAA Positioning and Performance

The Fund uses a Dynamic Asset Allocation (DAA) process to respond to market and economic movements using a systematic valuation-aware framework. The DAA process comprises four sub-strategies: the cross-asset strategy, cross-sectional equity strategy, cross-sectional bond strategy, and the currency strategy.

The DAA process generated a 0.10% return over the quarter. The largest positive contributor was the currency sub-strategy as the basket of long currencies appreciated, on average, versus the basket of short currencies. The largest positions in the long basket are JPY, GBP, CAD, NOK and SEK while the largest short positions are in CHF, AUD, EUR and NZD.

Effective exposure range and actual (%)

Asset Class	Total Fund Range	Strategic Exposure	DAA	Actual
Global Equities	25-75	53.72	0.74	54.46
> Australian Equities		21.10	-0.35	20.74
> International Equities		32.63	1.09	33.72
Global Real Estate	0-15	5.18	n/a	5.18
> Direct Property		5.18	n/a	5.18
> Global REITS		0.00	n/a	0.00
Global Infrastructure	0-15	2.67	n/a	2.67
> Listed Infrastructure		1.10	n/a	1.10
> Unlisted Infrastructure		1.57	n/a	1.57
Other Alternatives	-10-40	14.78	n/a	14.78
Global Private Equity	0-10	1.72	n/a	1.72
Global Fixed Interest & Cash		21.92	-0.74	21.18
> Global Fixed Interest	-15-35	10.13	-2.02	8.11
> Cash	-15-35	11.80	1.27	13.07
Total		**100.00**	**0.00**	**100.00**
FX Currency	-10-30	10.65	1.38	12.02
Credit Overlay	-20-60	20.36	n/a	20.36

Note: *The duration adjustment of the interest rate exposure of the global fixed interest allocation is 20 years. The credit exposure has a duration adjustment of 5 years.*

The cross-asset strategy, comprising long positions in equities and cash and a short position in fixed income, also generated a positive return over the quarter.

The cross-sectional bond strategy remained relatively flat over the quarter as the basket of long bonds performed, on average, in line with the short basket of bonds. This strategy holds overweight bond positions in US bonds, against underweight positions in UK, Canada, Australian and German bonds.

The cross-sectional equity strategy contributed negatively over the quarter as the equity markets we are overweight underperformed the markets we are underweight. The largest underweight equity positions are in US and Australia and the largest overweight equity positions are in Europe, the UK and Japan.

DESCRIPTION: The focus of the Fund is growth rather than income, with the potential for short term capital loss.

INVESTMENT OBJECTIVES: The Fund seeks to achieve an investment return of Australian CPI + 4% p.a. after fees but before taxes over rolling 5-year periods. The Fund seeks to limit the ex-ante probability of a negative return over 1 year at less than 1 in every 5 years on average**.**

INCEPTION: 5 March 2002 **SIZE:** A$3,295,427,870

CONTACT US: +61 7 3020 7082 **clientservices@qic.com** **www.qic.com**