

## DDH AGGRESSIVE GROWTH FUND

The DDH Aggressive Growth Fund invests primarily in growth assets, mainly listed international and Australian shares. The Fund gives investors access to wholesale portfolios managed by QIC, one of Australia's leading fund managers.

### OBJECTIVE

The Fund aims to provide long-term capital growth by investing in a diversified portfolio of Australian and global shares, which it achieves through investment in the Underlying Funds.

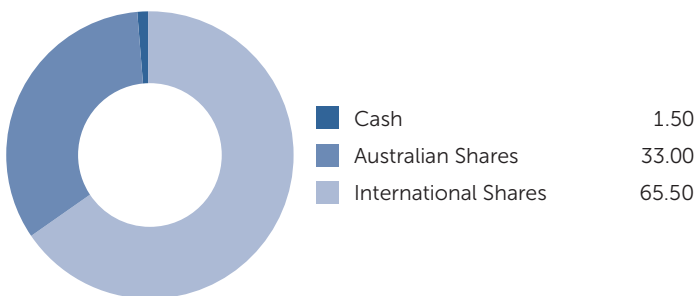
### STRATEGY

Through investment in a combination of the Underlying Funds, the Fund's benchmark asset allocation is 100% invested in growth assets (shares), subject to limited allocations to cash and foreign currency, as described below. Allocations between the Underlying Funds are reviewed regularly although a reallocation is only considered in response to a fundamental change in long-term expectations or market demand. QIC seeks to add value through a disciplined approach to the selection of the investments held by the Underlying Funds. For risk management purposes, some of the Underlying Funds may hedge some of their currency exposure.

### 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](http://www.qic.com).

### ACTUAL ASSET ALLOCATION (%)



INVESTMENT  
MANAGER



### AT A GLANCE

APIR Code	QIN0001AU
Management costs	1.55% p.a.
Balance over \$200,000	1.125% p.a.
Buy Spread	+0.14%
Sell Spread	-0.14%
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.

#### High Risk/Return

The potential for higher returns than lower risk investments, however there is the higher potential for below-average returns and/or some loss of capital.

This may suit buy and hold investors seeking long-term capital growth, some income, and with a higher tolerance for the risks associated with market volatility.

Suggested Minimum Time Frame	7 Years
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### PERFORMANCE RETURN %<sup>1,2,3</sup>

	Total	Growth	Dist
3 months	4.11	4.11	0.00
1 year	15.75	12.34	3.41
2 years (pa)	14.14	6.95	7.19
3 years (pa)	13.09	6.77	6.32
5 years (pa)	9.16	3.06	6.10
Inception (pa)	6.20	-2.58	8.78

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:

**QIC Diversified Australian Equities Fund**

**QIC International Equities Fund**



### MORE INFORMATION

For more information please refer to the Product Disclosure Statement available from [www.ddhgraham.com.au](http://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](mailto:investments@ddhgraham.com.au).

### Returns (%)\*

	1 mth	3 mths	FYTD	1 yr	3 yrs	5 yrs	Since inception**
Fund	-1.26	0.81	0.81	14.48	13.30	8.75	9.31
Benchmark	-1.26	1.53	1.53	13.97	12.11	8.19	8.79

\* 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.

\*\* Inception date was 10 July 2002. In September 2011, the Fund changed its name from Implemented Australian Equities Fund and its investment objective from targeting a return of 2% above S&P/ASX200 via active management.

- **The QIC Diversified Australian Equities Fund returned -1.26% over the month taking the quarterly return to 0.81%**
- **The Australian equity market returned -1.26% over September taking the return to 1.53% over the quarter**
- **The Fund lagged its benchmark over the quarter, driven by underperformance within the multifactor strategy**

### Performance

The QIC Diversified Australian Equities Fund (the Fund) returned -1.26% over September to take the return to 0.81% over the quarter. The Fund performed in line with the benchmark over the month but underperformed over the quarter, with the S&P/ASX 200 Accumulation Index (ASX 200) returning -1.26% and 1.53% respectively.

#### Contributors to performance relative to the benchmark over the quarter:

- The value strategy outperformed, with stock selection within the energy, industrials and consumer discretionary sectors driving relative performance
- Stock selection within the consumer staples and industrials sectors contributed to positive performance over the quarter within the multifactor strategy

#### Detractors from performance relative to the benchmark over the quarter:

- The multifactor strategy underperformed, driven by stock selection within the materials sectors and the sector allocation to the health care sector
- An underweight allocation and stock selection within the materials sector (within the value strategy) detracted from performance

### Market review

Australian equities underperformed international markets over the quarter, with the ASX 200 returning 1.53%. Telecommunication services (+25.29%) was by far the top performing sector within the index over the quarter, followed by information technology (+10.52%) and industrials (+4.43%). Meanwhile, utilities (-4.08%) was the largest detractor, followed by materials (-0.91%) and consumer staples (-0.40%).

Globally, equities strengthened over the quarter despite continued concerns over trade talks occupying global markets. Additionally, economic data continued to remain strong across most markets. At the start of the quarter, US president Donald Trump proposed a list of Chinese imports that would be subject to a 10% tariff, before announcing this would be increased to 25%, with China then announcing its own tariffs in retaliation.

### Sector composition (%)

Sector	Fund	Benchmark
Consumer Discretionary	6.03	4.35
Consumer Staples	7.87	7.88
Energy	6.84	5.98
Financials	29.94	32.43
Health care	9.00	8.56
Industrials	8.76	7.64
Information Technology	2.69	2.39
Materials	17.14	18.00
Real Estate	6.37	7.50
Telecommunication Services	3.42	3.35
Utilities	1.03	1.90
Cash	0.91	0.00
Futures	3.32	0.00

### Top ten holdings (%)

Name	Fund	Benchmark
Commonwealth Bank of Australia	5.92	7.52
CSL Limited	5.51	5.45
BHP Billiton Limited	5.37	6.65
Australia and New Zealand Banking Group Limited	5.14	4.88
Westpac Banking Corporation	4.96	5.74
National Australia Bank Limited	4.90	4.54
Wesfarmers Limited	4.15	3.38
Macquarie Group Limited	2.65	2.39
Rio Tinto Limited	2.05	1.94
Woodside Petroleum Ltd	1.96	2.16

Benchmark is the S&P/ASX 200 Accumulation Index.

Past performance is not a reliable indicator of future performance.

Forecast results are predictions only and may differ materially from results ultimately achieved.

At the end of the quarter, Trump went on to enforce the \$200bn of tariffs and threatened to impose further tariffs on Chinese goods. Despite these headwinds, US equities finished the quarter higher, with the US outperforming all other developed countries, returning 7.36%. Meanwhile, emerging markets (-0.04%) underperformed on the back of continued trade concerns, higher US interest rates and a strengthening US dollar.

### Fund positioning

The Fund targets combinations of risk and behavioural based factors. The Fund currently has a tilt towards value, momentum, low beta and quality equities, which is consistent with our desire to capture the long-term positive expected returns associated with these exposures. Relative to its benchmark, the Fund is most overweight the consumer discretionary, industrials and energy sectors and most underweight financials, real estate and utilities.

### Manager by strategy

Manager	Strategy
Vanguard	Portfolio designed to approximate the ASX300 index with low tracking error.
DFA Australia	Systematic process designed to extract value and profitability factors from Australian markets.
AQR Capital Management	Systematic quantitative process designed to deliver a combination of value, momentum, low beta and quality factors.

#### DESCRIPTION:

The Fund invests in equity securities listed on the Australian equity market and equity related derivatives. The Fund dynamically manages beta exposures to access risk premia in the Australian Equities market.

#### INVESTMENT OBJECTIVES:

To provide a superior risk-adjusted return versus S&P/ASX 200 Accumulation Index and outperform the benchmark by 1.0% per annum over rolling 3 year periods.

#### INCEPTION:

10 July 2002

**SIZE:** A\$1,678,959,970

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This Fund Commentary and the information contained in it (the "Information") is subject to the 'Disclaimer' on our web site: see <http://www.qic.com/disclaimer.aspx> (as amended from time to time) as if any references to 'website' (or related terms) in the 'Disclaimer' are replaced with references to the Information, and all other necessary consequential amendments are made.

### Returns (%)\*

	1 mth	3 mths	FYTD	1 yr	3 yrs	5 yrs	Since inception**
Fund	0.35	6.55	6.55	19.12	12.50	13.22	6.16
Benchmark	0.43	6.60	6.60	19.18	12.28	14.56	7.00

\* 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.

\*\* Inception date was 20 June 1994. Prior to December 2009, the Fund's objective was to outperform the MSCI All Country World Index ex Australia by 2.50% p.a. on a rolling three year basis via active management.

- **The QIC International Equities Fund returned 0.35% over September taking the quarterly return to 6.55%**
- **The MSCI All Country World ex Australia (unhedged) Index returned 0.43% over the month taking the quarterly return to 6.60%**
- **The Fund marginally underperformed its benchmark over the quarter, driven both by the multifactor strategy and the developed market value strategy**

### Performance

The QIC International Equities Fund (the Fund) returned 0.35% over the month taking the return to 6.55% over the September quarter. The Fund underperformed relative to the benchmark over the month and quarter, with the MSCI All Country World ex Australia (unhedged) Index returning 0.43% and 6.60% respectively.

#### Contributors to performance relative to the benchmark over the quarter:

- The emerging markets value strategy outperformed, driven by an overweight sector allocation to energy and materials and an underweight allocation to the information technology sector

#### Detractors from performance relative to the benchmark over the quarter:

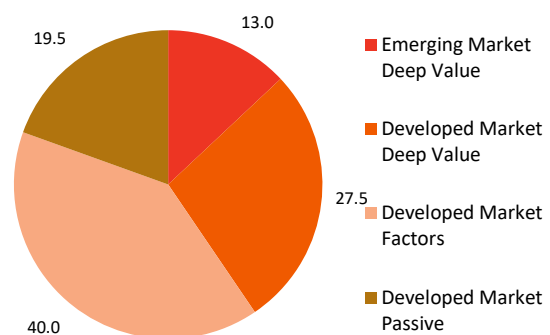
- The developed markets value strategy underperformed relative to the benchmark, as stock selection within the consumer discretionary and information technology sectors and an underweight allocation to the information technology sector detracted from performance
- The multifactor strategy marginally underperformed, with losses within information technology stock selection driving performance

### Market review

Global equity markets ended the first quarter of the financial year in positive territory, with the MSCI All Country World ex Australia Index returning 4.75% in local currency terms. Over the quarter, the health care (+11.10%), industrials (+6.47%) and information technology (+6.22%) sectors all outperformed. Meanwhile, real estate (-1.19%), materials (+0.98%) and utilities (+1.02%) all underperformed relative to the benchmark.

Equities strengthened over the quarter despite continued concerns over trade talks occupying global markets. Additionally, economic data continued to remain strong across most markets. At the start of the quarter, US president Donald

### Beta strategies target weight (%)



### Regional composition (%)

Region	Fund	Benchmark
Asia Pacific Ex Japan	1.85	1.74
Emerging Markets	12.01	11.02
Europe	19.67	19.91
Japan	7.83	7.73
North America	57.62	59.60
Cash	1.02	0.00
Futures	5.18	0.00

Trump proposed a list of Chinese imports that would be subject to a 10% tariff, before announcing this would be increased to 25%, with China then announcing its own tariffs in retaliation. At the end of the quarter, Trump went on to enforce the \$200bn of tariffs and threatened to impose further tariffs on Chinese goods. Despite these headwinds, US equities finished the quarter higher, with the US outperforming all other developed countries, returning 7.36%. Meanwhile, emerging markets (-0.04%) underperformed on the back of continued trade concerns, higher US interest rates and a strengthening US dollar.

Benchmark is the Morgan Stanley Capital International (MSCI) All Country World Index ex Australia.

Past performance is not a reliable indicator of future performance.

Forecast results are predictions only and may differ materially from results ultimately achieved.

## Fund positioning

The Fund targets combinations of risk and behavioural based factors. Over September, the Fund implemented the low beta factor through a change of mandate in the multifactor strategy. The low beta factor purchases securities which are expected to have less sensitivity to the market and higher risk-adjusted returns. The implementation uses a basket of international equity futures to maintain a comparable risk level to the benchmark. This has meant an additional “Futures” line has been added to the sector positioning table. The Fund currently has a tilt towards value, momentum, low beta and quality equities and the emerging markets region, which is consistent with our desire to capture the long-term positive expected returns associated with these exposures. Relative to its benchmark, the Fund is most overweight utilities, industrials and health care, while the largest underweight positions are in information technology, financials and consumer staples.

## Sector composition (%)

Sector	Fund	Benchmark
Consumer Discretionary	12.48	12.44
Consumer Staples	6.32	7.88
Energy	6.29	6.74
Financials	15.00	16.64
Health Care	12.56	11.90
Industrials	12.45	10.79
Information Technology	18.40	20.37
Materials	4.93	4.75
Real Estate	2.79	2.76
Telecommunication Services	3.12	2.86
Utilities	4.63	2.87
Cash	1.02	0.00
Futures	5.18	0.00

## Manager by strategy

Region	Manager	Strategy
Global	AQR Capital Management	Systematic quantitative process designed to deliver a combination of value, momentum, low beta and quality factors.
	DFA Australia	Systematic process designed to extract value and profitability factors from developed markets.
	State Street Global Advisors	Index manager mandated to replicate the MSCI World ex AU Index (developed markets).
Emerging markets	DFA Australia	Systematic process designed to extract value and profitability factors from emerging markets.

## Volatility (%)

Volatility (%)	3 year	Since inception*
Fund	8.43	8.57
Benchmark	8.91	9.34

\* Since inception of beta management (December 2009).

### DESCRIPTION:

The Fund invests in securities listed on stock exchanges around the world and equity related derivatives. The Fund dynamically manages beta exposures to access the risk premia from the International Equities market space.

### INVESTMENT OBJECTIVES:

To outperform the Morgan Stanley Capital International (MSCI) All Country World Index Ex-Australia by 1.0% p.a. on a rolling 3 year basis.

### INCEPTION:

20 June 1994

**SIZE:** A\$2,571,969,224

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