

DDH Conservative Growth Fund (formerly Q Invest Conservative Growth Fund)

Performance Report as at 31 March 2010

Investment objective

The Investment Access Conservative Growth Fund will seek to achieve an investment return of at least CPI plus 2% (before fees) over rolling 3 year periods.

Risk/Return Profile

Low to medium.

Minimum Investment Time Frame

At least 3 years.

Commentary and outlook

The performance of the Investment Access Conservative Growth Fund is set out below. Refer to the attached performance reports from QIC.

Performance

	3 months %	1 year %	3 years % p.a.	5 years % p.a.	Inception % p.a.
Total Return	1.55	14.62	2.02	5.18	5.09
Growth return	1.55	11.75	-5.59	-3.42	-1.61
Distribution return	0.00	2.87	7.61	8.60	6.71

Performance notes:

1. Performance is calculated using IFSA Standard No. 6.00.
2. Performance figures have been calculated using exit to exit prices.
- 3 Total Return represents unit price movements and assumes all distributions are reinvested.
4. Growth Return represents unit price movement only.
5. Distribution Return represents the difference between Total Return and Growth Return.
6. All performance figures are net of ongoing fees and expenses.
7. Past performance is not a reliable indicator of future performance.
8. Inception date was 9 March 2002.

Unit Price

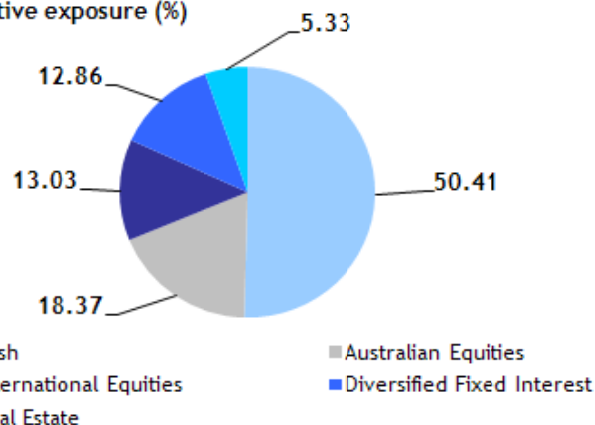
	As at 31-03-10
Entry price (ex distribution)	\$0.8781
Exit price (ex distribution)	\$0.8770

Asset allocation

	As at 31-03-10 (%)
Cash	50.41
International Shares	13.03
Australian Shares	18.37
Property	5.33
Diversified Fixed Interest	12.86

Portfolio Positioning

Effective exposure (%)



Income distribution

Distributions are half yearly at the end of June and December. Distributions may include realised capital gains from the disposal of underlying assets. Details of the final tax components of the distribution, including franking credits, will be advised to unitholders after 30 June 2010.

QIC Stable Fund

Fund details at 31 March 2010

Profile

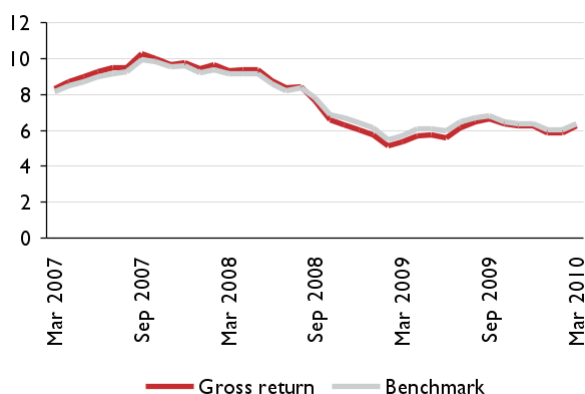
Description	The Fund captures the performance of a diversified group of assets, weighted to the defensive asset classes.
Objective	The Fund seeks to outperform its benchmark over the medium term through active management of the underlying exposures.
Inception	March 2002
Size	AUD \$41.5 million

Performance

Gross period returns (%)

Period	Fund	Benchmark
1 month	2.20	1.90
3 months	1.90	1.60
Financial year to date	11.53	9.60
1 year	15.93	13.70
3 years	3.06	3.31
5 years	6.27	6.38
7 years	7.74	7.51
Since inception	6.21	6.21

Rolling 5 year return against Benchmark (%)



Market Overview

The Fund returned 2.20% over the month compared to a benchmark return of 1.90%. Over the quarter, the Fund returned 1.90% compared to a benchmark of 1.60%. For the financial year to date (FYTD), the Fund returned 11.53% against a benchmark of 9.60%. Performance was driven mainly by international and Australian equities.

Australian Equities

The ASX200 had its best month since September 2009 and came very close to the 12 month high that was struck in January 2010. The Australian market was helped by global equity markets posting a strong performance for March, on the back of generally stronger economic data. The losses of January have been more than recouped over February and March, the ASX 200 returned 1.36% over the quarter.

Although broad commodity price indices were down over the quarter, the Reserve Bank of Australia (RBA) Commodity price index, a better representation of Australian resources export prices rose 2.5%. The resource sector was a positive contributor to the Australian share market performance over the quarter, with the ASX 200 materials index returning 1.09%.

The RBA increased the official cash rate twice in the quarter (February and March), to 4%, 1% higher than beginning of October. Full-time employment increased for the sixth consecutive month and the unemployment rate decreased from 5.5% in December 2009 to 5.3% in February. However, rising interest rates have begun to impact the consumer: retail sales fell by a sharp 1.4% in February.

Australian equities added around 0.3% to performance at Fund level over the quarter and around 5.2% for FYTD.

International Equities

Global equity markets posted strong gains in March, rounding out a positive quarter for most regional markets. The Morgan Stanley Capital International (MSCI) All Countries World Index (ex Australia) gained 6.51% in local currency terms over the month and 4.32% for the March quarter. Continued Australian dollar (AUD) strength meant that in AUD terms returns were 3.78% for the month and 1.02% for the quarter.

US economic data appeared to support the view of an emerging recovery which drove the US equity market higher (+5.4% over the quarter). US Consumer Confidence and personal spending increased, as did industrial production and capacity utilisation. The Institute for Supply Management (ISM) index at 56.5, is pointing to significant continued expansion.

Sovereign debt concerns in Europe dominated market sentiment at the beginning of the quarter, with equity markets selling off and investors moving to longer dated US and German government bonds. However, these concerns abated through March and increasing risk appetite saw equities, commodities and other risky assets gain favour.

Results from the US fourth quarter reporting season were encouraging with a record number of companies announcing earnings that exceeded analysts' expectations. There are signs now that growth is returning to the revenue line, relieving pressure from cost-cutting measures and adding some basis for the strong growth implied by forward earnings estimates.

All developed market sectors gained in March with almost all up over the quarter. Growth sensitive sectors found favour through the quarter, with industrials (+10.4%) and consumer discretionary (+8.2%) the strongest sectors, while the healthcare (2.4%), energy (0.4%) and utilities (-1.3%) lagged.

Most developed equity markets rose over the quarter, with the significant exceptions of Spain (-10.2%), Greece (-7.9%) and Portugal (-4.8%), all of which were subject to concerns about high sovereign debt levels. While Norway's market gave ground over the quarter, the other Scandinavian countries were strong with Finland up 18.7%, Denmark up 16.4% and Sweden up 8.4%.

Emerging country markets were also very strong over the quarter, with Taiwan (-4.5%) and China (-1.4%) the only markets that fell. The strongest performers were Hungary (+17.4%, with most of this occurring in March), Egypt (+12.3%) and Morocco (+12%).

International equities added around 0.7% to performance at Fund level over the quarter and around 3.6% for FYTD.

Global Fixed Interest

Global long sovereign bonds produced mixed performance over the March quarter, despite a rally in equities and other risk assets. Benchmark 10-year US Treasuries performed well through the early part of the quarter, however continued heavy issuance and weak auctions sparked a sell-off in March. Over the quarter, yields fell just one basis point to 3.83%. Australian 10-year bonds rallied during January, but then sold off through the remainder of the quarter, with yields finishing modestly higher at 5.78%. German Bunds benefited from a flight to quality amid the sovereign debt concerns at the European periphery, with the yield on the 10-year German benchmark coming in 0.30% to 3.09%.

Despite some widening early in the quarter, by the end of March US credit spreads had contracted to new lows. High yield spreads are now at 5.70%, a two year low, while investment grade credit spreads are 1.50%, their lowest since November 2007. Emerging market credit spreads also contracted through the quarter, consistent with the rally in most risky assets.

Fixed interest has contributed around 0.5% at Fund level over the quarter and 1.6% for FYTD.

Cash

The RBA lifted the cash rate at its meeting in early March, after leaving rates on hold through February (no meeting was held in January). The central bank cited strong domestic conditions and growth in the global economy as justification for lessening monetary policy stimulus and moving interest rates closer to their long term average. Cash returned 1.02% for the quarter.

Cash has contributed around 0.5% at Fund level over the quarter and 1.5% for FYTD.

Direct Property

Australian real estate markets appear to have stabilised. While vacancy rates have risen materially in the office sector over the past year, in the medium to longer term vacancy rates are expected to stabilise and slowly decrease. The retail market has been resilient, on the back of strong monetary and fiscal support, which has seen the forecast earnings for the QIC Property Fund remain stable relative to other portfolios, providing continued relative outperformance against peers. Buyer demand has increased markedly for institutional investments across both retail and office sectors during the last six months, providing further support to the market. Going forward, rising interest rates creates some headwind to the market although monetary policy remains stimulatory and well below neutral levels.

Direct property added 0.08% to performance at Fund level over the quarter and 0.25% for FYTD.

Performance Drivers

Gross QIC fund returns for the financial year to date (%)

	Fund	Benchmark
QIC Australian Equities Fund	28.81	27.34
QIC Active Large Companies Fund	27.99	27.47
QIC Active Small Companies Fund	48.96	25.76
QIC Implemented Australian Equities Fund	30.06	27.34

	Fund	Benchmark
QIC Hedged International Equities Fund	28.17	27.89
QIC International Equities Fund	12.90	11.52
QIC Property Fund	5.14	2.63
QIC Diversified Fixed Interest Fund	12.58	6.38
QIC Cash Fund	2.91	2.73

There has been a continued improvement to the unrealised loss in the Securities Lending Program, which some underlying trusts participated in.

Outlook

We consider equity markets to be fairly valued based on our long-run models and expectations. Short term pricing is volatile though and we see risks that equity market strength is vulnerable to the downside. This is due to the forward looking nature of equities and the high expectations for corporate earnings growth currently factored in. Economic recovery must materialise, particularly in the US, if these shorter term expectations are to be met.

Whilst we have some confidence in the long term growth potential from China and India, equity markets and global gross domestic product (GDP) remain heavily influenced by the US, where sustained economic recovery continues to be clouded by reticent consumers and strained government finances. Recent Federal Open Market Committee (FOMC) minutes cited a potential “extended period” of low interest rates highlighting the uncertainty within the US Federal Reserve (Fed) about the strength of recovery. Continuing concerns emanating from Europe over the level of support required for economies such as Greece also keeps us cautious.

In the current environment, our caution is mitigated somewhat by our positioning toward value and emerging market equities. We maintain our focus on key indicators of recovery such as US labour force and bank lending figures.

We remain optimistic on the outlook for the Australian share market returns over the medium to long term, as we expect the market will continue to recover ahead of global economic growth, albeit off a lower base. In the near term, we expect volatility will remain at above average levels as the recovery in the real economy is likely to experience several ‘false dawns’ and markets will trade heavily around this. However we expect that as revenue growth returns, corporate profitability is likely to show considerable operating leverage for a diverse range

of companies that have actively reduced costs and conserved capital.

More specifically in 2010 we expect margin expansion to feature despite revenue growth remaining fairly subdued. The previous two years of soft economic growth have focused companies on reducing their cost bases and as such as the economy improves, we have high expectations for margin expansion in the worst affected sectors.

In coming months, Fed should remove the commitment to maintain “exceptionally low levels of the federal funds rate for an extended period.” While there may be little need for central banks to tighten aggressively during 2010, central banks’ rhetoric could change.

In the UK, while the upcoming election provides some uncertainty and some questions about the pace of recovery remain, we believe that heightened inflationary concerns post election will prompt the Bank of England (BoE) to lift cash rates in the second half of this year. This inflation risk is being driven by the flow on effects of currency depreciation.

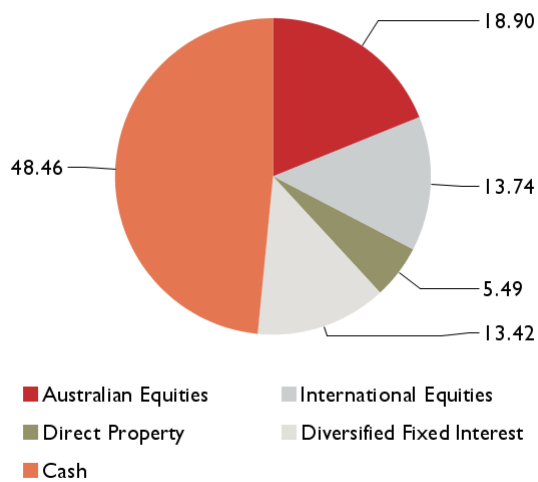
We continue to anticipate a number of further official increases in the cash rate over coming quarters in Australia.

An increasingly stronger technical picture continues to support the improvement in credit markets. The majority of investment grade companies have been reporting good results, positive cashflow and improved balance sheets. Credit spreads continue to be priced inexpensively relative to the underlying default and downgrade risks, and spreads are expected to tighten further over the medium term.

The willingness of investors and banks to refinance existing deals has been a strong catalyst for the sharp improvement in the default outlook for the high yield sector. We expect defaults to fall sharply in the coming year based on the ability of issuers to refinance as well as the improving fundamentals.

Portfolio Positioning

Effective exposure (%)



Benchmarks

Australian Equities

- S&P/ASX 200 Accumulation Index
- S&P/ASX 100 Accumulation Index
- S&P/ASX Small Ordinaries Accumulation Index

International Equities

- MSCI World All Countries Index - Hedged
- MSCI World All Countries Index - Unhedged

Property

- Domestic real estate: Financial Standard Wholesale Direct Property Index ex-QIC

Global Fixed Interest

- Composite of 40% UBS Composite Bond Index and 60% Lehman Global Aggregate Index, hedged in Australian dollars

Cash

- Domestic cash: UBSA Bank Bill Index
- Cash enhanced: UBSA Bank Bill Index

Notes:

- Returns greater than one year are annualised.
- Past performance is not a reliable indicator of future performance.
- The benchmarks shown above are in relation to the QIC products the QIC Stable Fund is invested in. Please refer to the QIC gross fund returns table for the list of products.
- Absolute return strategies maybe used to enhance the return of the QIC Stable Fund, primarily through the use of the derivatives.

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