



DDH Australian Small Companies Fund

Performance Report for the Quarter Ended 30 September 2009

Investment objective

The DDH Australian Small Companies Fund invests in the QIC Active Small Companies Fund which aims to capture the performance of small companies listed on the Australian sharemarket by investing in a diversified portfolio of listed and unlisted securities and by the use of associated derivatives.

Commentary and outlook

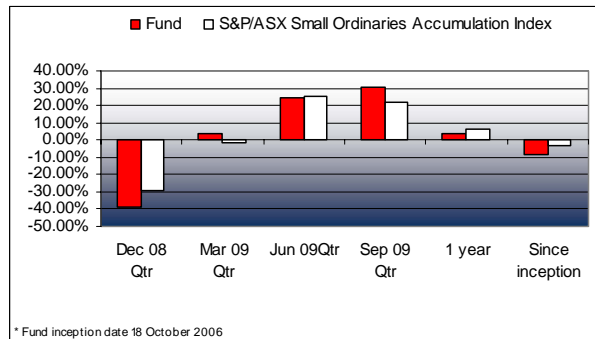
The performance of the DDH Australian Small Companies Fund is set out below. Refer to the attached performance report from QIC. Please note that the performance figures quoted in QIC reports relate to the underlying QIC wholesale funds.

Performance

| | 3 months % | 6 months % | 1 year % | 2 year % p.a. | Since Inception % p.a. | QIC Fund Since Inception % p.a. |
|---------------------|------------|------------|----------|---------------|------------------------|---------------------------------|
| Total return | 30.59 | 62.51 | 3.28 | -22.08 | -8.49 | 1.20 |
| Growth return | 29.89 | 60.10 | -0.50 | -25.15 | -17.70 | |
| Distribution return | 0.70 | 2.41 | 3.78 | 3.07 | 9.21 | |
| Benchmark | 21.82 | 53.11 | 6.26 | -16.58 | -3.13 | 3.48 |

Performance notes:

1. DDH Australian Small Companies Fund inception date - 18 October 2006.
2. QIC Active Small Companies Fund inception date - 10 December 2005.
3. DDH fund returns are calculated on an exit price basis after fees have been deducted and assuming reinvestment of distributions. No allowance is made for tax.
4. QIC fund returns are before investment management fees.
5. Fund benchmark - S&P/ASX Small Ordinaries Acc. Index.



Unit Price as at 30 September 2009

Entry price (ex distribution) \$0.5639
Exit price (ex distribution) \$0.5597

Income distribution

The distribution for the quarter ended 30 September 2009 is 0.30 cents per unit. Details of the final tax components of the distribution, including franking credits, will be advised to unitholders after 30 September 2009.

Asset allocation

| | As at 30-09-09 (%) |
|-------------------------------------|--------------------|
| Australian shares - small companies | 100 |

QIC Active Small Companies Fund

Fund details at 30 September 2009



Profile

| | |
|-------------|--|
| Description | The Fund captures the performance of smaller capitalisation companies listed on the Australian Stock Exchange, by investing in a diversified portfolio of listed and unlisted securities and by the use of associated derivatives. |
| Objective | To outperform the S&P/ASX Small Ordinaries Accumulation Index by 5.00% per annum over a 3 year period. |
| Inception | December 2005 |
| Size | AUD \$62.8 million |

Performance

Gross period returns (%)

| Period | Fund | Benchmark |
|------------------------|-------|-----------|
| 1 month | 7.97 | 5.05 |
| 3 months | 31.61 | 21.82 |
| Financial year to date | 31.61 | 21.82 |
| 1 year | 3.80 | 6.26 |
| 3 years | -5.42 | -1.65 |
| Since inception | 1.20 | 3.48 |

Market Overview

The S&P/ASX index returned 21.50% in the third quarter, ending 51% above the 2009 closing low struck on March 6, which is the best quarterly return for 20 years. Australia kept pace with other developed markets in local currency (the S&P500 gained 15.0%, the Dow Jones Euro Stoxx 19.6%), however in US dollar (USD) terms, Australia was one of the strongest bourses in the world due to a 10% gain in the Australian dollar (AUD). Sector performance generally reflected a rotation to cyclical risk as it became clear the Australian economy was stabilising. Banks (+36%) led as investors became less concerned with loan losses provisioned against profits during the depths of the downturn. The cyclical theme however did little for the relative performance of resources (+11%), as commodity prices were mixed in AUD terms.

Performance Drivers

The Fund returned 31.61% over the quarter outperforming its benchmark of 21.82%.

The top performers to our performance included:

Transfield Services (TSE) – TSE provides maintenance and asset management services in Australia and North America. TSE has performed strongly during the quarter after reporting a financial year 2009 profit result in line with previous guidance of greater than 10% net profit growth. The company indicated it will benefit from the Australian governments stimulus spending on schools and housing. The company also said its US operations have begun to improve after previous poor performance. The Fund had an overweight position which added 0.95% to performance.

The MAC Services Group (MSL) – MSL provides accommodation services to coal and other mining companies. MSL outperformed the index during the September quarter. The stock rebounded from being oversold in previous months because of concern about the impact of falling commodity prices. MSL's business will be less affected than other mining related industrial companies because it is tied to mining production volumes at existing mines rather than capital expenditure to build new mines. The Fund had an overweight position which added 0.65% to performance.

Talent 2 International (TWO) – TWO consists of two divisions of similar size, a managed services business and a recruitment business. The managed services business has longer term contracts and annuity style earnings. This division has grown strongly over the last few years. The other division, the recruitment division, is cyclical and has suffered in the recent downturn. Earlier this year the market valued the company as a cyclical recruitment company and ignored the strengths if the managed services company. In August, the company reported their full year's results which highlighted the quality of the managed services division and the turnaround in the recruitment division was underway due the improving economic conditions. The shares increased 62% during the quarter and contributed 0.63% to the Funds performance.

The main detractors from performance were:

ING Industrial Fund (IIF) – During the quarter IIF announced results of its 30 June property revaluations and a new banking syndicate. IIF has major financing issues with too much debt. While the market rerated the shares they are long way from being investment grade. The share price rise cost the Fund 0.44%.

Challenger Financial Services Group (CGF) – CGF is a financial services firm with operations in funds management, life, and mortgages. CGF outperformed during the quarter after selling its mortgage management business to NAB for \$385 million, a higher value than expected by the market. The Fund had an underweight position in CGF which detracted 0.35% from performance.

Emeco Holdings (EHL) – EHL provides equipment hire to the mining industry. EHL's financial year 2009 profit results show that weaker commodity markets earlier in the year resulted in less demand for the company's equipment fleet and lower profits. However, the stock price rebounded considerably during the quarter because the recent increase in commodity prices indicate the outlook for the company is improving. EHL is likely to have better utilisation of its fleet and higher profit margins in the financial year 2010. The Fund had an underweight position in EHL which detracted 0.31% from performance.

Top contributors to active return for the financial year to date (%)

| Name | FYTD Contribution | Active Weight |
|--------------------------------------|-------------------|---------------|
| Transfield Services Ltd. | 0.94 | 1.46 |
| The Mac Services Group Ltd. | 0.66 | 2.39 |
| Talent2 International Ltd. | 0.63 | 2.37 |
| Virgin Blue Holdings Ltd. | 0.56 | 1.64 |
| Programmed Maintenance Services Ltd. | 0.55 | 1.38 |
| HFA Holdings Ltd. | 0.51 | -0.12 |
| SMS Management & Technology Ltd. | 0.49 | 3.62 |
| Customers Ltd. | 0.43 | 1.64 |
| Sigma Pharmaceuticals Ltd. | 0.43 | -1.39 |
| RP Data Ltd. | 0.42 | 2.06 |

Top detractors from active return for the financial year to date (%)

| Name | FYTD Contribution | Active Weight |
|--|-------------------|---------------|
| ING Industrial Fund | -0.40 | -0.69 |
| Challenger Financial Services Group Ltd. | -0.35 | -1.97 |
| Emeco Holdings | -0.31 | -0.60 |
| Flight Centres | -0.29 | -0.93 |
| Biota Holdings Ltd. | -0.27 | -0.53 |
| Lynas Corporation Ltd. | -0.25 | -0.64 |
| Cudeco Ltd. | -0.25 | -0.68 |
| Avoca Resources Ltd. | -0.24 | 0.61 |
| Tower Australia Group Ltd. | -0.23 | 1.01 |
| Centro Properties | -0.20 | -0.38 |

Outlook

The QIC Australian Equities team remain optimistic on the outlook for the Australian share market returns over the medium to long term. Interest rates domestically are expected to be raised before the end of 2009 and certainly before unemployment peaks in Australia in the first half of 2010.

We anticipate the economic recovery in Australia to be accompanied by an increase in merger and acquisition activity in 2010 as companies that have managed to restore their balance sheets look for opportunities to grow their business by acquiring companies that are undervalued or miss-priced.

Our focus remains unchanged in terms of investing in stocks where the potential growth and quality of a company's earnings profile and asset base has been underestimated, and therefore undervalued by the market.

Portfolio Positioning

The portfolio positioning continues to be towards the cyclical sectors, specifically the industrial, financial and consumers discretionary sectors. Within those sectors there is a strong bias towards financial, mining services, media and IT sectors. The portfolio remains underweight energy, material, utilities and property. The underweight positions in the energy and materials sector is due to the lack of investment grade stocks rather than a negative view of those sectors.

Top ten holdings (%)

| Name | Fund Weight | Active Weight |
|----------------------------------|-------------|---------------|
| SMS Management & Technology Ltd. | 4.02 | 3.62 |
| IOOF Holdings Ltd. | 3.74 | 2.74 |
| APN News & Media | 3.40 | 2.51 |
| SAI Global Ltd. | 3.38 | 2.80 |
| Pacific Brands Ltd. | 3.31 | 2.07 |
| Mirabela Nickel Ltd. | 2.65 | 1.66 |
| Henderson Group PLC | 2.60 | 1.62 |
| The Mac Services Group Ltd. | 2.54 | 2.39 |
| GNC | 2.45 | 1.61 |
| Virgin Blue Holdings Ltd. | 2.38 | 1.64 |

Physical and derivative composition (%)

| | Fund Weight |
|-------------------------|-------------|
| Physical equities | 99.09 |
| Cash | 0.91 |
| Exchange traded options | 0.00 |

Notes:

- Returns greater than one year are annualised.
- Past performance is not a reliable indicator of future performance.

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