

**8 March 2007**

## **QIC DIVERSIFIES INTO INCUBATOR ASSETS**

QIC has identified intellectual property as an emerging asset class after investing \$30 million in an international intellectual property fund.

QIC awarded the \$30 million mandate to Toronto-based Northwater Capital Management's Intellectual Property Fund ([www.northwatercapital.com](http://www.northwatercapital.com)).

The Fund will seek to generate revenue streams from areas as diverse as patent royalties, copyrights and film and television rights.

This investment into the Fund is part of QIC's strategy to further diversify its beta (or market) returns in line with QIC's new investment structure which separates alpha and beta across all asset sectors.

Known as incubator assets, these types of investments typically start with a small initial portfolio allocation (less than 0.1 per cent) but have the potential to one day be a substantial investment (greater than 3 per cent allocation).

QIC Chief Strategist Tony Day said that incubator assets provided a means of gaining exposure to an asset class that would be difficult to research by traditional means.

"The days of just putting your money into equities and bonds are over. Managers now have to work a lot harder to generate the returns demanded by clients," Mr Day said.

"This strategy will help our clients to be early adopters of new and emerging asset classes.

"QIC is constantly researching innovative ways to diversify revenue streams for our clients and we believe a number of incubator assets can capture beta returns that fall through the cracks of traditional asset classes.

"Incubator assets not only diversify revenue streams but also generate returns at different times of the economic cycle.

"Intellectual property is just the first investment QIC will make of this type. We are also researching other incubator asset classes such as general insurance, rural property, water rights and weather derivatives.

"What is exciting working in this space is that future incubator asset classes do not even exist yet," he said.

Mr Day said Northwater Capital Management was selected as its Fund provided the widest focus of intellectual property sources.

"Northwater Capital Management is the world leader in this space and the Fund provides us with the widest exposure to intellectual property investments," he said.

QIC is one of Australia's largest institutional fund managers with over \$55 billion currently under management for its Australian and overseas clients.

### **For further information contact:**

**Gerard Reilly**  
**BBS Public Relations**  
– 0413 143 495  
[greilly@bbspr.com.au](mailto:greilly@bbspr.com.au)