

Product Profile

Global Credit Opportunities Fund



Why the Global Credit Opportunities Fund?

1. Take advantage of credit markets and invest in products with strong assets and stable cashflows
2. Gain diversification from a fund with low correlation to traditional asset classes
3. Enhanced investment outcomes delivered via extensive bottom-up research and analysis via a disciplined, rigorous and repeatable investment process
4. The ability to “short” positions delivers more alpha and smooth returns through the cycle
5. Our scale and premium relationships ensure a strong deal pipeline

“Access attractive yield from a fund with defensive infrastructure-like characteristics.”

About the QIC Global Credit Opportunities Fund

The QIC Global Credit Opportunities Fund (“GCOF”) is a high yield fund that invests predominantly in global infrastructure debt and other securities that exhibit defensive characteristics. Our investment focus is placed firmly on the debt components of these sectors, in particular loans. Loans provide a number of advantages over high yield bonds: volatility of returns tends to be lower, loans are typically secured and expected credit losses are generally lower.

QIC has chosen to invest in infrastructure debt as there are attractive investment characteristics that deliver relatively high risk-adjusted returns with low correlation to traditional asset classes. Infrastructure assets have high barriers to entry and monopoly-like characteristics which are not as sensitive to economic cycles as many other asset classes. Revenues are often hedged or partly hedged against the impact of inflation.

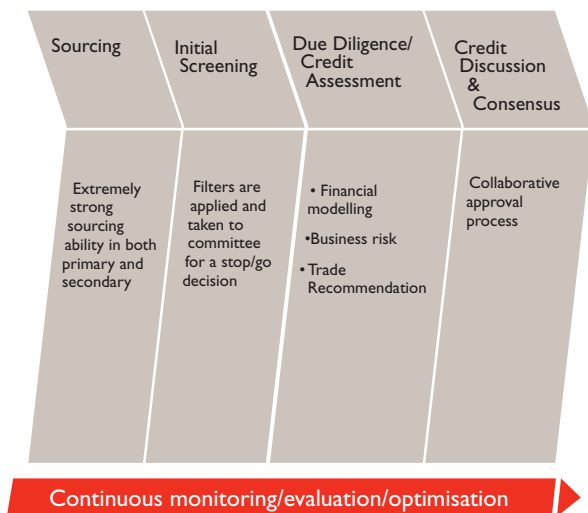
Whilst infrastructure debt is the cornerstone of the Fund, QIC has the flexibility to invest in a broad range of investments in global high yield markets, principally infrastructure, securitised and corporate sectors and structured credit markets. QIC also has the ability to take on “short” positions, either to hedge or as a directional play. This allows us to deliver greater alpha generation capability as well as smoothing portfolio returns.

The QIC GCOF reflects our investment philosophy by seeking to add meaningful active returns (approximately 3%). The GCOF benchmark is the UBS Bank Bill Index.

Investment Process

The GFI investment process aims to provide access to significant investment opportunities through rigorous and extensive research, undertaken by our highly experienced team of professionals.

GFI utilises a proven Scorecard approach to assess and monitor a multitude of qualitative and quantitative factors that give conviction to investment decisions. This robust and repeatable process measures our strength of view in terms of both long term views and shorter term transitory influences.



An important input into the credit process is our macro overview. Our macro research provides in-depth, top-down analysis that is vital to assess the broad economic environment. This analysis allows us to compare relative value across the opportunity set, and evaluate the value of credit within the broader economy.

Essentially, the strength of GCOF is founded on extensive bottom-up research provided by our credit analysts. Our investment philosophy has been used to develop a process that is rigorous, repeatable and disciplined. As a leading-edge funds manager, our scale and premium relationships with global counterparties allow us significant access to deal sourcing in both the primary and secondary markets.

All relevant opportunities are covered by dedicated credit specialists, with experience and skill across respective industries. Exhaustive due diligence and credit assessment is undertaken to assess risks and provide a trade recommendation.

The ongoing evaluation of the portfolio is considered a vital and collaborative process that aims to constantly monitor the mix of individual holdings and appraise our assumptions to ensure investment decisions continue to meet desired objectives.

Controlling Risk

Tracking Error: The volatility of the fund is not expected to exceed 10%.

Duration: The modified duration of the fund is expected to be approximate to the UBS Bank Bill Index.

Portfolio managers use the following tools to ensure they are aware of all risks in the Fund:

- Daily risk exposure reports
- Daily profit and loss reports
- BlackRock Solutions risk process – recognised as a superior provider of daily risk metrics such as VAR and tracking error
- BlackRock Aladdin package (previously mentioned).

A Leading Global Fixed Interest Manager

With the leadership of Susan Buckley, the QIC Global Fixed Interest (GFI) team has developed into a leading manager of fixed interest solutions. Comprising more than 20 experienced investment professionals, the team aims to deliver meaningful contributions through a diverse range of innovative solutions to a growing client base.

Investment Philosophy

To exceed client objectives we strive for excellence in our investment approach, process and people. Our quest for excellence is build on our believe that:

- Fundamental factors drive fixed interest markets towards 'fair value' in the medium to long term
- Transitory influences can cause short run market value deviation, providing opportunities to generate active returns for clients
- Diversified portfolios should be constructed from strategies across the broadest possible interest rate and credit market opportunity set
- Managing fixed interest as one global investment class to expand the opportunities to add value
- A research driven approach provides a foundation for all active positions with GFI portfolios leading to better investment decision-making
- A strong governance framework must be in place to manage risk for our clients.

The QIC GFI Difference

At QIC we believe in 'going further' for our clients to help them achieve their investment objectives. Our people and robust process are the foundation of our proven capabilities, however where QIC GFI 'goes further' than other managers is through:

1. A 'Scorecard' process that delivers better decision-making.
2. A corporate governance structure that better controls risk. This has delivered a strong track record of performance and most importantly provides clients with the confidence that we can continue to achieve their investment objectives.

Strong Governance Framework to Better Control Risk

Our systems and processes enable a stronger governance framework to better control risk. QIC GFI uses the BlackRock Solutions Aladdin Package to ensure that portfolio managers are fully cognisant of all risks in the portfolios.

This is an integrated solution incorporating:

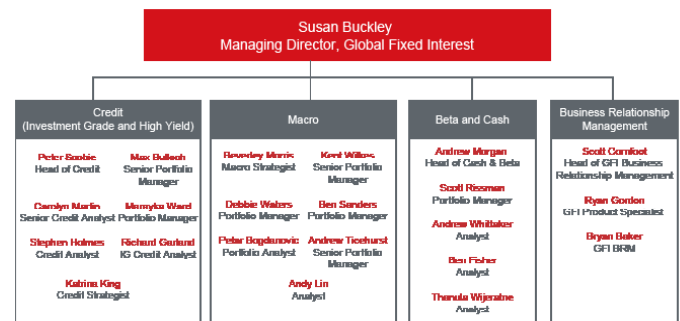
- Portfolio Management and Trading
- Compliance
- Operations
- Risk Management, including stress testing
- Performance Attribution
- Reporting.

Combined with the GFI Scorecard process, it provides a powerful tool for portfolio managers to access continuous real-time information on portfolio positions. This means timely and informed decision-making as well as the ability to provide clients with up to date and meaningful information on the performance of their fixed interest portfolio.

The QIC GFI Team



The team is broken into specialist areas that are focused and accountable for outcomes in macro, global credit, beta and cash management and business management.



Weekly meetings serve as the formal opportunities for the whole team to question, refresh and revalue our assumptions. The team environment also facilitates real-time information flow among all investment professionals.

Performance

Contact us or go to www.qic.com for the latest performance figures.

Find out more ...

Contact the QIC GFI team via:

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About QIC

QIC commenced operations in 1989 and was formally established in 1991. Since then, we have grown to be one of the largest institutional investment managers in Australia, with more than 80 institutional clients.

Our heritage as a government-owned corporation has resulted in a passionate culture of total client focus and finding better ways to exceed our clients' investment objectives. Our unique history of traditionally managing the total investment portfolio for very large clients has enabled us to pursue and adapt innovative investment solutions that few other fund managers have been able to do.

Dynamic Investment Solutions

Today, QIC is the leading provider of dynamic investment solutions for super funds and other institutional investors. We are experts at developing an intimate knowledge of our clients' investment goals, and creating and adapting tailored investment solutions that continue to perform over time.

Some examples of the dynamic investment solutions we have developed for our clients include:

- **risk management solutions** for liquidity and counterparty risk, which we put in place well before the global financial crisis (GFC) hit
- a **dynamic asset allocation process** that has positioned client portfolios to benefit from extreme valuations both before and after the GFC
- an **after-tax investing approach** that has delivered real bottom-line benefits despite investment market conditions
- **inflation protection solutions** that are customised and cost efficient.

QIC House of Boutiques

As a house of highly specialised investment boutiques, we offer practical investment solutions that are meaningful at the whole-of-portfolio level in fixed interest, property, infrastructure, capital markets, private equity, equities and quantitative management. We continually innovate to meet our clients' changing objectives in the ever-evolving investment environment.

QIC's House of Boutiques model provides investors with the specialisation, responsiveness and client-alignment of a boutique with the backing of a large investment manager.

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