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This brochure provides information about the qualification and business practices of QIC Investments No. 1 Pty Ltd ("QICI"). If you have any questions about the contents of this brochure, please contact David Clarke at + 61 7 3020 7069 or via e-mail at [d.clarke@qic.com](mailto:d.clarke@qic.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about QICI is also available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

**REGISTRATION WITH THE SEC AS AN INVESTMENT ADVISER DOES NOT IMPLY THAT QICI OR ANY OF THE PRINCIPALS OR EMPLOYEES OF QICI POSSESS A PARTICULAR LEVEL OF SKILL OR TRAINING IN THE INVESTMENT ADVISORY BUSINESS OR ANY OTHER BUSINESS.**



## **Material Changes**

This brochure dated September 19, 2019 serves as an update to the brochure dated September 25, 2018. There have been no material updates made from the previous version.

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## 1 ADVISORY BUSINESS

QIC Investments No. 1 Pty Ltd (“QICI”) is an investment advisory firm founded in 2006. QICI is registered under the Australian Corporations Act 2001 as a proprietary company limited by shares. It holds an Australian Financial Services Licence (AFS Licence No: 408747) which authorizes QICI to, among other things, provide financial product advice and deal in financial products. Its principal place of business is located in Brisbane, Australia. QICI is a wholly-owned subsidiary of QIC Limited (“QIC”), a government-owned corporation of the State of Queensland in Australia. QIC commenced operations in 1989 and was formally established in 1991 under the Queensland Investment Corporation Act 1991.

QIC and various investment advisory subsidiaries affiliated with QIC (collectively, the “QIC Group”) operate as a fully commercial investment advisory organization, charging fees for investment advisory services and paying a dividend to the Queensland government. QIC is headquartered in Brisbane, Australia, and is registered under the Australian Corporations Act 2001 as a public company with the Australian Securities & Investment Commission. The QIC Group is one of the largest investment managers in Australia with approximately US \$57 billion in assets under management as of June 30, 2019 and over 1,000 employees located in offices across the globe, including Brisbane, Sydney, Melbourne, Los Angeles, San Francisco, Cleveland, London and Copenhagen.

QIC is a leading provider of investment advisory services for institutional investors. The QIC Group provides discretionary and non-discretionary investment advisory services to a wide range of institutional clients, including Australian superannuation funds and other pension and profit sharing plans, sovereign wealth funds, charitable organizations and various collective investment vehicles offered primarily to institutional investors.

The QIC Group’s investment operations are organized into investment teams. QIC’s investment teams expect to offer the following investment strategies to U.S. clients:

- global real estate investments;
- global liquid strategies;
- global infrastructure investments;
- global multi-asset class; and
- global private capital investments.

Each of these investment strategies is described in greater detail below under “Methods of Analysis, Investment Strategies and Risk of Loss”.

QICI provides non-discretionary investment management services to the Golden Reef Infrastructure Trust (the “Pooled Investment Vehicle”). QICI also provides discretionary and non-discretionary investment management services to U.S. clients of the QIC Group. In so doing, QICI will draw on the investment research and trade execution capabilities of the applicable investment teams, but QICI will retain the ultimate investment discretion and decision-making authority over the assets in its clients’ accounts. QICI will tailor its investment advisory services to the specific investment objectives and restrictions of each client account.

As of June 30, 2019, the amount of assets QICI managed on a discretionary and non-discretionary basis was approximately US\$2.5 billion.



## 2 FEES AND COMPENSATION

The fees QICI expects to charge with respect to the investment advisory services it provides will be calculated as a percentage of each client's assets under management. Such asset-based fees will typically be paid quarterly, in arrears, based upon the average market value of the assets comprising the account at the end of each day over the quarter. However, upon a client's request, QICI will consider other methods of payment and/or fee calculation.

For collective investment vehicles, management fees will generally be deducted from each client's assets in the vehicle. A performance-based fee may also be payable based on the performance of the vehicle above an agreed benchmark. For separately managed accounts, management fees will typically be invoiced separately with payment being made by the client.

All clients that QICI will provide advisory services to are expected to be "qualified purchasers" and, as a consequence, QICI is not required to disclose in this brochure a schedule of the advisory fees QICI expects to receive from its clients.

In addition to advisory fees payable to QICI, clients will also be responsible for all costs and expenses incurred in connection with the investments in their accounts, including, but not limited to, brokerage commissions; clearing fees; fees, interest and other costs in connection with margin accounts or other borrowings; borrowing charges on securities sold short; custodial fees; bank service fees; other investment-related expenses incurred in connection with conducting due diligence on potential investments (including transactions that fail to close) and monitoring investments; and costs of research and data services. In addition, any collective investment vehicles managed by QICI may also bear all operating expenses, including, without limitation, those incurred by way of, in respect of or in relation to (as applicable): (i) management fees; (ii) service fees; (iii) expenses incurred in connection with the pursuit, evaluation, acquisition, ownership, valuation, sale or the financing of any investments (including legal, appraisal, consultant, expert, regulatory, compliance and lender fees and expenses and brokerage and agent commissions and fees related thereto and including any such costs and expenses arising from investments that are pursued but not ultimately made and any such costs and expenses that would have been borne directly or indirectly by co-investors if any co-investment had been completed), as well as those expenses arising in respect to sourcing, identifying, researching, diligencing, analyzing, evaluating, structuring, negotiating, making, owning, funding, originating, monitoring, developing, managing and operating investments and/or potential investments, including reasonable travel and accommodation costs incurred thereto; (iv) costs and expenses required to be paid in connection with any investment-related financing to be obtained or assumed, including legal and broker fees; (v) the costs and expenses associated with the formation of any joint venture; (vi) currency conversion costs; (vii) any fees and expenses incurred in respect of any credit facility or other financing facility or other financing or refinancing arrangements; (viii) interest; (ix) custodian, depository, registrar and transfer agent expenses; (x) expenses associated with the liquidation or dissolution of any joint venture or other investment vehicle; (xi) expenses incurred in connection with ongoing operations (including legal, administrative, accounting, trustee, licensee, secondees, director, intermediary, corporate service provider, custodian, nominee, depository, tax, audit and insurance expenses and ongoing offering expenses); (xii) certain extraordinary expenses; (xiii) expenses of preparing, printing and mailing reports, notices and other materials to investors; (xiv) the third-party costs and expenses incurred by the General Partner, QICI, any management entity and any other future person, group or body whose purpose is to govern and/or advise a collective investment vehicle (including QICI) or any affiliate, and annual, quarterly and other meetings thereof (including reasonable travel, accommodation and other costs and expenses incurred in attending such meetings); (xv) any costs or expenses incurred in connection with making any filings with any governmental or regulatory authority (including any filings made on behalf of an investor); (xvi) insurance premiums (including, without limitation, director's and officer's liability insurance), litigation and indemnification expenses, including any claims and expenses and indemnification expenses and legal fees, disbursements and governmental or regulatory fees and charges associated therewith; (xvii) the fees, costs



and expenses of any independent fiduciary, if any, and meetings thereof; (xviii) costs of financial statements and tax returns; (xix) any taxes, fees or other governmental charges levied against a collective investment vehicle or certain related entities and all expenses incurred in connection with any tax audit, investigation, settlement or review of any such entity; (xx) the costs and expenses associated with any investor meetings; (xxi) the costs and expenses of developing Liquidity Plans; (xxii) the costs and expenses associated with the formation, maintenance, liquidation and/or dissolution of subsidiaries or other structuring vehicles; and (xxiii) any other expenses relating to the organization or operation of a collective investment vehicle or certain related entities.

Travel expenses may include meals, entertainment, lodging and other travel expenses incurred in connection with the acquisition, evaluation, structuring, holding and disposition of investments and with soliciting, reporting to and meeting with potential and current investors (including travel expenses related to annual meetings). Travel expenses may include business class travel.

Where co-investment opportunities are offered, co-investors are generally required to share the costs and expenses of the investment with the collective investment vehicles on a proportionate basis. In certain instances co-investment opportunities will be structured in such a way that the proposed participants in such co-investment opportunity do not bear any broken deal expenses, with the result that the applicable collective investment vehicle will bear all such broken deal expenses.

Neither QICI nor its supervised persons will receive any compensation with respect to the purchase or sale of securities or other investment products by any client.

To the extent permitted by applicable law, QICI or one or more of its affiliates may provide certain services to a Pooled Investment Vehicle or any entity in which a Pooled Investment Vehicle holds an investment, including asset management, development management, property management, leasing, administrative services, accounting, and other services described in the governing documents and offering materials for such Pooled Investment Vehicle; provided that, where such services are provided or arranged, they will be on terms no less favorable to the Pooled Investment Vehicle than would be obtained on an arm's length basis, as determined by QICI in good faith. QICI and its affiliates may receive compensation from the Pooled Investment Vehicle and/or any entity in which a Pooled Investment Vehicle holds an investment in consideration for such services. Neither the management fees nor the performance allocation paid by the Pooled Investment Vehicle (or any other fee, charge, or payment due under any of the governing documents of the Pooled Investment Vehicle) will be reduced or offset by any portion of such compensation, except as may otherwise be agreed to by QICI or any of its affiliates in their absolute discretion. In addition, QICI may compensate certain of its affiliates for their contributions to structuring and distribution efforts with respect to certain investments by a Pooled Investment Vehicle.

### 3 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

With respect to a client account, QICI may receive a performance-based fee as well as a management fee. The performance-based fee will be calculated on the investment performance of the client account, as described in the applicable governing documents and agreements relating to such client account. Performance fees, if applicable, will typically be invoiced at the end of each fiscal year or upon full redemption of capital by a client, subject to "high water mark" loss carry-forward provisions or "clawback" mechanisms. Any performance fees charged to U.S. clients will be structured to comply with the requirements of Section 205 of the Advisers Act and applicable rules thereunder.



A performance fee arrangement may create an incentive for QICI to select and make investments that are riskier or more speculative than would be the case in the absence of a performance fee. In addition, QICI may receive performance-based compensation with regard to unrealized as well as realized gains in a client account, and there can be no assurance that the unrealized gains will actually be realized at the values on which the performance fee is calculated.

Client accounts may be subject to different performance-based compensation arrangements. If QICI is entitled to receive a higher performance fee with respect to the account of one client than that of another client, QICI may have an incentive to favour, or allocate certain riskier or more speculative investments to, the client account that bears a higher performance fee.

To mitigate potential conflicts of interests arising from the allocation of limited investment opportunities to client accounts with differing fee arrangements, allocation determinations will be made in accordance with QICI's investment allocation policy, as described under the sub-section entitled "Allocation of Investment Opportunities" under "Brokerage Practices" below.

## 4 TYPES OF CLIENTS

As noted above, QICI provides discretionary and non-discretionary investment management services in each of the investment strategies offered by QIC's investment teams. The QIC Group primarily serves institutional investors, and it is expected that QICI's U.S. clients will primarily consist of U.S. institutional investors as well, including pension and profit sharing plans, foundations and other charitable organizations and various collective investment vehicles offered primarily to institutional investors.

In general, QICI will not provide advisory services to separately-managed accounts, or groups of related separately-managed accounts, that have initial asset values of less than AU \$25 million, unless QICI expects contributions to the account(s) in the future. QICI may, in the future, set a higher or lower minimum account size depending upon circumstances it considers relevant. QICI also reserves the right to waive these minimum account size requirements on a case-by-case basis in its sole discretion.

## 5 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

As described above, the QIC Group's investment operations are organized into separate investment teams. QICI will provide discretionary and non-discretionary advisory services to U.S. clients of the QIC Group in respect to various investment strategies offered by QIC's investment teams. The investment strategies currently offered by the QIC Group's investment teams to U.S. investors are: (i) global real estate investments, (ii) global liquid strategies, (iii) global infrastructure investments, (iv) global multi-asset class portfolio strategies and strategic investment solutions, and (v) global private capital investments. There are various risks associated with each investment strategy including market risk, liquidity risk, counterparty risk, operational risk, key-person risk and model risk.

Detailed descriptions of each of these investment strategies, as well as the methods of investment analysis and material investment risks associated with each such investment strategy, are provided below.

### 5.1 Global Real Estate – Methods of Analysis and Risk Factors

The core objective of QICI's global real estate strategy is to source, operate, finance and develop a portfolio of high quality real estate investments on behalf of a variety of fund/s and/or separate accounts within risk



tolerances that are specific to that fund/s and/or client separate accounts. QICI expects to focus on regional shopping malls but, over time, may also invest in other property types, including other retail sub-sectors, office, warehouse, multi-family and other real estate classes.

QICI's Global Real Estate investment team ("GRE") seeks to maintain strategic control over assets and will look to transact and actively manage assets through a vertically integrated operating and investment platform. QICI may also invest with local operators through joint ventures.

QICI will typically look to acquire properties that are located in markets that possess certain characteristics. These characteristics include:

- *Scarcity*: Markets that have barriers to entry for additional supply or competition through limited land availability and / or tight planning constraints;
- *Diversity*: Markets that possess a broader and sustainable economic base to ensure greater stability through economic cycles;
- *Demographic factors*: Current and expected trends, sustained population growth, population density and / or income drivers;
- *Strategic drivers*: Growth corridors with favorable demographics or prominent central business districts that are supported by good transport systems and social infrastructure;
- *Dominance*: Dominant within their respective trade areas or have the ability to increase market share through development or active management;
- *Stable income*: Offer a stable and predictable income stream and identifiable risk characteristics;
- *Value-add opportunities*: Respond positively to active management and / or offer on-going expansion and development or redevelopment opportunities; and
- *Control*: Targets ownership interests that provide an appropriate level of control over the strategic direction of the asset.

### 5.1.1 Risk Factors

Nature of Real Estate Investments; Risk of Loss. All real estate investments are subject to risk. Most real estate assets have unique locational and market characteristics, which could make them illiquid or appealing only to a narrow group of investors. Investing in real estate offers the opportunity for capital gains but also involves a risk of loss that prospective clients should be prepared to bear. Real estate returns may be unpredictable and, accordingly, it may not be suitable as the sole investment for a prospective client. No assurances can be given that the fair market value of any real estate investments to be held by QICI will not decrease in the future or that QICI will recognise full value for any property that QICI is required to sell for liquidity reasons. A prospective investor should only invest with QICI's real estate strategy as part of an overall investment strategy and only if the investor is able to withstand the total illiquidity, or loss of its investment. Prospective clients should carefully consider, among other factors, the following material risks associated with QICI's real estate strategy.

Interest Rate Risk. The performance of real estate portfolios can be sensitive to interest rate fluctuations. Movements in the level of interest rates may affect the returns from these assets more significantly than investments in other types of assets. In particular, the type of debt, maturity profile, interest rates and covenants in place could affect the timing and magnitude of client returns. QICI may enter into interest rate swap agreements or pursue other hedging strategies depending on the level and volatility of interest rates, the type of portfolio investments held, and other changing market conditions subject to fund and/or separate account preferences. Hedging against interest rate exposures may adversely affect earnings.





**Joint Venture Risks.** QICI may invest in investments with, or in third-party owned or managed investments. It is expected that appropriate rights will be negotiated to protect QICI's fund and/or separate account client interests, as QICI may not have outright control over these investments. This style of investment is subject to risks, including the possibility of third-party insolvency or the third-party may have economic or business interests or objectives which are inconsistent with those of QICI, or they may be in a position to take action contrary to QICI's investment objectives.

**Environmental Liabilities.** Under various federal, state and local environmental laws and regulations, a current or previous owner or operator of real property may be required to investigate and clean up hazardous or toxic substances or petroleum product releases or threats of releases at such property. Such parties may also be held liable to a government entity or to third parties for property damage and for investigation, clean up and monitoring costs incurred by such parties in connection with the actual or threatened contamination. Such laws typically impose clean-up responsibility and liability without regard to fault, or whether the owner or operator knew of or caused the presence of the contamination.

#### **General Real Estate Risks**

- Changes in the competitive environment which may affect the performance of real estate assets, associated properties and their tenants;
- Changes in the rental or occupancy levels of real estate assets and associated properties;
- Changes in tenant circumstances that may result in tenant default or closure of store;
- The value and liquidity of real estate assets may fluctuate with market conditions;
- Changes in statutory laws which may affect real estate assets;
- Unexpected capital expenditure of a significant nature which may affect capital and debt requirements;
- Changes in zoning, government policy or permitted use;
- The emergence or development of competing properties; and
- Due to any combination of the above factors, the targeted outcome of future developments not being achieved.

#### **General Risk Factors**

- General economic conditions may change such as inflation, inflationary expectations, unemployment and general movements in wages and salaries;
- Movements in local and international property and share/financial markets;
- Adverse movement in exchange rates that may reduce the dollar value of investments and deposits in a foreign currency (the management of foreign exchange hedging is typically undertaken by parties external to GRE);
- Use of leverage allows for magnified equity exposures and as a direct consequence magnified risks and/or potential losses;
- Changes in the insurance and re-insurance markets, including the possibility of unavailability of cover in the event of terrorism acts;
- Government policy changes or statutory changes including applicable accounting standards;
- Taxation law (including stamp duty law) may change; and



- Reliance on third parties for appraisals, environmental and engineering expertise.

## 5.2 Global Liquid Strategies – Methods of Analysis and Risk Factors

The core objective and focus of QIC's global liquid strategies, which include active fixed income, absolute return and overlays, is to deliver attractive and consistent risk-adjusted returns to clients.

The investment process developed by QIC's Global Liquid Strategies investment team ("GLS") is utilized across all active cash and fixed income portfolios. This investment process features a disciplined approach to incorporating both fundamental research and QIC's assessment of transitory factors in markets traded. QIC has a rigorous, repeatable and disciplined process for identifying opportunities and whole-of-fund investment management. The GLS team applies a focused, independent research process, which is reflected through a disciplined approach. Scenario analysis is also enhanced by consulting with leading strategists and by researching economic and political events. The multiple steps of the investment process are summarized below.

There are 3 pillars to our investment process. Macro research is the cornerstone that supports all positions. Our macro strategy sets our medium-term environment expectations and drives our core allocations across credit and sovereign markets. Our process recognises that asset returns, and relative asset sector performances, are strongly dependent on the economic backdrop and where we are in the economic cycle.

Our micro credit strategy process undertakes detailed industry and issue analysis. We ensure rigorous bottom-up and ESG analysis for every industry and issuer that we invest in. This process drives our industry allocation and our security selection decisions.

Our tactical strategies seek to add value with a shorter-term horizon, with more emphasis on transitory and technical factors. We undertake tactical strategies across interest rates, inflation, credit and currency markets.

We have a strong focus on risk, and our investment governance processes are key to ensuring key controls that enhance our ability to ensure downside protection, in order to align portfolio outcomes with client expectations. Independent oversight from QIC's Risk Management Group is an integral element to this process.

The Fixed Income Risk Budgeting Committee meets monthly, with a focus on ensuring that portfolio positioning is consistent with evolving strategy views, and that risk utilisation is consistent with portfolio and client objectives. Scenario analysis and portfolio stress tests are evaluated, aimed at understanding potential drawdown magnitudes, in order to facilitate a discussion of potential portfolio adjustments and risk mitigation measures.

### 5.2.1 Risk Factors

In general, the more volatile markets are, the greater the risk that returns will not meet client expectations and/or a particular investment will realize a capital loss. QIC seeks to reduce risk inherent in fixed income investments by diversifying across a range of fixed income securities, a spread of maturities and across a wide spread of derivative counterparties. Investing in fixed income securities offers the opportunity for capital gains but also involves a risk of loss that clients should be prepared to bear. Prospective clients should carefully consider, among other factors, the following material risks associated with GLS' strategies.

- Interest Rate Risk. Interest rate risk refers to the volatility of a security's return owing to the fluctuation of interest rates. When interest rates rise, the market value of fixed income securities decline and vice versa.



- Inflation Risk. Inflation risk refers to the risk an investor faces of losing the purchasing power of capital invested. Although the nominal value invested may remain, positive inflation will progressively reduce its value relative to what can be purchased by each dollar over time.
- Liquidity Risk. Liquidity refers to the ability of an investment to be easily and quickly converted into cash with little or no loss of capital value. If QICI is required to sell illiquid investments on behalf of a client account (e.g. due to a redemption request or a change in investment strategy), QICI may need to realize that investment at a sale price lower than what could have been achieved had a longer sale period been allowed.
- Counterparty (Credit) Risk. Counterparty risk, also known as credit risk, is the likelihood of suffering loss owing to another party defaulting on its financial obligations.
- Currency Risk. Currency risk is the potential for adverse movements in exchange rates to reduce the dollar value of investments and deposits held in a foreign currency.
- Derivative Risk. As derivatives derive their value from the returns obtained on another reference entity, they are subject to the same risks as the reference entity upon which the derivative is valued (derived). In addition to the risks of the underpinning investments, derivatives are subject to:
  - Liquidity risk: this is the likelihood that the derivative may not be able to be quickly bought or sold without causing a significant movement in the price;
  - Counterparty risk: this is the likelihood that the counterparty to the derivative contract is unable to meet its financial obligations; and
  - Leverage risk: allows for magnified exposures and as a direct consequence magnified risks and/or potential losses. A portfolio would be considered leveraged if the level of market exposure exceeds the market value of the portfolio.

### 5.3 Global Infrastructure – Methods of Analysis and Risk Factors

The core objective and focus of the global infrastructure strategy is to construct and manage, on behalf of clients, a diversified global portfolio of primarily direct infrastructure investments across a range of sectors, including transport, utilities and telecommunications.

QIC's Global Infrastructure investment team ("GI") analyses and selects high quality infrastructure assets based on their ability to deliver to strict risk/return criteria, rather than simply seeking diversification by sector and geography.

The global infrastructure analytic investment process is rigorous, but sufficiently flexible to enable QIC to take advantage of opportunities arising through the GI team's relationships and networks. The stages of the analytic investment process are as follows:

#### **Stage 1**

- Identification/origination of investment opportunities.
- Preparation of a summary description of investment opportunities incorporating preliminary lifecycle classification and project modelling and identifying key risks and opportunities (including those related to Environmental, Social and Governance (ESG) factors).
- Preliminary review and discussion of investment opportunities at weekly meetings of GI team members so as to reach a consensus on whether to undertake further analysis with respect to potential investment opportunities. Potential investment opportunities will be evaluated based on: (i) client portfolio fit (taking into account applicable investment restrictions), (ii) nature and characteristics of investment opportunities including attractiveness/alignment with potential partners (if any), (iii) macro themes, (iv) risk and return profile and (v) process, timing and likelihood of success.

#### **Stage 2**

- Undertake further investment analysis culminating in the preparation of concept papers discussing the rationale for potential investments and the required bid budget to conduct detailed due diligence.
- Confirm partnering and consortium arrangements (to the extent relevant), including threshold governance terms.
- Review and discussion of investment rationale concept papers by the GI investment committee.

#### **Stage 3**

- Undertake detailed due diligence upon the investment committee's approval of investment rationale concept papers. Due diligence workplan to be tailored to the specific opportunity and include consideration of ESG and technology-related factors / disruptors.
- Negotiation of commercial agreements (including transaction documentation, governance arrangements, financing agreements and operator arrangements, if relevant).
- Preparation of final investment analysis for presentation to the investment committee.

#### **Stage 4**

- Complete any outstanding due diligence upon receipt of the investment committee's final approval of proposed investments.
- Submit binding bid for the target investment and if successful progress to contractual and financial close.

#### **Stage 5**



- Ongoing monitoring and management of investments to periodically assess value and risks, including an annual ESG review.
- Consider and implement exit from investments based on client liquidity and portfolio needs.

### 5.3.1 Risk Factors

Nature of Infrastructure Investments; Risk of Loss. Most infrastructure assets have unique locational and market characteristics, which could make them highly illiquid or appealing only to a narrow group of investors. Most infrastructure assets are less liquid and involve a longer holding period than traditional private capital investments. There is no readily available market for most infrastructure investments made by QICI, and the disposal of investments may require a lengthy time period. Losses on unsuccessful investments may be realized before gains on successful investments are realized. Political and regulatory considerations and popular sentiments could also affect QICI's ability to buy or sell investments on favorable terms. Infrastructure assets can have a narrow customer base. Should any of the customers or counterparties fail to pay their contractual obligations, significant revenues could cease and become irreplaceable. This would affect the profitability of the infrastructure assets. Infrastructure projects are generally heavily dependent on the operator of the assets. There are a limited number of operators with the expertise necessary to successfully maintain and operate infrastructure projects. The insolvency of the lead contractor, a major subcontractor or a key equipment supplier could result in material delays, disruptions and costs that could significantly impair the financial viability of an infrastructure investment project. Investing in infrastructure assets offers the opportunity for significant capital gains but also involves a substantial risk of loss that clients should be prepared to bear. Prospective clients should carefully consider, among other factors, the following material risks associated with QICI's infrastructure strategy.

Operating and Technical Risk. The long-term profitability of infrastructure assets, once they are constructed, is partly dependent upon the efficient operation and maintenance of the assets and companies. Inefficient operation and maintenance may reduce the profitability of a client's investment, adversely affecting the client's financial returns. Investments in infrastructure assets may be subject to operating and technical risks, including the risk of mechanical breakdown, spare parts shortages, failure to perform according to design specifications, labor strikes, labor disputes, work stoppages and other work interruptions, and other unanticipated events which adversely affect operations. While QICI will, where possible, seek investments in which creditworthy and appropriately bonded and insured third parties bear much of these risks, there can be no assurance that any or all such risks can be mitigated or that such parties, if present, will perform their obligations. An operating failure may lead to loss of a license, concession or contract on which a portfolio investment is dependent. In addition, despite proper operation and maintenance, an infrastructure investment may be vulnerable to a *force majeure* event, and the damage caused by such an event may adversely affect a party's ability to perform its obligations until it is able to remedy the damage. For example, certain infrastructure investments may be located in earthquake zones or be subject to risks associated with adverse weather conditions, natural disasters (such as fire, hurricanes, tornadoes, tsunamis, typhoons, windstorms, volcanic eruptions or floods), man-made disasters, changes in law, eminent domain, war, riots, terrorist attacks, labor disputes and other unforeseen circumstances and incidents.

Environmental Risk. Infrastructure assets may be subject to numerous statutes, rules and regulations relating to environmental protection. Certain statutes, rules and regulations might require that investments address prior environmental contamination, including soil and groundwater contamination, which results from the spillage of fuel, hazardous materials or other pollutants. Under various environmental statutes, rules and regulations, a current or previous owner or operator of real property may be liable for noncompliance with applicable environmental and health and safety requirements and for the costs of investigation, monitoring, removal or remediation of hazardous materials. These laws often impose liability, whether or not the owner or operator knew of or was responsible for the presence of hazardous materials.

The presence of these hazardous materials on a property could also result in personal injury or property damage or similar claims by private parties. Persons who arrange for the disposal or treatment of hazardous materials may also be liable for the costs of removal or remediation of these materials at the disposal or treatment facility, whether or not that facility is or ever was owned or operated by that person. These liabilities may exceed the value of the infrastructure asset at issue and may result in claims against the owner that may result in the loss of other assets of the owner.

**Inflation and Interest Rate Risk.** Inflation may adversely affect QICI's infrastructure investments. Inflationary expectations or periods of rising inflation could be accompanied by the rising prices of commodities which are critical to the operation of infrastructure assets. Conversely, periods of low or decreasing inflation can result in lower revenues for assets with inflation linked revenues such as contracted, regulated and concession-based investments. Infrastructure assets may be highly leveraged. As such, movements in the level of interest rates may affect the returns from these assets more significantly than investments in other types of assets. In particular, the type of debt, maturity profile, interest rates and covenants in place (including the manner in which they affect returns to equity holders) could affect the timing and magnitude of client returns.

## 5.4 Global Multi-Asset – Methods of Analysis and Risk Factors

The core objective of the QICI Global Multi-Asset investment team ("GMA") is to offer practical investment solutions to clients across a wide range of asset classes (including global equities, global fixed income, global diversified alternatives, global real estate, global infrastructure, global private capital and global currency).

The management of multi-asset class products involves rigorous research, modelling, scenario analysis, prudent investment governance and execution. QICI uses a proprietary qualitative and quantitative process.

**Clarify Client's Investment Objectives:** QICI works closely with the client to determine the client's specific investment objectives and develop an appropriate investment scorecard. QICI's proprietary investment scorecard methodology is fully integrated with its proprietary quantitative model (see below) which enables effective measurement of expected returns and risks against a client's investment objectives, taking into consideration any investment constraints or restrictions. The scorecard system allows for scenario testing of various portfolio trade-offs against the client's prioritized investment objectives. The investment process is focused on meeting these objectives while working within the permitted investment scope.

**Research:** Research is the foundation of QICI's asset allocation framework. The research program extends across portfolio construction and risk management techniques, new and evolving asset classes and sub-asset classes, and economics. Research priorities and developments are reviewed and debated monthly, with findings integrated into the portfolio construction and management processes. Research is undertaken to identify persistent risk premiums in the markets and to determine strategies which aim to provide optimal return per unit of risk (with risk measured in terms of its contribution to absolute portfolio risk, not relative to a nominated benchmark).

**Portfolio Construction:** QICI's asset allocation framework is underpinned by its proprietary quantitative model. The model integrates economic inputs and forecasts into asset class return forecasts and stochastic risk metrics. Portfolio managers provide qualitative input into opportunities and risks. Potential portfolios are assessed against client investment scorecards and scenario and stress testing occurs to ensure portfolios are robust in different economic and market environments.



**Mandate Design and Implementation:** Once a portfolio is determined, asset class exposures are implemented after analyzing the various implementation strategies available for accessing the desired risk premiums and determining the most efficient execution strategy. This includes consideration across physical and synthetic opportunities, various managers, and associated risks, costs and taxation considerations. Performance and risk is typically monitored and evaluated daily.

**Whole-of-Portfolio Management:** A process-driven approach incorporating data and information processes, portfolio management, trade execution and liquidity management. Strategic value is sought for clients' portfolios when implementing asset allocation and strategic currency decisions, rebalancing, monitoring derivative and counterparty positions, and managing capital and liquidity requirements.

### 5.4.1 Risk Factors

Aggregate risks including liquidity, counterparty and asset class rebalancing are actively managed. As noted above, QICI dynamically allocates across asset and sub-asset classes as the balance of risks associated with the various asset and sub-asset classes to which a client account has exposure to shifts throughout the economic cycle. Risk is further managed through diversification within sub-asset classes and by setting exposure limits to individual sub-asset classes.

Investing in a multi-asset class portfolio offers the opportunity for capital gains but also involves a risk of loss that clients should be prepared to bear. Prospective clients should carefully consider, among other factors, the following material risks associated with a multi-asset class portfolio strategy:

- **Market/Asset Risk:** Market/asset risk is the risk associated with adverse movements in the prices of securities, assets and instruments in which a portfolio invests. This may either be caused by security-specific factors or broader market factors such as changes in economic, technological, political or legal conditions, and even changes in market sentiment. The impact of market/asset risk is dependent on the investment timeframe.
- **Investment Process Risk:** Investment process risk refers to the risk that the proprietary qualitative and quantitative process allocates investments sub-optimally. The risk will manifest as market/asset risk.
- **Liquidity Risk:** Liquidity refers to the ability of an investment to be easily and quickly converted into cash with little or no loss of capital value. It includes the risk of failing to meet contingent calls on capital. If QICI is required to sell illiquid investments, (e.g. due to a redemption request, payments under derivatives contracts or a change in investment strategy), QICI may need to realize that investment at a sale price that is lower than what could have been achieved if a longer sale period had been allowed.
- **Counterparty Risk:** Counterparty risk, also known as credit risk, is the likelihood of suffering loss due to another party defaulting on its financial obligations.
- **Currency Risk:** Currency risk is the risk that adverse movements in exchange rates will reduce the dollar value of investments and deposits held in a foreign currency.
- **Derivative Risk:** Derivatives derive their value from the returns obtained from another reference entity. They are, therefore, subject to the same risks as the reference entity upon which the derivative is valued. As well as the risks of the underpinning investments, derivatives are subject to:
  - Liquidity risk: this is the likelihood that the derivative may not be able to be quickly bought or sold without causing a significant movement in the price;
  - Counterparty risk: this is the likelihood that the counterparty to the derivative contract is unable to meet its obligations; and





- Leverage risk: allows for magnified exposures and as a direct consequence magnified risks and/or potential losses. A portfolio would be considered leveraged if the level of market exposure exceeds the market value of the portfolio.
- Manager Risk: QICI may engage other investment managers to invest a client's assets. The returns are therefore reliant on each manager's process to capture the risk premia of the markets in which it invests. There is a risk that the investment advisers employed will not achieve their specified performance objective, will exceed their agreed levels of risk, or will underperform other investment advisers.
- Operational Risk: The risk of loss or damage resulting from inadequate or failed internal processes, people and systems or from external events. This includes the risk of trade execution errors.

## 5.5 Global Private Capital – Methods of Analysis and Risk Factors

The core objective of the global private capital strategy is to research and provide advice with respect to investments in top tier buyout, growth, venture capital and other funds managed by unaffiliated managers domiciled in the U.S. and across the globe who will deliver attractive long-term returns to clients on a risk-adjusted basis. In the case of opportunistic and distressed investments, QICI's Global Private Capital investment team ("GPC") researches and provides advice with respect to direct investments in buyout, growth and venture capital portfolio companies. In connection with formulating its investment advice, QICI will consider clients' asset/liability, currency, risk appetite, management expense ratio and tax characteristics. On behalf of its clients, QICI may also co-invest in later stage companies alongside its managers.

QICI uses both top-down and bottom-up analyses in the portfolio construction process. The bottom-up process may, as applicable, identify the relevant strengths and weaknesses of each fund manager and/or evaluate the portfolio companies managed by such manager, while the top-down process may, as applicable, evaluate the manager's or investment's fit within the relevant target allocations and portfolio construction. QICI has developed a series of criteria to evaluate potential managers, including the experience of the management team, deal sourcing strategy, due diligence process, evidence of value creation, terms and conditions that align its interests with its investors' interests, and professional and ethical behavior, among other criteria. QICI may also apply top-down target stage allocations to diversify the portfolio and manage risk, based on a number of factors, including, macroeconomic outlook, strength of the financial markets, merger and acquisition activity, deal flow in the underlying private capital market, and state of the private capital fundraising market, among other factors.

In evaluating investment opportunities, QICI takes a qualitative and quantitative approach. Qualitative reviews may include, for example, onsite manager visits, reference calling and peer group comparison and review. Quantitative reviews include a systematic analysis of a fund manager's track record and/or if applicable, a cash flow model projecting the likely timing and value of the sale of underlying portfolio companies.

### 5.5.1 Risk Factors

**Nature of Private Capital Investments; Risk of Loss.** Private capital investments are highly illiquid and their dispositions may require a lengthy period of time or may result in in-kind distributions of illiquid securities to investors. Prices of private capital investments may be volatile and highly uncertain to determine with accuracy. A variety of other factors, that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly impact the value of such investments. Investing in private capital funds and portfolio companies offer the opportunity for significant capital gains but also



involve a substantial risk of loss that clients should be prepared to bear. Prospective clients should carefully consider, among other factors, the following material risks associated with QICI's private capital strategy.

**Long-term and Restricted Investments.** QICI makes long-term investments for which a liquid market does not exist and/or are subject to legal or other restrictions on transfer. The market prices of such investments tend to be volatile and QICI may not be able to sell such investments when desired, or, upon sale, to realize what QICI perceives to be their fair value. Moreover, clients' investments may be subject to restrictions on resale for various reasons including that they were acquired in a "private placement" transaction.

**Reliance on Other Management.** QICI relies on the capabilities of the management teams of the private capital funds and portfolio companies clients invest in and QICI will generally not be able to participate in the management and control of such private capital funds or portfolio companies. Although QICI will monitor the performance of such private capital funds and portfolio companies, there can be no assurance that the respective management teams of such funds and portfolio companies will be able to operate such entities in accordance with QICI's or its clients' expectations. Additionally, QICI generally will not be able to control the amount or timing of distributions from such private capital funds and portfolio companies, which may affect clients' returns.

**Competitive Market for Investment Opportunities.** The task of identifying private capital investment opportunities is difficult and highly competitive. There can be no assurance that QICI will be able to select investments that will be able to generate positive returns for clients. The availability of investment opportunities will be subject to market conditions as well as, in some cases, the prevailing political or regulatory climate. There can be no assurance that there will be a sufficient number of suitable investment opportunities to enable QICI to select investment opportunities that satisfy clients' investment objectives.

## 6 DISCIPLINARY INFORMATION

QICI and its principals have not been subject to any legal or disciplinary events that are material to a client's or prospective client's evaluation of QICI's advisory business or the integrity of QICI's management.

## 7 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As noted above, QICI is a member of the QIC Group, one of the largest institutional investment managers in Australia. QICI provides discretionary and non-discretionary investment advisory services to the U.S. clients of the QIC Group. In so doing, QICI will draw on the investment research and trade execution capabilities of QIC's investment teams, but QICI will retain the ultimate investment discretion and decision-making authority over the assets in its clients' accounts. QICI also provides investment management services to the Pooled Investment Vehicle.

In keeping with this business model, QICI has entered into a series of intra-company agreements with other members of the QIC Group. Among other things, these include (i) sub-advisory agreements under which the QIC Group investment teams will provide non-discretionary investment advice, research and trade execution services to QICI in support of its investment management activities, (ii) secondment (or "dual hatting") agreements under which the QIC Group will provide QICI with the personnel necessary for it to carry out its business operations, and (iii) general services agreements under which the QIC Group will provide certain administrative and other corporate services necessary for QICI to carry out its business operations.

Neither QICI nor its management persons are registered, or have an application to register, as a broker dealer, futures commission merchant, commodity pool operator, or commodity trading adviser.



QICI recommends and selects other investment advisers for its clients, but does not receive compensation either directly or indirectly from such advisers. QICI does not have other business relationships with other investment advisers that would create a material conflict of interest.

As described above in “Fees and Compensation,” QICI or one or more of its affiliates may be entitled to receive compensation from a Pooled Investment Vehicle or any entity in which a Pooled Investment Vehicle holds an investment for certain services provided, including asset management, development management, property management, leasing, administrative services, accounting and other services described in the governing documents and offering materials for such Pooled Investment Vehicle. The opportunity to receive such compensation creates a potential conflict of interests between QICI and/or its affiliates, on the one hand, and the Pooled Investment Vehicle and its investors, on the other hand, because (i) the amount of such compensation may be substantial and (ii) the Pooled Investment Vehicle and its investors generally do not have an interest in QICI or the affiliates receiving such compensation. Except as disclosed in the governing documents and/or offering materials for such Pooled Investment Vehicle, the terms of any compensation and related services generally will be on terms no less favorable to the Pooled Investment Vehicle than would be obtained on an arm’s length basis, as determined by QICI in good faith.

Affiliates of the Adviser have invested in some of the Adviser's Pooled Investment Vehicles.

## 8 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, PERSONAL TRADING

QICI and its directors, officers and certain representatives (collectively, “QICI Personnel”) may, under certain circumstances, own, purchase or sell securities that are also held by, purchased for, or sold on behalf of client accounts.

However, QICI Personnel generally are prohibited from buying or selling any security of an issuer for their own accounts from the time QICI has made a decision to purchase or sell a security of such issuer for one or more client accounts until QICI has completed such purchase or sale for a client account.

QICI has adopted a Code of Ethics (“Code”) that is designed to comply with Rule 204A-1 under the Advisers Act. The Code sets forth standards of conduct and requires compliance by all QICI supervised persons. The Code governs, among other things, the personal securities transactions of QICI’s supervised persons.

Under the Code, all supervised persons have a duty to act only in the best interests of client accounts and any potential conflicts or violations of the Code must be reported to QICI’s chief compliance officer. It is the expressed policy of QICI that no person employed by QICI shall prefer his or her own interest to that of a client account or make personal investment decisions based on investment decisions undertaken on behalf of client accounts.

The Code requires supervised persons to conduct personal securities transactions in a manner that does not interfere with transactions on behalf of QICI’s clients and does not take inappropriate advantage of their positions and access to information that comes with such positions. The Code requires pre-approval of personal securities transactions. In particular, QICI personnel must receive pre-approval before purchasing securities in a private placement or pursuant to an initial public offering. The Code imposes specific prohibitions on employee trades including (i) trades based on material non-public information; (ii) trades intended to manipulate the market; and (iii) trades based on knowledge of QICI’s trading intentions.

The Code requires reports of personal securities transactions (which generally are in the form of duplicate confirmations and brokerage account statements) to be filed with QICI’s compliance department quarterly or more frequently. Those reports are reviewed for conflicts, or potential conflicts, with client transactions. Certain securities are exempt from the reporting requirements of the Code, including U.S. government



securities, shares in money market funds and unit investment trusts that are invested exclusively in mutual funds. In addition, the Code also contains provisions related to the making, receipt and reporting of gifts and business entertainment.

As part of its Code, QICI has established an insider trading prohibition program that includes specific requirements regarding possession of material non-public information ("MNI") in order to avoid situations which may violate applicable statutes or regulations or create the appearance of impropriety. QICI's insider trading prohibition program strictly forbids any supervised person from conducting trading either personally or on behalf of others, including clients of QICI, while in possession of MNI or communicating MNI to others.

QICI will provide a copy of the Code to any client or potential client upon request or as required by applicable law. Please contact the QICI compliance department at + 61 7 3020 7069 or email a request to [globalregulation@qic.com](mailto:globalregulation@qic.com).

QICI and its related persons may have indirect beneficial interests in the securities owned by one or more collective investment vehicles or other client accounts and will share in any profits and losses generated by such investments. Moreover, in certain situations, related persons of QICI may purchase interests in the same investments held by one or more collective investment vehicles or other client accounts. All such transactions are subject to compliance with the Code.

From time to time, certain employees of QICI may serve on the board of directors or certain other boards or committee (e.g. advisory boards, board of trustees, etc.) of other entities.

## 9 BROKERAGE PRACTICES

### 9.1 Investment or Brokerage Discretion

QICI is responsible for the execution of portfolio transactions (i.e. securities and derivatives) for its clients and the negotiation of any commissions paid on such transactions. Purchases of portfolio instruments through brokers involve payment of a commission to the broker. Purchases of portfolio securities from dealers serving as market makers include the spread between the bid and the ask price. QICI will not commit to provide any level of brokerage business to any broker and may utilize the services of one or more introducing brokers who will execute client brokerage transactions through the broker and custodian who will clear the client's transactions.

Securities transactions are primarily executed through brokers that are selected by QICI. In placing portfolio transactions, QICI will seek to obtain the "best execution" for a client taking into account a number of factors, including: the ability to effect prompt and reliable executions at favorable prices; the operational efficiency with which transactions are effected and the efficiency of error resolution; the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; special execution capabilities; clearance; settlement; reputation; willingness to execute related or unrelated difficult transactions in the future; the quality, comprehensiveness and frequency of available research and related services considered to be of value; the availability of stocks to borrow for short trades; and the competitiveness of commission rates in comparison with other brokers satisfying QICI's other selection criteria. QICI is not required to weigh any of these factors equally. Since commission rates are generally negotiable, QICI's selection of brokers on the basis of considerations which are not limited to applicable commission rates may at times result in a client being charged higher transaction costs than it could otherwise obtain.



## 9.2 Research Products and services received by QICI

The term “soft dollars” refers to brokerage commissions generated from a client’s securities transactions that are retained by the broker for the use of the adviser who directed the transactions to the broker. Soft dollars accumulated by the broker for QICI’s use may be used to pay for various products and services, including research and brokerage services. The availability of soft dollars from certain brokers presents investment managers with significant conflicts of interest, and may give incentives for investment managers to disregard their obligations to clients (including, without limitation, their best execution obligations) when directing orders.

Section 28(e) of the Exchange Act (“Section 28(e)”) provides a “safe harbor” to those investment managers who use soft dollars to obtain investment research and brokerage services. In order to qualify for the safe harbor, the investment research must provide assistance to the investment manager in its performance of its investment decision-making responsibilities. Brokerage services must relate to the execution of securities transactions in order to fall within the safe harbor provided by Section 28(e).

QICI uses soft dollars generated by client securities transactions to pay for research, products and services that fall within the safe harbor, including economic and market information, portfolio strategy advice, industry and company comments, technical data, recommendations, consultations, general reports, newswire and data charges and quotation services.

Products and services provided by broker-dealers with soft dollars may be utilized by QICI and its affiliates in connection with the investment services provided to all of its clients. Likewise, products and services provided by broker-dealers with soft dollars generated by some clients may be utilized by QICI in performing its services for other clients.

## 9.3 Brokerage for client referrals

QICI does not consider, in selecting or recommending broker-dealers, whether QICI or a related person receives client referrals from a broker-dealer or third party.

## 9.4 Allocation of Investment Opportunities

The QIC Group manages assets on behalf of a number of pooled investment vehicles and separately managed account clients. Managing assets of clients side-by-side may give rise to conflicts of interest. Certain clients may be subject to different fee arrangements and structures, which may pose the appearance of a conflict of interest. Certain clients may pursue substantially similar investment strategies or may be eligible to invest in the same or similar assets, or such clients may compete for limited opportunities to buy and sell certain assets. The QIC Group may also have contractual arrangements in place with a client which may influence allocation decisions.

The QIC Group seeks to allocate investment opportunities among clients in accordance with the investment objectives, investment guidelines, restrictions and characteristics of a client portfolio on a fair and equitable basis over time, even though a specific allocation may have the effect of benefiting one client over another when viewed in isolation.

QICI may at times determine that certain investments will be suitable for acquisition by a client and by other client accounts. If that occurs and QICI is not able to acquire the desired aggregate amount of such investments on terms and conditions which QICI deems advisable, QICI will, in accordance with its investment allocation policy, endeavor to allocate in good faith the limited amount of such investments acquired among the various accounts for which QICI considers them to be suitable.



QICI may make allocations among accounts in any manner which it considers to be fair under the circumstances, including, but not limited to, allocations based on relative account sizes, liquidity needs of accounts, the degree of risk involved in the investments acquired, and the extent to which such investments are consistent with the investment objectives, strategies, guidelines and restrictions of the various accounts involved.

## 9.5 Aggregation of Orders

QICI may aggregate purchase and sale orders of investments held by clients with similar orders being made simultaneously for other accounts or entities if, in QICI's reasonable judgment, such aggregation is reasonably likely to result in an overall economic benefit to a client based on an evaluation that the client will be benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors. In many instances, the purchase or sale of investments for a client will be effected simultaneously with the purchase or sale of like investments for other accounts or entities. Such transactions may be made at slightly different prices, due to the volume of investments purchased or sold. In such event, a fair price of all investments purchased or sold in such transactions may be determined, at QICI's sole discretion, and the client may be charged or credited, as the case may be, with a fair transaction price.

## 9.6 Trade Processing

It is the policy of QICI to allocate client transactions in a fair and equitable manner. Block trades are routinely pre-allocated to client accounts, generally pro rata, at the time the order is entered. These allocations may be modified manually from time to time to take into consideration a particular client's circumstances (e.g. portfolio weighting in security, sector, or cash) or restrictions. Final allocations are generally done at the time order is completed, but no later than the end of the day on which the transaction is completed.

QICI may cause a client account to engage in "cross transactions" via the purchase or acquisition of a security from, or the sale or transfer of a security to, another client account, provided that the cross transaction is consistent with QICI's fiduciary obligations to each client account participating in the cross transaction.

In the event that QICI identifies a trade in a client account that was effected in error (e.g. QICI allocates a trade to a client account in a security that the client has specified should be excluded or restricted from the client's investment portfolio), QICI will promptly cancel the erroneous trade in the client's account, the effect of which will result in no negative economic impact in the client's account. The cancelled trade may then be reallocated to the appropriate client account(s).

## 10 REVIEW OF ACCOUNTS

Accounts are monitored on a continuous basis by QICI. QICI is generally responsible for managing its client accounts in accordance with their respective investment strategies. In addition, each applicable investment team will assist QICI to assure that a portfolio's structure and individual securities held are suitable and consistent with that account's investment objectives and strategies.

Compliance, trading and operations teams are also involved in this monitoring process to ensure that each client's portfolio is managed in accordance with its stated investment guidelines and restrictions. Where practicable, for certain investment teams, investment restrictions are coded into a monitoring system, which prevents transactions in specific securities that are restricted for QICI, separately managed accounts, or a collective investment vehicle. The system also monitors any potential breaches that may not be apparent during the pre-trade check on a post trade basis.





QICI will provide periodic statements to its clients, at least each quarter, but typically each month. QICI will also provide investors in a collective investment vehicle with written periodic reports (typically on a monthly basis) that contain information about the vehicle in which they have invested. The reports typically include estimated actual performance on a monthly, quarterly, year-to-date, and/or since inception basis. Investors in each collective investment vehicle may also request written annual reports that contain audited financial statements and tax information.

## 11 CLIENT REFERRALS AND OTHER COMPENSATION

Except as described above under “Brokerage Practices” with respect to services paid for with soft dollars, QICI does not receive economic benefits for providing investment advice or other advisory services to its clients from parties other than its clients.

QICI may enter into fee sharing arrangements with third party marketers or solicitors who refer clients or investors to QICI. Such third party marketers may have a conflict of interest in advising prospective clients whether to engage the primary adviser. Under the terms of the agreements with third party marketers or solicitors, QICI will compensate such third party marketers or solicitors if persons introduced by them become investors in QICI collective investment vehicles or engage QICI to manage separately managed accounts. The third party marketer or solicitor is required to provide potential clients with disclosures related to the payment incentives such third party marketer or solicitor will receive from QICI. All payments to third party marketers or solicitors for referrals of U.S. clients will be made in accordance with the provisions of Rule 206(4)-3 under the Advisers Act and any other laws to the extent applicable.

QICI recommends or selects other investment advisers for its clients, but does not receive compensation either directly or indirectly from such advisers. QICI does not have business relationships with other investment advisers that create a material conflict of interest.

## 12 CUSTODY

QICI has constructive custody of the assets in the Pooled Investment Vehicle. QICI does not currently have any physical custody of any U.S. client account assets. It is QICI's intention to structure any future U.S. client account relationships in such a way that QICI will not be deemed to have "custody" of U.S. client account assets, as such term is defined in Rule 206(4)-2 under the Advisers Act. Should this intention change, QICI will take steps to ensure that any such U.S. client account relationships comply with the requirements of Rule 206(4)-2.

## 13 INVESTMENT DISCRETION

QICI is retained on both a discretionary and non-discretionary basis. Where QICI has investment authority, subject to the investment objectives, policies and restrictions applicable to each client account, QICI will have discretionary authority to determine the type, amount and price of securities and other investments to be bought and sold on behalf of each of its client accounts, including the selection of and commission paid to broker-dealers.

## 14 VOTING CLIENT SECURITIES

Pursuant to a delegation of proxy voting authority from a client, QICI will vote proxies solicited by or with respect to the issuers of securities in which assets of a client account are invested, except as set forth below.



When QICI votes a client's proxy with respect to a specific issuer, the client's economic interest as a shareholder of that issuer is QICI's primary consideration in determining how the proxy should be voted. Except as otherwise specifically instructed by a client, QICI generally does not take into account interests of other stakeholders of the issuer or interests the client may have in other capacities.

If the client has a proxy voting policy that it has delivered to QICI and has directed QICI to follow that policy without using QICI's discretion, QICI will vote proxies solicited by or with respect to the issuers of securities held in that client's account in accordance with that policy. If the client does not have or has not delivered a proxy voting policy to QICI, QICI will vote proxies solicited by or with respect to the issuers of securities held in the client's account in a manner that is in a prudent and diligent manner that will serve the applicable client's best interests and is in line with each client's investment objectives in the judgment of QICI. A client may direct QICI how to vote with respect to securities held by that client for a particular proxy solicitation by communicating its desire to do so to QICI, provided that such desire to direct the vote is communicated sufficiently in advance of any applicable vote submission deadline.

QICI will provide information to a client upon request about how proxies were voted with respect to their securities. Please contact the QICI compliance department at + 61 7 3020 7069 or email a request to [globalregulation@qic.com](mailto:globalregulation@qic.com).

Because clients have, in most cases, delegated the power to vote their securities to QICI, QICI has implemented proxy voting policies and procedures in accordance with securities laws and its fiduciary obligations to its clients. To obtain a copy of these policies and procedures, please contact the QICI compliance department at + 61 7 3020 7069 or email a request to [globalregulation@qic.com](mailto:globalregulation@qic.com).

QICI may, from time to time, retain an unaffiliated third party proxy voting research service ("Third Party Proxy Service"), to assist with its voting of U.S. and non-U.S. proxies. The Third Party Proxy Service, if retained, will provide QICI with in-depth research analysis of shareholder meeting agendas, vote recommendations, reporting and recordkeeping. While QICI will ultimately make all voting decisions, QICI would generally expect to vote in accordance with the Third Party Proxy Service's recommendations. If a QICI portfolio manager determines that it is in a client's best interest to vote differently from the Third Party Proxy Service's recommended vote, he or she must obtain prior approval from QICI's compliance department. Specifically, QICI's compliance department will assess whether any material conflicts of interest exist and, subsequently, document any proxy vote that differs from the Third Party Proxy Service's recommendation and the justification for voting against such recommendation. This process helps to document and mitigate the effects of any potential conflicts of interest.

## 15 FINANCIAL INFORMATION

QICI does not permit prepayment of fees. QICI is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy proceeding.