

# **Macquarie Australian Pure Indexed Equities Fund**

ARSN 096 257 224

## **Annual report - 31 December 2011**

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This financial report covers Macquarie Australian Pure Indexed Equities Fund as an individual entity.

The Responsible Entity of Macquarie Australian Pure Indexed Equities Fund is Macquarie Investment Management Limited (ABN 66 002 867 003). The Responsible Entity's registered office is Mezzanine Level, No. 1 Martin Place, Sydney NSW 2000.

## Directors' report

The directors of Macquarie Investment Management Limited, a wholly owned subsidiary of Macquarie Group Limited, the Responsible Entity of Macquarie Australian Pure Indexed Equities Fund ("the Trust"), present their report together with the financial report of the Trust for the period ended 31 December 2011.

### Principal activities

The Trust invests in listed equity securities and derivatives in accordance with the provisions of the Trust Constitution.

The Trust did not have any employees during the period.

There were no significant changes in the nature of the Trust's activities during the period.

### Directors

The following persons held office as directors of Macquarie Investment Management Limited during the period or since the end of the period and up to the date of this report:

B N Terry  
 T Graham  
 V Malley  
 R Cartwright  
 C Vignes  
 C Swanger (resigned 21/06/2011)  
 K Vincent (appointed 21/06/2011)

### Review and results of operations

During the period, the Trust continued to be managed in accordance with the investment objective and strategy set out in the Trust's offer document and in accordance with the Trust Constitution.

#### Results

The performance of the Trust, as represented by the results of its operations, was as follows:

	Period ended	
	1 April 2011 to 31 December 2011	1 April 2010 to 31 March 2011
Operating (loss)/profit before finance costs attributable to unitholders (\$'000)	<u>(109,290)</u>	<u>4,123</u>
<i>Distributions</i>		
Distribution paid and payable (\$'000)	<u>23,148</u>	<u>31,004</u>
Distribution (cents per unit)	<u>4.35</u>	<u>6.15</u>

### Significant changes in state of affairs

During the period, the board of directors approved to change the financial year end of the Trust from 31 March to 31 December. This change was made to synchronise the financial year end of the Trust and its parent entity.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Trust that occurred during the financial period under review.

## Directors' report (continued)

### Matters subsequent to the end of the financial period

No matter or circumstance has arisen since 31 December 2011 that has significantly affected, or may significantly affect:

- (i) the operations of the Trust in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Trust in future financial years.

### Likely developments and expected results of operations

The Trust will continue to be managed in accordance with the investment objective and strategy set out in the Trust's offer document and in accordance with the Trust Constitution.

The results of the Trust's operations will be affected by a number of factors, including the performance of investment markets in which the Trust invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Further information on likely developments in the operations of the Trust and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Trust.

### Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Trust in regards to insurance cover provided to either the officers of Macquarie Investment Management Limited or the auditors of the Trust. Under the Trust Constitution, Macquarie Investment Management Limited as Responsible Entity of the Trust is entitled to be indemnified out of the assets of the Trust for any liability incurred by it in properly performing or exercising any of its powers or duties in relation to the Trust.

### Fees paid to and interests held in the Trust by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of Trust property during the period are disclosed in note 10 of the financial statements.

No fees were paid out of Trust property to the directors of the Responsible Entity during the period.

The number of interests in the Trust held by the Responsible Entity or its associates as at the end of the financial period are disclosed in note 10 of the financial statements.

### Interests in the Trust

The movement in units on issue in the Trust during the period is disclosed in note 6 of the financial statements.

The value of the Trust's assets and liabilities is disclosed on the statement of financial position and derived using the basis set out in note 2 of the financial statements.

### Environmental regulation

The operations of the Trust are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

### Rounding of amounts to the nearest thousand dollars

Pursuant to Class Order 98/0100 issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report, amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

**Directors' report (continued)**

**Auditor's independence declaration**

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of the directors.

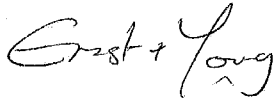


C Vignes  
Director

Sydney  
6 February 2012

**Auditor's Independence Declaration to the Directors of Macquarie Investment Management Limited, as the Responsible Entity for Macquarie Australian Pure Indexed Equities Fund**

In relation to our audit of the financial report of Macquarie Australian Pure Indexed Equities Fund for the financial period ended 31 December 2011 to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Darren Handley-Greaves  
Partner  
6 February 2012

**Statement of comprehensive income**

		1 April 2011 to 31 December 2011 \$'000	1 April 2010 to 31 March 2011 \$'000
	Notes		
<b>Investment income</b>			
Interest income		506	785
Dividend income		23,452	31,050
Net loss on financial instruments held at fair value through profit or loss	5	(131,770)	(25,780)
Other operating income		64	378
<b>Total net investment (loss)/income</b>		<u>(107,748)</u>	<u>6,433</u>
<b>Expenses</b>			
Responsible Entity fees	10	1,528	2,260
Withholding tax expenses		14	36
Other operating expenses		-	14
<b>Total operating expenses</b>		<u>1,542</u>	<u>2,310</u>
<b>Operating (loss)/profit</b>		<u>(109,290)</u>	<u>4,123</u>
<b>Finance costs attributable to unitholders</b>			
Distributions to unitholders		(23,148)	(31,004)
Decrease in net assets attributable to unitholders	6	132,438	26,881
<b>Profit/(loss) for the period</b>		<u>-</u>	<u>-</u>
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<u>-</u>	<u>-</u>

*The above statement of comprehensive income should be read in conjunction with the accompanying notes.*

**Statement of financial position**

		31 December 2011 \$'000	31 March 2011 \$'000
	Notes		
<b>Assets</b>			
Cash and cash equivalents	7	18,667	14,714
Margin accounts		2,342	192
Collateral held		-	8
Due from brokers - receivable for securities sold		360	2,838
Other receivables		1,253	4,182
Financial assets held at fair value through profit or loss	8	<u>669,331</u>	<u>691,543</u>
<b>Total assets</b>		<u>691,953</u>	<u>713,477</u>
<b>Liabilities</b>			
Collateral payable		-	8
Due to brokers - payable for securities purchased		1,074	920
Responsible Entity fees payable	10	500	483
Financial liabilities held at fair value through profit or loss	9	<u>885</u>	-
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<u>2,459</u>	<u>1,411</u>
<b>Net assets attributable to unitholders - liability</b>	6	<u>689,494</u>	<u>712,066</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

**Statement of changes in equity**

	1 April 2011 to 31 December 2011 \$'000	1 April 2010 to 31 March 2011 \$'000
<b>Total equity at the beginning of the period</b>	-	-
Total comprehensive income for the period	-	-
Transactions with owners in their capacity as owners	-	-
<b>Total equity at the end of the period</b>	<u>-</u>	<u>-</u>

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result there was no equity at the start or end of the period.

*The above statement of changes in equity should be read in conjunction with the accompanying notes.*

## Statement of cash flows

	1 April 2011 to 31 December 2011 \$'000	1 April 2010 to 31 March 2011 \$'000
Notes		
<b>Cash flows from operating activities</b>		
Proceeds from sale of financial instruments held at fair value through profit or loss	50,370	386,321
Purchase of financial instruments held at fair value through profit or loss	(158,555)	(67,435)
Dividends received	26,368	30,296
Interest received	497	781
Other income received	115	594
Responsible Entity fees paid	(1,511)	(2,685)
Payment of other expenses	(49)	(23)
<b>Net cash (outflow)/inflow from operating activities</b>	<u>11(a) (82,765)</u>	<u>347,849</u>
<b>Cash flows from financing activities</b>		
Proceeds from applications by unitholders	107,798	42,851
Payments for redemptions by unitholders	(21,080)	(379,830)
<b>Net cash inflow/(outflow) from financing activities</b>	<u>86,718</u>	<u>(336,979)</u>
<b>Net increase in cash and cash equivalents</b>	<b>3,953</b>	<b>10,870</b>
Cash and cash equivalents at the beginning of the period	<u>14,714</u>	<u>3,844</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>7 18,667</u>	<u>14,714</u>
Non-cash financing activities	<u>11(b) 23,148</u>	<u>31,004</u>

*The above statement of cash flows should be read in conjunction with the accompanying notes.*

## 1 General information

This financial report covers Macquarie Australian Pure Indexed Equities Fund ("the Trust"), as an individual entity. The Trust was constituted on 5 March 2001. The Trust is a registered managed investment scheme domiciled in Australia.

The Responsible Entity of the Trust is Macquarie Investment Management Limited (the "Responsible Entity"). The Responsible Entity's registered office is Mezzanine Level, No. 1 Martin Place, Sydney, NSW 2000. The financial report is presented in Australian dollars.

The Investment Manager of the Trust is Macquarie Investment Management Limited (the "Investment Manager").

During the period, the Board of directors approved to change the financial year end of the Trust from 31 March to 31 December. This change was made to synchronise the financial year end of the Trust and its parent entity.

During the period, the Trust continued to be managed in accordance with the investment objective and strategy set out in the Trust's offer document and in accordance with the Trust Constitution.

The financial statements were authorised for issue by the directors on 6 February 2012. The directors of the Responsible Entity have the power to amend and reissue the financial report.

## 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated in the following text.

### (a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001* in Australia.

The financial report is prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders. The amount expected to be recovered or settled within twelve months after the end of each reporting period cannot be reliably determined.

Where necessary, comparative information has been reclassified to be consistent with current period disclosures.

#### *Reporting period*

The financial report is prepared for the 9 month period ended 31 December 2011, with the comparative period being for the 12 month period ended 31 March 2011.

#### *Compliance with International Financial Reporting Standards*

The financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### (b) Financial instruments

#### (i) *Classification*

The Trust's investments are categorised as at fair value through profit or loss. They comprise:

- Financial instruments held for trading

These include derivative financial instruments including swaps, rights and futures contracts. The Trust does not designate any derivatives as hedges in a hedging relationship.

## 2 Summary of significant accounting policies (continued)

### (b) Financial instruments (continued)

#### (i) Classification (continued)

- Financial instruments designated at fair value through profit or loss upon initial recognition

These include financial assets that are not held for trading purposes and which may be sold. These include investments in exchange traded equity instruments.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Trust's documented investment strategy. The Trust's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

Loans and receivables/payables comprise amounts due to or from the Trust.

#### (ii) Recognition/derecognition

The Trust recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cashflows from the investments has expired or the Trust has transferred substantially all risks and rewards of ownership.

#### (iii) Measurement

##### (a) Financial assets and liabilities held at fair value through profit or loss

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the statement of comprehensive income.

- Fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the statement of financial position date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

- Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used in a market rate at the statement of financial position date applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the statement of financial position date. Fair values for unquoted equity investments are estimated, if possible, using applicable pricing/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Trust would receive or pay to terminate the contract at the statement of financial position date taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties.

Details on how the fair value of financial instruments is determined are disclosed in note 3.

## 2 Summary of significant accounting policies (continued)

### (b) Financial instruments (continued)

#### (b) *Loans and receivables*

Loan and receivables are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less impairment losses if any. Such assets are reviewed at each statement of financial position date to determine whether there is objective evidence of impairment.

If any such indication of impairment exists, an impairment calculation is undertaken and any impairment loss is recognised in the statement of comprehensive income as the difference between the asset's carrying amount and the present value of the revised estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the statement of comprehensive income.

### (c) Net assets attributable to unitholders

Units are redeemable at the unitholders' option and are therefore classified as financial liabilities. The units can be put back to the Trust at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the statement of financial position date if unitholders exercised their right to put the units back to the Trust.

### (d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash includes cash on hand and deposits held at call with financial institutions. Cash equivalents include other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes. Bank overdrafts, if any, are shown separately on the statement of financial position.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Trust's main income generating activity.

### (e) Margin accounts

Margin accounts comprise cash held as collateral for derivative transactions. The cash is held by the broker and is only available to meet margin calls.

### (f) Cash and stock collateral on securities lent

As part of its trading activities, the Trust lends securities on a collateralised basis. The securities subject to the lending are not derecognised from the statement of financial position of the relevant parties, as the risks and rewards of ownership remain with the initial holder. Where cash is provided as collateral, cash received from third parties on securities lent is recorded as a borrowing. Where stock is received as collateral, the securities are not derecognised from the statement of financial position of the relevant parties, as the risks and rewards of ownership remain with the initial holder. Fees and interest relating to securities lending are recognised in the statement of comprehensive income, using the effective interest method, over the expected life of the agreements. The Trust continually reviews the fair value of the securities on which the above transactions are based and, where appropriate, request or provides additional collateral to support the transactions, in accordance with the underlying agreements.

## 2 Summary of significant accounting policies (continued)

### (g) Investment income

Interest income is recognised in the statement of comprehensive income for all financial instruments that are not held at fair value through profit or loss using the effective interest method.

Dividend income is recognised on the ex-dividend date.

### (h) Expenses

All expenses, including Responsible Entity fees, are recognised in the statement of comprehensive income on an accruals basis.

### (i) Income tax

Under current legislation, the Trust is not subject to income tax provided the taxable income of the Trust is fully distributed either by way of cash or reinvestment (i.e. unitholders are presently entitled to the income of the Trust).

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Trust is not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Trust to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

The benefits of imputation credits are passed on to unitholders.

### (j) Distributions

In accordance with the Trust Constitution, the Trust distributes its distributable (taxable) income, and any other amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unitholders.

### (k) Increase/decrease in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the statement of comprehensive income as finance costs.

### (l) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the period. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Trust will not be able to collect all amounts due from the relevant broker. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from brokers is impaired.

### (m) Receivables

Receivables may include amounts for dividends and interest. Dividend is accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment in accordance with the policy set out in note 2(g) above. Amounts are generally received within 30 days of being recorded as receivables.

Receivables include such items as Reduced Input Tax Credits (RITC).

## 2 Summary of significant accounting policies (continued)

### (n) Payables

Payables includes liabilities and accrued expenses owing by the Trust which are unpaid as at period end.

The distribution amount payable to unitholders as at the reporting date is recognised separately on the statement of financial position when unitholders are presently entitled to the distributable income under the Trust Constitution.

### (o) Applications and redemptions

Applications received for units in the Trust are recorded net of any entry fees payable prior to the issue of units in the Trust. Redemptions from the Trust are recorded gross of any exit fees payable after the cancellation of units redeemed.

### (p) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Trust by third parties such as investment management fees have been passed onto the Trust. The Trust qualifies for RITC at a rate of at least 75% hence Responsible Entity fees and other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

### (q) Use of estimates

The Trust makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the Trust's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example, over-the-counter derivatives or unquoted securities are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Responsible Entity, independent of the area that created them. Models are calibrated by back-testing to actual transactions to ensure that outputs are reliable.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain financial instruments, including amounts due from/to brokers and accounts payable, the carrying amount approximates fair value due to the immediate or short-term nature of these financial instruments.

### (r) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2011 reporting period. The directors' assessment of the impact of these new standards (to the extent relevant to the Trust) and interpretations is set out below:

*(i) AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010 Amendment to Australia Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013)*

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption.

AASB 9 permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not traded.

## 2 Summary of significant accounting policies (continued)

### (r) New accounting standards and interpretations (continued)

(i) *AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010 Amendment to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013) (continued)*

The Trust has not yet decided when to adopt AASB 9. Management does not expect this will have a significant impact on the Trust's financial statements as the Trust does not hold any available for sale investments.

(ii) *AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (effective for annual reporting periods beginning on or after 1 July 2011)*

In November 2010, the AASB issued AASB 2010-6 Disclosures on Transfers of Financial Assets which amends AASB 1 First time Adoption of Australian Accounting and AASB 7 Financial Instruments: Disclosures to introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. The amendments will not have any impact on the Trust's disclosures. The Trust intends to apply the amendment from 1 January 2012.

(iii) *AASB 10 Consolidated Financial Statements*

AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIC-112 *Consolidation - Special Purpose Entities*.

The standard is not applicable until 1 January 2013 but is available for early adoption.

The Trust has not yet decided when to adopt AASB 10. Management does not expect this will have a significant effect on the Trust's financial statements.

(iv) *AASB 12 Disclosures of Interests in Other Entities*

AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.

The standard is not applicable until 1 January 2013 but is available for early adoption.

The Trust has not yet decided when to adopt AASB 12. Management does not expect this will have a significant effect on the Trust's financial statements.

(v) *AASB 13 Fair Value Measurement*

AASB 13 establishes a single source of guidance under IFRS for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.

AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

The standard is not applicable until 1 January 2013 but is available for early adoption.

The Trust has not yet decided when to adopt AASB 13. Management does not expect this will have a significant effect on the Trust's financial statements.

## 2 Summary of significant accounting policies (continued)

### (r) New accounting standards and interpretations (continued)

#### *(vi) AASB 1054 Australian Additional Disclosures and AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project*

These standards are a consequence of Phase 1 of the joint Trans-Tasman Convergence project of the Australian Accounting Standards Board ("AASB") and the Financial Reporting Standards Board ("FRSB") of the New Zealand Institute of Chartered Accountants to support profit entities using a single set of accounting standards and preparing financial statements that are accepted in both jurisdictions.

AASB 2011-1 deletes various Australian-specific guidance and disclosures from other standards for closer alignment to IFRSs and harmonisation between Australian and New Zealand Standards.

AASB 1054 sets out Australian-specific disclosures for entities that have adopted Australian Accounting Standards. This standard contains disclosures additional to IFRSs such as compliance with Australian Accounting Standards, the nature of financial statements (general purpose or special purpose), audit fees, imputation (franking) credits and a reconciliation of net operating cash flow to profit/(loss).

The standards will not have any impact on the Trust's disclosures. The Trust will first apply the standards AASB 2011-1 and AASB 1054 from 1 January 2012.

#### *(vii) AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements*

The AASB has removed the individual key management personnel (KMP) disclosures required by AASB 124 *Related Party Disclosures*. While this change will reduce the disclosures provided in the notes to the financial statements, it will not affect any of the amounts recognised in the financial statements.

The Trust intends to apply the amendments from 1 January 2014.

#### *(viii) AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income*

AASB 2011-9 requires items in other comprehensive income to be segregated into two categories, based on whether they may be recycled to profit or loss in the future. Items that never recycle (eg share-based payments reserve) will be presented separately from items that may recycle in the future (eg cash flow hedge reserve and foreign currency translation reserve).

The amendments will not have any impact on the Trust's disclosures. The Trust intends to apply the amendments from 1 January 2013.

### (s) Rounding of amounts

Pursuant to Class Order 98/0100 issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report, amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

### 3 Financial risk management

#### (a) Strategy in using financial instruments

The Trust's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk.

The Trust's overall risk management programme focuses on ensuring compliance with the Trust's governing documents and seeks to maximise the returns derived for the level of risk to which the Trust is exposed. The Trust uses derivative financial instruments for trading purposes and in connection with its risk management activities. Derivatives are not used to gear (leverage) the portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceed the underlying value of the Trust.

Financial risk management is carried out by the Investment Manager's risk management department under policies approved by the Responsible Entity's senior managers or by the board of directors of the Responsible Entity (the Board).

#### (b) Market risk

##### (i) Price risk

The Trust trades in financial instruments by taking positions in exchange traded and over-the-counter instruments, including derivatives to take advantage of short-term market movements in equity markets.

All securities investments present a risk of loss of capital. The Investment Manager moderates this risk through a careful selection of securities and other financial instruments within specified limits. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The Trust's overall market positions are monitored on a daily basis by the Trust's Investment Manager.

In accordance with the Trust's policy, the Investment Manager's risk management department monitors the Trust's overall market price sensitivity on a daily basis. This risk is managed by:

- seeking to ensure the Trust is fully invested
- restricting investments in risky, long-dated floats
- limiting exposure to floats
- managing exposure to particular sectors and single securities
- seeking to ensure stock weights are close to benchmark weights
- seeking to ensure that the Trust is closely tracking its benchmark

The Trust's equity securities and trading derivative financial instruments are susceptible to market price risk arising from uncertainties about future prices of the instruments.

At 31 December 2011, the Trust's market risk is affected by changes in market prices. If the S&P/ASX 300 Accumulation Index at 31 December 2011 had increased by 10% with all other variables held constant, this would have increased net assets attributable to unitholders by approximately \$66,844,617 (31 March 2011: 15%, \$103,731,413). Conversely, if the S&P/ASX 300 Accumulation Index at 31 December 2011 had decreased by 10% with all other variables held constant, this would have decreased net assets attributable to unitholders by approximately \$66,844,617 (31 March 2011: 15%, \$103,731,413).

##### (ii) Foreign exchange risk

The Trust is not exposed to foreign exchange risk as all assets and liabilities are denominated in Australian dollars.

### 3 Financial risk management (continued)

#### (b) Market risk (continued)

##### (iii) Interest rate risk

The Trust's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

Interest rate risk arises from the Trust's deposits at call with Australian banks. The following table demonstrates the sensitivity of the Trust's profit/(loss) for the period to a reasonably possible change in the interest rates, with all other variables held constant. The sensitivity of the profit/(loss) for the period is the effect of the assumed changes in interest rates on net interest income for the period based on the floating rate deposits at call held at period end.

	Change in basis points	Sensitivity of interest income	Sensitivity of changes in fair value of investments
	Increase / (Decrease)	Increase / (Decrease) \$'000	Increase / (Decrease) \$'000
<b>31 December 2011</b>			
<b>Financial assets</b>			
Deposits at call	100/(100)	187/(187)	-
<b>31 March 2011</b>			
<b>Financial assets</b>			
Deposits at call	25/(25)	37/(37)	-

#### (c) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions and counterparties to derivatives. None of these assets are impaired nor past due but not impaired.

The Trust restricts its exposure to credit losses on cash and cash equivalents by managing exposures to single issuers and only placing cash with banks.

The exposure to credit risk for cash and cash equivalents, deposits with banks and other financial institutions and counterparties to derivatives is low as all counterparties have a rating of at least A- (31 March 2011: A-) as determined by Standard and Poors' rating agency.

In accordance with the Trust's policy, the risk management department of the Investment Manager monitors the Trust's credit position on a daily basis. The Compliance Committee of the Responsible Entity reviews any identified exceptions to internal risk policies and procedures on a quarterly basis.

#### (d) Liquidity risk

The Trust is exposed to daily cash redemptions of redeemable units. It therefore invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

The Trust may, from time to time, invest in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, the Trust may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirements or to respond to specific events such as a deterioration in the creditworthiness of any particular issuer. No such investments were held at the reporting date.

### 3 Financial risk management (continued)

#### (d) Liquidity risk (continued)

In accordance with the Trust's policy, the risk management department of the Investment Manager monitors the Trust's liquidity position on a daily basis. This is managed by restricting exposure to illiquid, long-dated stock floats.

The Compliance Committee of the Responsible Entity reviews any identified exceptions to internal risk policies and procedures on a quarterly basis.

Redeemable units are redeemed on demand at the unitholders' option. All other liabilities are payable within 30 days except for futures that are settled within 90 days.

#### (e) Fair value estimation

The carrying amounts of all the Trust's financial assets and financial liabilities at the end of each reporting period approximated their fair values as all financial assets and liabilities not fair valued are short term in nature.

The Trust classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Responsible Entity. The Responsible Entity considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Trust's financial assets and liabilities (by class) measured at fair value at 31 December 2011 and 31 March 2011.

31 December 2011	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total balance \$'000
<b>Assets</b>				
Financial assets held for trading:				
- Derivatives	-	419	-	419
Financial assets designated at fair value through profit or loss at inception:				
- Equity securities	<u>668,912</u>	<u>-</u>	<u>-</u>	<u>668,912</u>
<b>Total assets</b>	<u>668,912</u>	<u>419</u>	<u>-</u>	<u>669,331</u>

### 3 Financial risk management (continued)

#### (e) Fair value estimation (continued)

31 December 2011	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total balance \$'000
<b>Liabilities</b>				
Financial liabilities held for trading:				
- Derivatives	877	8	-	885
<b>Total liabilities</b>	<u>877</u>	<u>8</u>	<u>-</u>	<u>885</u>
31 March 2011	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total balance \$'000
<b>Assets</b>				
Financial assets held for trading:				
- Derivatives	944	-	-	944
Financial assets designated at fair value through profit or loss at inception:				
- Equity securities	690,599	-	-	690,599
<b>Total assets</b>	<u>691,543</u>	<u>-</u>	<u>-</u>	<u>691,543</u>

During the period, there were no transfers between Level 1 and 2 or into/out of Level 3 (31 March 2011: Nil).

The fair value of listed equity securities as well as publicly traded derivatives are based on quoted market prices or binding dealer price quotations at the reporting date (bid price for long positions and ask price for short positions) and have therefore been classified as Level 1 in the fair value hierarchy.

For all other financial instruments, fair value is determined using valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models and other relevant valuation models.

The Fund uses widely recognised valuation models for determining fair values of over-the-counter derivatives. For these financial instruments, inputs into models are market observable. These financial instruments have therefore been classified as Level 2 in the fair value hierarchy.

### 4 Auditor's remuneration

During the period the following fees were paid or payable for services provided by the auditor of the Trust:

	1 April 2011 to 31 December 2011 \$	1 April 2010 to 31 March 2011 \$
<b>Audit services</b>		
PricewaterhouseCoopers Australian firm		
Audit of financial reports	-	1,654
Other audit work under the <i>Corporations Act 2001</i>	-	1,382
Total remuneration for audit services	<u>-</u>	<u>3,036</u>
Ernst & Young Australian firm		
Audit of financial reports	4,630	4,515
Other audit work under the <i>Corporations Act 2001</i>	320	-
Total remuneration for audit and non-audit services	<u>4,950</u>	<u>4,515</u>

Audit fees are paid out of the Responsible Entity's own resources. All other expenses are paid by the Trust.

## 5 Net loss on financial instruments held at fair value through profit or loss

Net loss recognised in relation to financial instruments held at fair value through profit or loss:

	1 April 2011 to 31 December 2011 \$'000	1 April 2010 to 31 March 2011 \$'000
Net loss on financial instruments held for trading	(3,782)	(1,503)
Net loss on financial instruments designated as at fair value through profit or loss	<u>(127,988)</u>	<u>(24,277)</u>
Total net loss on financial instruments held at fair value through profit or loss	<u>(131,770)</u>	<u>(25,780)</u>

## 6 Net assets attributable to unitholders

Movements in number of units and net assets attributable to unitholders during the period were as follows:

As stipulated within the Trust Constitution, each unit represents a right to an individual share in the Trust and does not extend to a right to the underlying assets of the Trust. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Trust.

	1 April 2011 to 31 December 2011 No. '000	1 April 2010 to 31 March 2011 No. '000	1 April 2011 to 31 December 2011 \$'000	1 April 2010 to 31 March 2011 \$'000
Opening balance	468,812	682,724	712,066	1,044,922
Applications	72,204	28,336	107,798	42,851
Redemptions	(13,833)	(263,714)	(21,080)	(379,830)
Units issued upon reinvestment of distributions	17,865	21,466	23,148	31,004
Decrease in net assets attributable to unitholders	-	-	<u>(132,438)</u>	<u>(26,881)</u>
Closing balance	<u>545,048</u>	<u>468,812</u>	<u>689,494</u>	<u>712,066</u>

### Capital risk management

The Trust manages its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Trust is subject to daily applications and redemptions at the discretion of unitholders.

The Trust monitors the level of daily applications and redemptions relative to the liquid assets in the Trust.

## 7 Cash and cash equivalents

	31 December 2011 \$'000	31 March 2011 \$'000
Cash at bank	16	1,906
Deposits at call	<u>18,651</u>	<u>12,808</u>
	<u>18,667</u>	<u>14,714</u>

## 8 Financial assets held at fair value through profit or loss

	31 December 2011 Fair value \$'000	31 March 2011 Fair value \$'000
<b>Held for trading</b>		
Derivatives	<u>419</u>	<u>944</u>
Total held for trading	<u>419</u>	<u>944</u>
<b>Designated at fair value through profit or loss</b>		
Equity securities	<u>668,912</u>	<u>690,599</u>
Total designated at fair value through profit or loss	<u>668,912</u>	<u>690,599</u>
<b>Total financial assets held at fair value through profit or loss</b>	<u>669,331</u>	<u>691,543</u>
	31 December 2011 Fair value \$'000	31 March 2011 Fair value \$'000
<b>Comprising:</b>		
<b>Derivatives</b>		
Australian share price index futures	-	944
Total return swaps	416	-
Equity rights	<u>3</u>	<u>-</u>
Total derivatives	<u>419</u>	<u>944</u>
<b>Equity securities</b>		
Australian equity securities listed on a prescribed stock exchange	<u>668,912</u>	<u>690,599</u>
Total equity securities	<u>668,912</u>	<u>690,599</u>
<b>Total financial assets held at fair value through profit or loss</b>	<u>669,331</u>	<u>691,543</u>

An overview of the risk exposures relating to financial assets at fair value through profit or loss is included in note 3.

### Collateral arrangement

The Trust has entered into securities lending whereby blocks of securities are loaned to third parties. The amounts above the fair value of the loaned securities required to be held as collateral depends on the quality of the collateral, calculated on a daily basis. The loaned securities are not removed from the Trust's statement of financial position rather they are retained within the appropriate investment classification. At 31 December 2011, the fair value of securities lent by the Trust is \$Nil (31 March 2011: \$7,829) and held collateral of \$Nil (31 March 2011: \$8,221) in respect of these securities.

## 9 Financial liabilities held at fair value through profit or loss

	31 December 2011 Fair value \$'000	31 March 2011 Fair value \$'000
<b>Held for trading</b>		
Derivatives	<u>885</u>	-
Total held for trading	<u>885</u>	-
<b>Total financial liabilities held at fair value through profit or loss</b>	<u>885</u>	-
<b>Comprising:</b>		
<b>Derivatives</b>		
Australian share price index futures	877	-
Basket swaps	<u>8</u>	-
Total derivatives	<u>885</u>	-
<b>Total financial liabilities held at fair value through profit or loss</b>	<u>885</u>	-

An overview of the risk exposures relating to financial liabilities at fair value through profit or loss is included in note 3.

## 10 Related party transactions

### (a) Parent entity

The parent of the Trust is ANZ Staff Superannuation (Australia) Pty Ltd which at 31 December 2011 owns 58.72% (31 March 2011: 65.92%) of the units of the Trust.

### (b) Responsible Entity and Investment Manager

The Responsible Entity and Investment Manager of Macquarie Australian Pure Indexed Equities Fund is Macquarie Investment Management Limited (MIML), a wholly owned subsidiary of Macquarie Group Limited.

### (c) Key management personnel

The following persons held office as directors of MIML during the period or since the end of the period and up to the date of this report:

B N Terry  
T Graham  
V Malley  
R Cartwright  
C Vignes  
C Swanger (resigned 21/06/2011)  
K Vincent (appointed 21/06/2011)

No amount is paid by the Trust directly to the directors of the Responsible Entity. Consequently, no compensation as defined in AASB 124 "Related Party Disclosures" is paid by the Trust to the directors as key management personnel.

### (d) Key management personnel unitholdings

At 31 December 2011 no key management personnel held units in the Trust (31 March 2011: Nil).

## 10 Related party transactions (continued)

### (e) Key management personnel loan disclosures

The Trust has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

### (f) Responsible Entity's fees and other transactions

For the period ended 31 December 2011, in accordance with the Trust Constitution, the Responsible Entity received a total fee of 0.28% of net asset value (inclusive of GST, net of RITC available to the Trust) per annum (31 March 2011: 0.28%).

All expenses in connection with the preparation of accounting records and the maintenance of the unit register have been fully borne by the Responsible Entity.

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the period and amounts payable at period end between the Trust and the Responsible Entity were as follows:

	31 December 2011 \$	31 March 2011 \$
Management fees for the period paid by the Trust to the Responsible Entity	<u>1,528,134</u>	<u>2,259,944</u>
Aggregate amounts payable to the Responsible Entity at the reporting date	<u>500,286</u>	<u>482,669</u>

### (g) Related party schemes' unitholdings

Parties related to the Trust (including MIML, its related parties and other trusts managed by MIML), held units in the Trust as follows:

#### 31 December 2011

Unitholder	Number of units held opening (Units)	Number of units held closing (Units)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Trust (\$)
ANZ Staff Superannuation (Australia) Pty Ltd	309,038,353	320,038,143	58.72	10,999,790	-	13,588,546

#### 31 March 2011

Unitholder	Number of units held opening (Units)	Number of units held closing (Units)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Trust (\$)
Macquarie True Index Australian Shares Fund	200,566,340	-	-	1,928,415	(202,494,755)	1,911,184
Macquarie True Index Australian Equities Fund	12,687,238	-	-	1,217,858	(13,905,096)	257,990
Macquarie True Index Plus Australian Equities Fund	20,005,962	-	-	419,451	(20,425,413)	521,997
ANZ Staff Superannuation (Australia) Pty Ltd	295,664,591	309,038,353	65.92	13,373,762	-	18,498,748

## 10 Related party transactions (continued)

### (h) Investments

The Trust held no investments in any schemes which are also managed by MIML or its related parties.

The Trust held 234,229 shares with a fair value of \$5,567,623 at 31 December 2011 in Macquarie Group Limited (31 March 2011: shares held 201,725; fair value \$7,373,048). The Trust held 287,990 shares with a fair value of \$388,759 at 31 December 2011 in Macquarie Atlas Roads Group (31 March 2011: shares held 256,295; fair value \$488,242). During the year the Trust bought and sold 39,010 and 6,506 shares of Macquarie Group Limited and 37,360 and 5,685 shares of Macquarie Atlas Roads Group respectively.

The Trust received \$378,121 as dividends during the period from its shareholding in Macquarie Group Limited (31 March 2011: \$477,004). The Trust received \$Nil dividends during the period from its shareholding in Macquarie Atlas Roads Group (31 March 2011: \$Nil).

### (i) Other transactions within the Trust

Apart from those details disclosed in this note, no directors of the Responsible Entity have entered into a material contract with the Trust since the end of the previous financial period and there were no material contracts involving directors' interests subsisting at period end.

From time to time, the Trust may purchase or sell securities from/to other MIML funds at the prevailing market rates.

The bank accounts for the Trust may be held with Macquarie Bank Limited. The Trust may use Macquarie Securities (Australia) Limited and Macquarie Bank Limited, both Macquarie Group entities, for broking and clearing services respectively. Fees and expenses are negotiated on an arm's length basis for all transactions with related parties.

As at 31 December 2011, the Trust held swaps with Macquarie Bank Limited as counterparty with the fair value of \$407,658 (31 March 2011: \$Nil).

Bond Street Custodians Limited, a wholly owned subsidiary of Macquarie Group Limited, is the custodian of the Trust.

## 11 Reconciliation of profit/(loss) to net cash (outflow)/inflow from operating activities

	1 April 2011 to 31 December 2011 \$'000	1 April 2010 to 31 March 2011 \$'000
<b>(a) Reconciliation of profit/(loss) to net cash (outflow)/inflow from operating activities</b>		
Profit/(loss) for the period	-	-
Decrease in net assets attributable to unitholders	(132,438)	(26,881)
Dividends reinvested	-	(2,084)
Net loss on financial instruments held at fair value through profit or loss	131,770	25,780
Proceeds from sale of financial instruments held at fair value through profit or loss	50,370	386,321
Purchase of financial instruments held at fair value through profit or loss	(158,555)	(67,435)
Distributions to unitholders	23,148	31,004
Net change in receivables and other assets	2,923	1,372
Net change in payables and other liabilities	17	(228)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(82,765)</b>	<b>347,849</b>
<b>(b) Non-cash financing and investing activities</b>		
During the period, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	<u>23,148</u>	<u>31,004</u>

### **11 Reconciliation of profit/(loss) to net cash (outflow)/inflow from operating activities (continued)**

As described in note 2(k), income not distributed is included in net assets attributable to unitholders. The change in this amount each year (as reported in (a) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable (i.e. taxable).

### **12 Events occurring after the reporting date**

No significant events have occurred since the reporting date which would impact on the financial position of the Trust disclosed in the statement of financial position as at 31 December 2011 or on the results and cash flows of the Trust for the period ended on that date.

### **13 Contingent assets, contingent liabilities and commitments**

There are no outstanding contingent assets, contingent liabilities or commitments as at 31 December 2011 and 31 March 2011.

## Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 6 to 26 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Trust's financial position as at 31 December 2011 and of its performance for the financial period ended on that date; and
- (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The directors declare that the notes to the financial statements include an explicit and unreserved statement of compliance with the International Financial Reporting Standards (see note 2(a)).

This declaration is made in accordance with a resolution of the directors.



C Vignes  
Director

Sydney  
6 February 2012

## Independent auditor's report to the unitholders of Macquarie Australian Pure Indexed Equities Fund

We have audited the accompanying financial report of Macquarie Australian Pure Indexed Equities Fund (the "scheme"), which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### Directors' responsibility for the financial report

The directors of Macquarie Investment Management Limited, the responsible entity of the scheme, are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

### Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the responsible entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

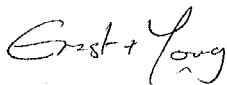
### Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the responsible entity a written Auditor's Independence Declaration, a copy of which is included with the directors' report.

## Opinion

In our opinion:

- a. the financial report of Macquarie Australian Pure Indexed Equities Fund is in accordance with the *Corporations Act 2001*, including:
  - i giving a true and fair view of the scheme's financial position as at 31 December 2011 and of its performance for the period ended on that date; and
  - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.



Ernst & Young



Darren Handley-Greaves  
Partner  
Sydney  
6 February 2012