

Macquarie Interest Rate and Currency Fund

ARSN 124 271 218

Annual report - 30 June 2011

Macquarie Interest Rate and Currency Fund

ARSN 124 271 218

Annual report - 30 June 2011

Contents

	Page
Directors' report	2
Auditor's independence declaration	5
Statements of comprehensive income	6
Statements of financial position	7
Statements of changes in equity	8
Statements of cash flows	9
Notes to the financial statements	10
Directors' declaration	43
Independent auditor's report to the unitholders of Macquarie Interest Rate and Currency Fund	44

This financial report covers Macquarie Interest Rate and Currency Fund as an individual entity and the consolidated entity consisting of Macquarie Interest Rate and Currency Fund and its subsidiaries.

The Responsible Entity of Macquarie Interest Rate and Currency 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 Interest Rate and Currency Fund, present their report together with the consolidated financial report of Macquarie Interest Rate and Currency Fund ("the Trust") and its controlled entities (collectively, "the consolidated entity") for the year ended 30 June 2011.

Principal activities

The Trust invests in unlisted unit trusts and derivatives in accordance with the provisions of the Trust Constitution.

The Trust did not have any employees during the year.

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

Directors

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

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

Review and results of operations

During the year, 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's Constitution.

Results

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

	Consolidated Year ended		Parent Year ended	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
Operating profit before finance costs attributable to unitholders (\$'000)	<u>10,149</u>	<u>7,901</u>	<u>8,098</u>	<u>7,901</u>
<i>Distributions</i>				
Distribution paid and payable to the unitholder of parent entity(\$'000)	<u>4,582</u>	<u>2,540</u>	<u>4,582</u>	<u>2,540</u>
Distribution (cents per unit)	<u>5.51</u>	<u>3.06</u>	<u>5.51</u>	<u>3.06</u>

Significant changes in state of affairs

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

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 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.

Directors' report (continued)

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's 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 year are disclosed in note 11 of the financial statements.

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

The number of interests in the Trust held by the Responsible Entity or its associates as at the end of the financial year are disclosed in note 11 of the financial statements.

Interests in the Trust

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

The value of the Trust's assets and liabilities is disclosed on the statements 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

The Trust is an entity of the kind referred to in Class Order 98/0100 (as amended) issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded 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.

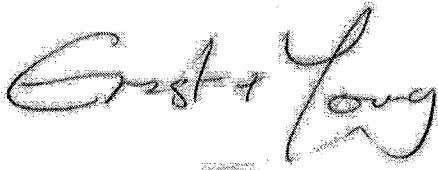
A handwritten signature in black ink, appearing to read 'R. Cartwright', with a long, sweeping flourish extending upwards and to the right.

R Cartwright
Director

Sydney
26 September 2011

Auditor's Independence Declaration to the Directors of Macquarie Investment Management Limited, as the Responsible Entity for Macquarie Interest Rate and Currency Fund

In relation to our audit of the financial report of Macquarie Interest Rate and Currency Fund for the financial year ended 30 June 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.

A stylized, handwritten signature of the Ernst & Young firm, written in dark ink.

Ernst & Young

A handwritten signature of Darren Handley-Greaves, written in dark ink.

Darren Handley-Greaves
Partner
28 September 2011

Statements of comprehensive income

	Notes	Consolidated		Parent	
		30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Investment income					
Interest income		397	62	71	62
Distribution income		3,390	3,516	4,733	3,516
Net gains on financial instruments held at fair value through profit or loss	5	6,502	4,295	3,113	4,295
Other operating income		428	264	428	264
Total net investment income		<u>10,717</u>	<u>8,137</u>	<u>8,345</u>	<u>8,137</u>
Expenses					
Responsible Entity fees	11	537	208	221	208
Other operating expenses		31	28	26	28
Total operating expenses		<u>568</u>	<u>236</u>	<u>247</u>	<u>236</u>
Operating profit		<u>10,149</u>	<u>7,901</u>	<u>8,098</u>	<u>7,901</u>
Finance costs attributable to unitholders					
Distributions to unitholders of the parent entity		(4,582)	(2,540)	(4,582)	(2,540)
Distributions to minority interests		(749)	-	-	-
Increase in net assets attributable to minority interests		(1,302)	-	-	-
Increase in net assets attributable to unitholders of the parent entity	6	(3,516)	(5,361)	(3,516)	(5,361)
Profit/(loss) for the year		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

Statements of financial position

	Notes	Consolidated		Parent	
		30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Assets					
Cash and cash equivalents	7	5,625	1,522	970	1,522
Margin accounts		1,673	279	898	279
Due from brokers - receivable for securities sold		21	58	-	58
Interest receivable		60	-	-	-
Receivables		133	70	118	70
Financial assets held at fair value through profit or loss	8	510,110	629,277	441,031	629,277
Total assets		<u>517,622</u>	<u>631,206</u>	<u>443,017</u>	<u>631,206</u>
Liabilities					
Distributions payable		9	-	-	-
Due to brokers - payable for securities purchased		-	125	-	125
Responsible Entity fees payable	11	210	53	57	53
Financial liabilities held at fair value through profit or loss	9	389,285	547,893	354,483	547,893
Net assets attributable to minority interests (redemption price of units)		39,641	-	-	-
Total liabilities (excluding net assets attributable to unitholders of the parent entity)		<u>429,145</u>	<u>548,071</u>	<u>354,540</u>	<u>548,071</u>
Net assets attributable to unitholders of the parent entity - liability	6	<u>88,477</u>	<u>83,135</u>	<u>88,477</u>	<u>83,135</u>

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

Statements of changes in equity

	Consolidated		Parent	
	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Total equity at the beginning of the year	-	-	-	-
Total comprehensive income for the year	-	-	-	-
Transactions with owners in their capacity as owners	-	-	-	-
Total equity at the end of the year	-	-	-	-

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 year.

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

Statements of cash flows

	Notes	Consolidated		Parent	
		30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Cash flows from operating activities					
Proceeds from sale of financial instruments held at fair value through profit or loss		5,349,567	3,376,291	5,114,097	3,376,291
Purchase of financial instruments held at fair value through profit or loss		(5,337,154)	(3,379,600)	(5,112,196)	(3,379,600)
Interest received		4,384	77	72	77
Other income received		430	269	387	269
Responsible entity fees paid		(449)	(218)	(234)	(218)
Payment of other expenses		(25)	(34)	(17)	(34)
Net cash inflow/(outflow) from operating activities	12(a)	<u>16,753</u>	<u>(3,215)</u>	<u>2,109</u>	<u>(3,215)</u>
Cash flows from financing activities					
Proceeds from applications by unitholders		416	217	234	217
Payments for redemptions by unitholders		(41,801)	(435)	(2,990)	(435)
Distributions paid		(5)	-	-	-
Net cash outflow from financing activities		<u>(41,390)</u>	<u>(218)</u>	<u>(2,756)</u>	<u>(218)</u>
Net decrease in cash and cash equivalents		(24,637)	(3,433)	(647)	(3,433)
Cash and cash equivalents at the beginning of the year		1,522	5,091	1,522	5,091
Effects of foreign currency exchange rate changes on cash and cash equivalents		94	(136)	95	(136)
Increase in cash on consolidation		<u>28,646</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at the end of the year	7	<u>5,625</u>	<u>1,522</u>	<u>970</u>	<u>1,522</u>
Non-cash financing activities	12(b)	5,318	2,540	4,582	2,540

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

1 General information

This financial report includes separate financial statements for Macquarie Interest Rate and Currency Fund ("the Trust") as an individual entity and the consolidated entity consisting of Macquarie Interest Rate and Currency Fund and its subsidiaries. The Trust was constituted on 22 November 1999. 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 currency.

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

On 12 January 2011, the Trust gained control over Macquarie Global Income Opportunities Fund (formerly Macquarie Income Plus Fund) as the unitholding exceeded 50% as at that date.

The parent and the ultimate parent of the Trust is Macquarie Core Plus Australian Fixed Interest Fund.

During the year, 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's Constitution.

The financial statements were authorised for issue by the directors on 26 September 2011. 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 years presented, unless otherwise stated in the following text.

(a) Basis of preparation

These general purpose financial reports have 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 reports are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The statements of financial position are presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished 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.

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) Principles of consolidation

(i) *Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Macquarie Interest Rate and Currency Fund ("the parent entity") as at 30 June 2011 and the results of all subsidiaries for the year then ended. Macquarie Interest Rate and Currency Fund and its subsidiaries together are referred to in this financial report as the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Trust has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Trust controls another entity.

2 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

(i) Subsidiaries (continued)

Subsidiaries are fully consolidated from the date on which control is transferred to the Trust. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the consolidated entity.

All transactions (including gains and losses) and balances between entities in the consolidated group are eliminated.

Minority interests in the results and net assets of subsidiaries are shown separately in the consolidated statements of comprehensive income and statements of financial position respectively.

Investments in subsidiaries are accounted for at fair value in the individual financial statements of the Trust.

(c) Business combinations

Business combinations relate to the acquisition by the Trust of controlling interests in other entities. The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the consideration given plus costs directly attributable to the acquisition.

(d) Financial instruments

(i) Classification

The consolidated entity and 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 options, futures, foreign currency forward contracts and credit default swaps. The consolidated entity and the Trust do not designate any derivatives as hedges in a hedging relationship.

- 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, such as investments in unlisted trusts, fixed interest securities and floating rate notes.

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 consolidated entity or the Trust.

(ii) Recognition/derecognition

The consolidated entity and the Trust recognise 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 consolidated entity and the Trust have transferred substantially all risks and rewards of ownership.

2 Summary of significant accounting policies (continued)

(d) Financial instruments (continued)

(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 statements of comprehensive income.

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

- 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 statements 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 is a market rate at the statements 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 statements 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 consolidated entity and the Trust would receive or pay to terminate the contract at the statements of financial position date taking into account index or underlying investments and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date. The fair value of an option contract is determined by applying the Black-Scholes option valuation model.

Investments in unlisted unit trusts are recorded at the redemption value per unit as reported by the managers of such trusts.

(b) Loans and receivables

Loan assets 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 statements 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 statements of comprehensive income.

2 Summary of significant accounting policies (continued)

(e) 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 statements of financial position date if unitholders exercised their right to put the units back to the Trust.

(f) Cash and cash equivalents

For the purpose of presentation in the statements 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 statements 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 consolidated entity and the Trust's main income generating activity.

(g) Margin accounts

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

(h) Investment income

Interest income and expenses are recognised in the statements of comprehensive income for all financial instruments that are not held at fair value through profit or loss using the effective interest method. Interest income on assets held at fair value through profit or loss is included in the net gains/(losses) on financial instruments. Other changes in fair value for such instruments are recorded in accordance with the policies described in note 2(d).

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the consolidated entity and the Trust estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

Trust distributions are recognised on an entitlements basis.

(i) Expenses

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

(j) 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.

2 Summary of significant accounting policies (continued)

(j) Income tax (continued)

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 and foreign tax paid are passed on to unitholders.

(k) 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 statements of comprehensive income as finance costs attributable to unitholders.

(l) 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 statements of comprehensive income as finance costs.

(m) Foreign currency translation

i) Functional and presentation currency

Items included in the consolidated entity and the Trust's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the consolidated entity and the Trust competes for funds and is regulated. The Australian dollar is also the consolidated entity and the Trust's presentation currency.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of comprehensive income.

The consolidated entity and the Trust do not isolate that portion of gains or losses on securities and derivative financial instruments that are measured at fair value through profit or loss and which is due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included with the net gains or losses on financial instruments at fair value through profit or loss.

(n) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Trust by third parties such as Responsible Entity fees have been passed onto the Trust. The Trust qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 75% hence Responsible Entity fees and other expenses have been recognised in the statements 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 statements of financial position. Cash flows relating to GST are included in the statements of cash flows on a gross basis.

(o) Receivables

Receivables may include amounts for interest and trust distributions. Trust distributions are 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(h) above. Amounts are generally received within 30 days of being recorded as receivables.

Receivables may include such items as RITC.

2 Summary of significant accounting policies (continued)

(p) Payables

Payables include liabilities and accrued expenses owing by the consolidated entity and the Trust which are unpaid as at the reporting date.

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

(q) 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.

(r) Use of estimates

The consolidated entity and the Trust may make 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.

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

(s) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting period. The directors' assessment of the impact of these new standards (to the extent relevant to the consolidated entity and 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 Australian 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.

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

(ii) Revised AASB 124 *Related Party Disclosures* and AASB 2009-12 *Amendments to Australian Accounting Standards (effective from 1 January 2011)*

2 Summary of significant accounting policies (continued)

(s) New accounting standards and interpretations (continued)

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party and removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities. The consolidated entity and the Trust will apply the amended standard from 1 July 2011. The amendments will not have any effect on the consolidated entity and the Trust's financial statements.

(iii) 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 consolidated entity and the Trust's disclosures. The consolidated entity and the Trust intend to apply the amendment from 1 July 2011.

(iv) Amendments to AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective for annual reporting periods beginning on or after 1 July 2010 / 1 January 2011)*

In June 2010, the AASB made a number of amendments to Australian Accounting Standards as a result of the IASB's annual improvements project. The consolidated entity and the Trust do not expect that any adjustments will be necessary as the result of applying the revised rules.

(v) IFRS 10 *Consolidated Financial Statements*

IFRS 10 establishes a new control model that applies to all entities. It replaces parts of IAS 27 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and SIC-12 Consolidation - Special Purpose Entities.

This standard is yet to be approved by the Australian Accounting Standards Board and has not been issued in Australia. The standard is not applicable until 1 January 2013 but is available for early adoption.

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

(vi) IFRS 12 *Disclosures of Interests in Other Entities*

IFRS 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.

This standard is yet to be approved by the Australian Accounting Standards Board and has not been issued in Australia. The standard is not applicable until 1 January 2013 but is available for early adoption.

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

(vii) IFRS 13 *Fair Value Measurement*

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

IFRS 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.

2 Summary of significant accounting policies (continued)

(s) New accounting standards and interpretations (continued)

This standard is yet to be approved by the Australian Accounting Standards Board and has not been issued in Australia. The standard is not applicable until 1 January 2013 but is available for early adoption.

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

(t) Rounding of amounts

The consolidated entity and the Trust are entities of the kind referred to in Class Order 98/0100 (as amended), issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the 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 consolidated entity and the Trust's activities expose them to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

Consolidated entity

The consolidated entity's financial risk is managed by the investment managers of the individual unit trusts within the consolidated entity. No other risk management occurs for the consolidated entity. The consolidated entity uses derivative financial instruments to alter certain risk exposures.

Parent entity

The Trust's overall risk management programme focuses on seeking to ensure 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 to alter certain risk exposures.

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 consolidated entity and the Trust trade in financial instruments by taking positions in unlisted unit trusts and debt securities including derivatives to take advantage of movements in debt markets.

It is the directors' view that price risk for the consolidated entity and the Trust's investments into debt securities is a function of interest rate risk, credit risk and liquidity risk.

All securities investments into unlisted unit trusts and derivatives present a risk of loss of capital. The investment manager of the underlying trusts moderates the 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 underlying trusts overall market positions are monitored on a daily basis by the investment manager of the individual unit trusts within the consolidated entity.

In accordance with the Trust's policy, the risk management department of the Trust's Investment Manager monitors the Trust's overall market price sensitivity on a daily basis. This is done by seeking to ensure the Trust is investing in accordance with its stated objectives.

3 Financial risk management (continued)

(b) Market risk (continued)

(i) Price Risk (continued)

The consolidated entity and the Trust's investments are susceptible to market price risk arising from uncertainties about future prices of the unlisted unit trusts and derivatives.

The risk is measured using sensitivity analysis, as set out in note 3(c).

(ii) Foreign exchange risk

The consolidated entity and the Trust hold both monetary and non-monetary assets denominated in currencies other than the Australian dollar. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk. Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates. The risk is measured using sensitivity analysis as described in note 3(c).

3 Financial risk management (continued)

(b) Market risk (continued)

(ii) Foreign exchange risk (continued)

The table below summarises the consolidated entity and the Trust's assets and liabilities that are denominated in Australian dollars and other currencies.

Consolidated 30 June 2011	Australian Dollars A\$'000	US Dollars A\$'000	Euro A\$'000	Japanese Yen A\$'000	British Pounds A\$'000	Others A\$'000	Total A\$'000
Assets							
Cash and cash equivalents	5,311	294	20	-	-	-	5,625
Margin accounts	1,403	407	243	(49)	(318)	(13)	1,673
Due from brokers - receivable for securities sold	-	-	21	-	-	-	21
Interest receivable	60	-	-	-	-	-	60
Receivables	133	-	-	-	-	-	133
Financial assets held at fair value through profit or loss	<u>205,239</u>	<u>185,428</u>	<u>66,633</u>	<u>31,518</u>	<u>9,178</u>	<u>12,114</u>	<u>510,110</u>
Total assets	<u>212,146</u>	<u>186,129</u>	<u>66,917</u>	<u>31,469</u>	<u>8,860</u>	<u>12,101</u>	<u>517,622</u>
Liabilities							
Due to brokers - payable for securities purchased	9	-	-	-	-	-	9
Responsible Entity fee payable	210	-	-	-	-	-	210
Financial liabilities held at fair value through profit or loss	83,083	186,795	66,597	31,518	9,178	12,114	389,285
Net assets attributable to minority interests (redemption price of units)	<u>39,641</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,641</u>
Total liabilities (excluding net assets attributable to unitholders of the parent entity)	<u>122,943</u>	<u>186,795</u>	<u>66,597</u>	<u>31,518</u>	<u>9,178</u>	<u>12,114</u>	<u>429,145</u>
Net assets attributable to unitholders of the parent entity - liability	<u>89,203</u>	<u>(887)</u>	<u>541</u>	<u>(49)</u>	<u>(318)</u>	<u>(13)</u>	<u>88,477</u>

3 Financial risk management (continued)

(b) Market risk (continued)

(ii) Foreign exchange risk (continued)

Parent 30 June 2011	Australian Dollars A\$'000	US Dollars A\$'000	Euro A\$'000	Japanese Yen A\$'000	British Pounds A\$'000	Others A\$'000	Total A\$'000
Assets							
Cash and cash equivalents	884	70	16	-	-	-	970
Margin accounts	1,475	(440)	243	(49)	(318)	(13)	898
Receivables	118	-	-	-	-	-	118
Financial assets held at fair value through profit or loss	<u>169,153</u>	<u>152,470</u>	<u>66,598</u>	<u>31,518</u>	<u>9,178</u>	<u>12,114</u>	<u>441,031</u>
Total assets	<u>171,630</u>	<u>152,100</u>	<u>66,857</u>	<u>31,469</u>	<u>8,860</u>	<u>12,101</u>	<u>443,017</u>
Liabilities							
Responsible Entity fee payable	57	-	-	-	-	-	57
Financial liabilities held at fair value through profit or loss	<u>81,693</u>	<u>153,383</u>	<u>66,597</u>	<u>31,518</u>	<u>9,178</u>	<u>12,114</u>	<u>354,483</u>
Total liabilities (excluding net assets attributable to unitholders of the parent entity)	<u>81,750</u>	<u>153,383</u>	<u>66,597</u>	<u>31,518</u>	<u>9,178</u>	<u>12,114</u>	<u>354,540</u>
Net assets attributable to unitholders of the parent entity - liability	<u>89,880</u>	<u>(1,283)</u>	<u>260</u>	<u>(49)</u>	<u>(318)</u>	<u>(13)</u>	<u>88,477</u>

3 Financial risk management (continued)

(b) Market risk (continued)

(ii) Foreign exchange risk (continued)

Consolidated 30 June 2010	Australian Dollars A\$'000	US Dollars A\$'000	Euro A\$'000	Japanese Yen A\$'000	British Pounds A\$'000	Others A\$'000	Total A\$'000
Assets							
Cash and cash equivalents	1,438	80	4		-	-	1,522
Margin accounts	675	(186)	202	(56)	(341)	(15)	279
Due from brokers - receivable for securities sold	-	-	58	-	-	-	58
Receivables	70	-	-	-	-	-	70
Financial assets held at fair value through profit or loss	<u>172,372</u>	<u>258,768</u>	<u>81,054</u>	<u>37,473</u>	<u>57,318</u>	<u>22,292</u>	<u>629,277</u>
Total assets	<u>174,555</u>	<u>258,662</u>	<u>81,318</u>	<u>37,417</u>	<u>56,977</u>	<u>22,277</u>	<u>631,206</u>
Liabilities							
Due to brokers - payable for securities purchased	-	72	53	-	-	-	125
Responsible Entity fees payable	53	-	-	-	-	-	53
Financial liabilities held at fair value through profit or loss	<u>91,302</u>	<u>258,580</u>	<u>80,929</u>	<u>37,473</u>	<u>57,318</u>	<u>22,291</u>	<u>547,893</u>
Total liabilities (excluding net assets attributable to unitholders of the parent entity)	<u>91,355</u>	<u>258,652</u>	<u>80,982</u>	<u>37,473</u>	<u>57,318</u>	<u>22,291</u>	<u>548,071</u>
Net assets attributable to unitholders of the parent entity - liability	<u>83,200</u>	<u>10</u>	<u>336</u>	<u>(56)</u>	<u>(341)</u>	<u>(14)</u>	<u>83,135</u>

3 Financial risk management (continued)

(b) Market risk (continued)

(ii) Foreign exchange risk (continued)

Parent 30 June 2010	Australian Dollars A\$'000	US Dollars A\$'000	Euro A\$'000	Japanese Yen A\$'000	British Pounds A\$'000	Others A\$'000	Total A\$'000
Assets							
Cash and cash equivalents	1,438	80	4	-	-	-	1,522
Margin accounts	675	(186)	202	(56)	(341)	(15)	279
Due from brokers - receivable for securities sold	-	-	58	-	-	-	58
Receivables	70	-	-	-	-	-	70
Financial assets held at fair value through profit or loss	<u>172,372</u>	<u>258,768</u>	<u>81,054</u>	<u>37,473</u>	<u>57,318</u>	<u>22,292</u>	<u>629,277</u>
Total assets	<u>174,555</u>	<u>258,662</u>	<u>81,318</u>	<u>37,417</u>	<u>56,977</u>	<u>22,277</u>	<u>631,206</u>
Liabilities							
Due to brokers - payable for securities purchased	-	72	53	-	-	-	125
Responsible Entity fees payable	53	-	-	-	-	-	53
Financial liabilities held at fair value through profit or loss	<u>91,302</u>	<u>258,580</u>	<u>80,929</u>	<u>37,473</u>	<u>57,318</u>	<u>22,291</u>	<u>547,893</u>
Total liabilities (excluding net assets attributable to unitholders of the parent entity)	<u>91,355</u>	<u>258,652</u>	<u>80,982</u>	<u>37,473</u>	<u>57,318</u>	<u>22,291</u>	<u>548,071</u>
Net assets attributable to unitholders of the parent entity - liability	<u>83,200</u>	<u>10</u>	<u>336</u>	<u>(56)</u>	<u>(341)</u>	<u>(14)</u>	<u>83,135</u>

(iii) Interest rate risk

The majority of the Trust's financial assets and liabilities are non-interest bearing. As a result, the Trust is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

The majority of the consolidated entity's financial assets and liabilities are interest bearing. As a result, the consolidated entity is subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

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

- only allowing use of permitted instruments
- managing interest rate risk relative to the benchmark by seeking to ensure the Trust is tracking the benchmark within permitted duration
- limiting the term of interest rate securities

3 Financial risk management (continued)

(b) Market risk (continued)

(iii) Interest rate risk (continued)

- seeking to ensure that the Trust is not overly exposed due to leverage from derivatives
- seeking to ensure that the Trust is diversified across many issuers to reduce concentration risk

At 30 June 2011, should the consolidated entity's interest rates have increased by 25 basis points (2010: 100 basis points) with all other variables remaining constant, the increase in net assets attributable to unitholders for the year would amount to approximately \$49,376 (2010: \$Nil). If interest rates in the consolidated entity had lowered by 25 basis points (2010: 100 basis points), the decrease in net assets attributable to unitholders would amount to approximately (\$49,376) (2010: \$Nil).

(c) Summarised sensitivity analysis

The following table summarises the sensitivity of the consolidated entity and the Trust's operating profit and net assets attributable to unitholders to price risk and foreign exchange risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in foreign exchange rates and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the consolidated entity and the Trust invest. As a result, historic variations in risk variables are not a definitive indicator of future variations in risk variables.

Reasonable possible movements in the risk variables for price risk is 5% (2010: 5%) and for foreign exchange risk is 10% (2010: 15%).

Consolidated	Price risk		Foreign exchange risk					
	Impact on operating profit/Net assets attributable to unitholders							
	+	-	+	-	+	-	+	-
	A\$'000	A\$'000	US Dollars A\$'000	US Dollars A\$'000	British Pounds A\$'000	British Pounds A\$'000	Euro A\$'000	Euro A\$'000
30 June 2011	344	(344)	48	(48)	(32)	32	50	(50)
30 June 2010	4,069	(4,069)	(27)	27	(51)	51	32	(32)

Parent	Price risk		Foreign exchange risk					
	Impact on operating profit/Net assets attributable to unitholders							
	+	-	+	-	+	-	+	-
	A\$'000	A\$'000	US Dollars A\$'000	US Dollars A\$'000	British Pounds A\$'000	British Pounds A\$'000	Euro A\$'000	Euro A\$'000
30 June 2011	4,327	(4,327)	(37)	37	(32)	32	26	(26)
30 June 2010	4,069	(4,069)	(27)	27	(51)	51	32	(32)

(d) Credit risk

Credit risk arises from the Trust's investment in unlisted unit trusts. Credit risk arises from the consolidated entity's investment into debt securities.

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

3 Financial risk management (continued)

(d) Credit risk (continued)

The exposure to credit risk for cash and cash equivalents, deposits with banks and other financial institutions, counterparties to derivatives and amounts due from brokers is low as all counterparties have a rating of at least A- (2010: A-) as determined by Standard and Poor's rating agency.

Other than for the cash and cash equivalents and the investment in the unlisted unit trusts, the consolidated entity and the Trust do not have a concentration of a credit risk that arises from an exposure to a single counterparty. Furthermore, the consolidated entity and the Trust do not have a material exposure to a group of counterparties which are expected to be affected similarly by changes in economic or other conditions.

In accordance with the Trust's policy, the risk management department of the Investment Manager monitors the credit position of the underlying trust 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. Credit risk is not monitored on a consolidated basis.

The Trust did not hold any debt securities as at 30 June 2010 and 30 June 2011.

As at 30 June 2011, the consolidated entity's maximum exposure to credit risk arising from investment in debt securities at the reporting date is the carrying amount of the financial assets. An analysis of debt securities by rating is set out in the table below using ratings classified by Standard and Pools.

S&P Long term rating	Consolidated	
	30 June 2011 \$'000	30 June 2010 \$'000
Fixed interest securities		
AA	7,604	-
AA-	3,153	-
A+	3,079	-
A	9,392	-
A-	11,470	-
BBB+	1,306	-
BBB	10,663	-
BBB-	6,426	-
BB+	1,148	-
BB	1,845	-
BB-	4,873	-
B+	3,060	-
B	1,941	-
B-	958	-
CCC+	507	-
Floating rate securities		
AAA	14,315	-
AA	2,480	-
AA-	7,596	-
A+	1,320	-
A	3,688	-
A-	1,288	-
BBB+	1,686	-
BBB	10,045	-
BBB-	2,653	-
BB-	1,458	-
Total	113,954	-

3 Financial risk management (continued)

(e) Liquidity Risk

The consolidated entity and the Trust are exposed to daily cash redemptions of redeemable units. The Trust therefore invests the majority of its assets in unlisted trusts that have daily unit pricing and can be readily disposed of. The consolidated entity therefore invests the majority of its assets in investments that are traded in ordinarily active markets and can be generally liquidated within a short period of time.

The consolidated entity and 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 consolidated entity and 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 year end.

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 seeking to ensure provisions are in place to manage liquidity obligations for all unitholders. Liquidity risk is not monitored on a consolidation basis.

Subject to the Trust's Constitution, redeemable units are redeemed on demand at the unitholder's option.

The table below analyses the consolidated entity and the Trust's financial liabilities excluding gross settled derivative financial liabilities into relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date at the year end date. The amounts in the table are contractual undiscounted cash flows.

Consolidated	Less than 1	1-6 months	6-12 months	1-5 years	Total
	month				
	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2011					
Distributions payable	9	-	-	-	9
Responsible Entity fees payable	210	-	-	-	210
Financial liabilities at fair value through profit or loss	148	1,472	-	1,105	2,725
Total financial liabilities (excluding net assets attributable to unitholders)	367	1,472	-	1,105	2,944
30 June 2010					
Due to brokers - payable for securities purchased	125	-	-	-	125
Responsible Entity fees payable	53	-	-	-	53
Financial liabilities at fair value through profit or loss	-	244	-	914	1,158
Total financial liabilities (excluding net assets attributable to unitholders)	178	244	-	914	1,336

3 Financial risk management (continued)

(e) Liquidity Risk (continued)

Parent	Less than 1 month	1-6 months	6-12 months	1-5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2011					
Responsible Entity fees payable	57	-	-	-	57
Financial liabilities at fair value through profit or loss	-	168	-	893	1,061
Total financial liabilities (excluding net assets attributable to unitholders)	<u>57</u>	<u>168</u>	<u>-</u>	<u>893</u>	<u>1,118</u>
30 June 2010					
Responsible Entity fees payable	125	-	-	-	125
Distributions payable	53	-	-	-	53
Financial liabilities at fair value through profit or loss	-	244	-	914	1,158
Total financial liabilities (excluding net assets attributable to unitholders)	<u>178</u>	<u>244</u>	<u>-</u>	<u>914</u>	<u>1,336</u>

The table below analyses the consolidated entity and the Trust's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period to the contractual maturity date at the year end date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Consolidated	Less than 1 month	1-6 months	6 - 12 months	1 - 2 years	Over 2 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 30 June 2011						
Foreign currency forward contracts						
Inflows	353,371	33,712	-	-	-	387,083
(Outflows)	<u>(353,422)</u>	<u>(33,138)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(386,560)</u>
At 30 June 2010						
Foreign currency forward contracts						
Inflows	546,903	-	-	-	-	546,903
(Outflows)	<u>(546,735)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(546,735)</u>

3 Financial risk management (continued)

(e) Liquidity Risk (continued)

Parent	Less than 1 month	1-6 months	6 - 12 months	1 - 2 years	Over 2 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 30 June 2011						
Foreign currency forward contracts						
Inflows	353,371	-	-	-	-	353,371
(Outflows)	(353,422)	-	-	-	-	(353,422)
At 30 June 2010						
Foreign currency forward contracts						
Inflows	546,903	-	-	-	-	546,903
(Outflows)	(546,735)	-	-	-	-	(546,735)

(f) Fair value estimation

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

The consolidated entity and the Trust classify 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.

3 Financial risk management (continued)

(f) Fair value estimation (continued)

The table below sets out the consolidated entity and the Trust's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2011 and 30 June 2010.

Consolidated - as at 30 June 2011	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total balance \$'000
Financial assets				
Financial assets held for trading:				
- Derivatives	105	387,134	-	387,239
Financial assets designated at fair value through profit or loss at inception:				
- Fixed interest securities	-	67,425	-	67,425
- Floating rate securities	-	46,529	-	46,529
- Unlisted unit trusts	-	8,917	-	8,917
Total	<u>105</u>	<u>510,005</u>	<u>-</u>	<u>510,110</u>
Financial liabilities				
Financial liabilities held for trading:				
- Derivatives	249	389,036	-	389,285
Total	<u>249</u>	<u>389,036</u>	<u>-</u>	<u>389,285</u>
Parent - as at 30 June 2011	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total balance \$'000
Financial assets				
Financial assets held for trading:				
- Derivatives	83	353,373	-	353,456
Financial assets designated at fair value through profit or loss at inception:				
- Unlisted unit trusts	-	87,575	-	87,575
Total	<u>83</u>	<u>440,948</u>	<u>-</u>	<u>441,031</u>
Liabilities				
Financial liabilities held for trading:				
- Derivatives	168	354,315	-	354,483
Total	<u>168</u>	<u>354,315</u>	<u>-</u>	<u>354,483</u>

3 Financial risk management (continued)

(f) Fair value estimation (continued)

Consolidated - as at 30 June 2010	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total balance \$'000
Financial assets				
Financial assets held for trading:				
- Derivatives	-	547,813	-	547,813
Financial assets designated at fair value through profit or loss at inception:				
- Unlisted unit trusts	-	81,464	-	81,464
Total	<u>-</u>	<u>629,277</u>	<u>-</u>	<u>629,277</u>
Financial liabilities				
Financial liabilities held for trading:				
- Derivatives	-	547,893	-	547,893
Total	<u>-</u>	<u>547,893</u>	<u>-</u>	<u>547,893</u>
Parent - as at 30 June 2010	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total balance \$'000
Financial assets				
Financial assets held for trading:				
- Derivatives	-	547,813	-	547,813
Financial assets designated at fair value through profit or loss at inception:				
- Unlisted unit trusts	-	81,464	-	81,464
Total	<u>-</u>	<u>629,277</u>	<u>-</u>	<u>629,277</u>
Liabilities				
Financial liabilities held for trading:				
- Derivatives	-	547,893	-	547,893
Total	<u>-</u>	<u>547,893</u>	<u>-</u>	<u>547,893</u>

During the year, there were no transfers between Level 1 and 2 or into/out of Level 3 (2010: Nil).

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include unlisted unit trusts valued at the redemption value per unit, as reported by the managers of such trusts.

4 Auditor's remuneration

During the year the following fees were paid or payable for services provided by the auditor of the consolidated entity and the Trust:

	Consolidated		Parent	
	30 June 2011 \$	30 June 2010 \$	30 June 2011 \$'000	30 June 2010 \$'000
Audit services				
Audit of financial reports	10,950	6,300	4,500	6,300
Other audit work under the <i>Corporations Act 2001</i>	620	290	310	290
Total remuneration for audit services	<u>11,570</u>	<u>6,590</u>	<u>4,810</u>	<u>6,590</u>

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

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

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

	Consolidated		Parent	
	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Net loss on financial instruments held for trading	(80)	(565)	(74)	(565)
Net gains on financial instruments designated at fair value through profit or loss	2,897	4,860	3,185	4,860
Interest income on financial instruments held at fair value through profit or loss	3,685	-	2	-
Total net gains on financial instruments held at fair value through profit or loss	<u>6,502</u>	<u>4,295</u>	<u>3,113</u>	<u>4,295</u>

6 Net assets attributable to unitholders of the parent

Movements in number of units and net assets attributable to unitholders of the parent during the year 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.

	Parent		Parent	
	30 June 2011 No. '000	30 June 2010 No. '000	30 June 2011 \$'000	30 June 2010 \$'000
Opening balance	84,639	82,266	83,135	75,452
Applications	229	224	234	217
Redemptions	(2,931)	(453)	(2,990)	(435)
Units issued upon reinvestment of distributions	4,449	2,602	4,582	2,540
Increase in net assets attributable to unitholders	-	-	3,516	5,361
Closing balance	<u>86,386</u>	<u>84,639</u>	<u>88,477</u>	<u>83,135</u>

6 Net assets attributable to unitholders of the parent (continued)

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

	Consolidated		Parent	
	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Cash at bank	1,400	89	87	89
Deposits at call	4,225	1,433	883	1,433
	<u>5,625</u>	<u>1,522</u>	<u>970</u>	<u>1,522</u>

8 Financial assets held at fair value through profit or loss

	Consolidated		Parent	
	30 June 2011 Fair value \$'000	30 June 2010 Fair value \$'000	30 June 2011 Fair value \$'000	30 June 2010 Fair value \$'000
Held for trading				
Derivatives (note 10)	387,239	547,813	353,456	547,813
Total held for trading	<u>387,239</u>	<u>547,813</u>	<u>353,456</u>	<u>547,813</u>

	Consolidated		Parent	
	30 June 2011 Fair value \$'000	30 June 2010 Fair value \$'000	30 June 2011 Fair value \$'000	30 June 2010 Fair value \$'000
Designated at fair value through profit or loss				
Unlisted unit trusts	8,917	81,464	87,575	81,464
Fixed interest securities	67,425	-	-	-
Floating rate securities	46,529	-	-	-
Total designated at fair value through profit or loss	<u>122,871</u>	<u>81,464</u>	<u>87,575</u>	<u>81,464</u>
Total financial assets held at fair value through profit or loss	<u>510,110</u>	<u>629,277</u>	<u>441,031</u>	<u>629,277</u>

8 Financial assets held at fair value through profit or loss (continued)

	Consolidated		Parent	
	30 June 2011 Fair value \$'000	30 June 2010 Fair value \$'000	30 June 2011 Fair value \$'000	30 June 2010 Fair value \$'000
Comprising:				
Derivatives				
Australian exchange traded options	70	-	55	-
Credit default swaps	51	852	2	852
Foreign currency forward contracts	387,083	546,903	353,371	546,903
Australian fixed interest futures	28	58	28	58
International fixed interest futures	7	-	-	-
Total derivatives	<u>387,239</u>	<u>547,813</u>	<u>353,456</u>	<u>547,813</u>
Unlisted unit trusts				
Units in Australian unlisted unit trusts	8,917	81,464	87,575	81,464
Total unlisted unit trusts	<u>8,917</u>	<u>81,464</u>	<u>87,575</u>	<u>81,464</u>
Fixed interest securities				
Corporate bonds	67,425	-	-	-
Total fixed interest securities	<u>67,425</u>	<u>-</u>	<u>-</u>	<u>-</u>
Floating rate securities				
Floating rate notes	14,021	-	-	-
Asset backed securities	32,508	-	-	-
Total floating rate securities	<u>46,529</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total financial assets held at fair value through profit or loss	<u>510,110</u>	<u>629,277</u>	<u>441,031</u>	<u>629,277</u>

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

9 Financial liabilities held at fair value through profit or loss

	Consolidated		Parent	
	30 June 2011 Fair value \$'000	30 June 2010 Fair value \$'000	30 June 2011 Fair value \$'000	30 June 2010 Fair value \$'000
Held for trading				
Derivatives (note 10)	389,285	547,893	354,483	547,893
Total held for trading	<u>389,285</u>	<u>547,893</u>	<u>354,483</u>	<u>547,893</u>
Total financial liabilities held at fair value through profit or loss	<u>389,285</u>	<u>547,893</u>	<u>354,483</u>	<u>547,893</u>

9 Financial liabilities held at fair value through profit or loss (continued)

	Consolidated		Parent	
	30 June 2011 Fair value \$'000	30 June 2010 Fair value \$'000	30 June 2011 Fair value \$'000	30 June 2010 Fair value \$'000
Comprising:				
Derivatives				
Australian fixed interest futures	166	244	147	244
International fixed interest futures	83	-	21	-
Credit default swaps	1,105	914	893	914
Interest rate swaps	1,371	-	-	-
Foreign currency forward contracts	386,560	546,735	353,422	546,735
Total derivatives	<u>389,285</u>	<u>547,893</u>	<u>354,483</u>	<u>547,893</u>
Total financial liabilities held at fair value through profit or loss	<u>389,285</u>	<u>547,893</u>	<u>354,483</u>	<u>547,893</u>

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

10 Derivative financial instruments

In the normal course of business the consolidated entity and the Trust enter into transactions in various derivative financial instruments with certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include a wide assortment of instruments, such as forwards, futures and options. Derivatives are considered to be part of the investment process. The use of derivatives is an essential part of the consolidated entity and the Trust's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Trust against a fluctuation in market values or to reduce volatility
- a substitution for trading of physical securities
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

Derivatives are used for trading purposes, and they may also be used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the consolidated entity.

10 Derivative financial instruments (continued)

The consolidated entity and the Trust hold the following derivative instruments:

(a) Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are usually settled net daily with the exchange. Interest rate futures are contractual obligations to receive or pay a net amount based on changes in interest rates at a future date at a specified price, established in an organised financial market.

(b) Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of future securities price. Options held by the consolidated entity and the Trust are exchange-traded. The consolidated entity and the Trust are exposed to credit risk on purchased options to the extent of their carrying amount, which is their fair value. Options are settled on a gross basis.

(c) Foreign currency forward contracts

Foreign currency forward contracts may be used by the consolidated entity and the Trust to facilitate the settlement of investment transactions and/or to actively manage currency allocations within the portfolio. The consolidated entity and the Trust agree to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Foreign currency forward contracts are valued at the prevailing bid price at the reporting date. The consolidated entity and the Trust recognise a gain or loss equal to the change in fair value at the reporting date.

(d) Credit default swaps

Credit default swaps are contracts in which the consolidated entity and the Trust pay or receive an interest flow in return for the counterparty accepting all or part of the risk of default or failure to pay by a reference entity on which the swap is written. Where the consolidated entity and the Trust have bought protection the maximum potential loss is the value of the interest flows the consolidated entity and the Trust are contracted to pay until maturity of the contract. Where the consolidated entity and the Trust have sold protection the maximum potential loss is the nominal value of the protection sold.

(e) Interest rate swaps

An interest rate swap is an agreement between two parties to exchange their interest obligations (payments) or receipts at set intervals on a notional principal amount over an agreed time period.

The fair value of interest rate swaps is the estimated amount that the entity would receive or pay to terminate the swap at the statement of financial position date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

10 Derivative financial instruments (continued)

The consolidated entity and the Trust's derivative financial instruments at year end are detailed below:

Consolidated
30 June 2011

	Contract/ notional '000	Fair Values	
		Assets \$'000	Liabilities \$'000
Buy			
Australian exchange traded options	4,279	15	-
Credit default swaps	32,590	51	893
Australian fixed interest futures	6,914	28	-
International fixed interest futures	575	7	-
Foreign currency forward contracts - Australian Dollar (AUD)	115,572	115,207	-
Foreign currency forward contracts - British Pound (GBP)	6,120	9,178	-
Foreign currency forward contracts - United States Dollar (USD)	163,240	152,470	-
Foreign currency forward contracts - Canadian Dollar (CAD)	3,165	3,063	-
Foreign currency forward contracts - Swiss Franc (CHF)	3,389	3,760	-
Foreign currency forward contracts - Euro (EUR)	49,180	66,596	-
Foreign currency forward contracts - Japanese Yen (JPY)	2,725,143	31,518	-
Foreign currency forward contracts - Norwegian Krone (NOK)	7,250	1,262	-
Foreign currency forward contracts - NZ Dollar (NZD)	4,688	3,615	-
Foreign currency forward contracts - Swedish Krona (SEK)	2,795	414	-
		<u>387,184</u>	<u>893</u>
Sell			
Australian fixed interest futures	64,399	-	166
International fixed interest futures	42,116	-	83
Credit default swaps	18,920	-	212
Interest rate swaps	55,100	-	1,371
Australian exchange traded options	15,809	55	-
Foreign currency forward contracts - Australian Dollar (AUD)	81,495	-	81,546
Foreign currency forward contracts - Euro (EUR)	49,180	-	66,595
Foreign currency forward contracts - Japanese Yen (JPY)	2,725,143	-	31,518
Foreign currency forward contracts - NZ Dollar (NZD)	4,688	-	3,615
Foreign currency forward contracts - US Dollar (USD)	198,771	-	185,609
Foreign currency forward contracts - Swiss Franc (CHF)	3,389	-	3,760
Foreign currency forward contracts - Swedish Krona (SEK)	2,795	-	414
Foreign currency forward contracts - Canadian Dollar (CAD)	3,165	-	3,063
Foreign currency forward contracts - British Pound (GBP)	6,120	-	9,178
Foreign currency forward contracts - Norwegian Krone (NOK)	7,250	-	1,262
		<u>55</u>	<u>388,392</u>
		<u>387,239</u>	<u>389,285</u>

10 Derivative financial instruments (continued)

Consolidated
30 June 2010

	Contract/ notional '000	Fair Values	
		Assets \$'000	Liabilities \$'000
Buy			
Fixed interest futures - Australian Dollar (AUD)	260,254	58	-
Credit default swaps - US Dollar (USD)	27,350	399	853
Foreign currency forward contracts - Australian Dollar (AUD)	90,828	90,850	-
Foreign currency forward contracts - Euro (EUR)	55,860	81,001	-
Foreign currency forward contracts - Japanese Yen (JPY)	2,801,065	37,473	-
Foreign currency forward contracts - NZ Dollar (NZD)	6,315	5,141	-
Foreign currency forward contracts - US Dollar (USD)	217,911	257,971	-
Foreign currency forward contracts - Swiss Franc (CHF)	9,919	10,889	-
Foreign currency forward contracts - Swedish Krona (SEK)	1,146	174	-
Foreign currency forward contracts - Canadian Dollar (CAD)	5,464	6,086	-
Foreign currency forward contracts - British Pound (GBP)	32,362	57,318	-
		<u>547,360</u>	<u>853</u>
Sell			
Fixed interest futures - Australian Dollar (AUD)	278,383	-	244
Credit default swaps - US Dollar (USD)	27,350	453	61
Foreign currency forward contracts - Australian Dollar (AUD)	90,734	-	90,756
Foreign currency forward contracts - Euro (EUR)	55,810	-	80,929
Foreign currency forward contracts - Japanese Yen (JPY)	2,801,065	-	37,473
Foreign currency forward contracts - NZ Dollar (NZD)	6,315	-	5,141
Foreign currency forward contracts - US Dollar (USD)	217,911	-	257,969
Foreign currency forward contracts - Swiss Franc (CHF)	9,919	-	10,889
Foreign currency forward contracts - Swedish Krona (SEK)	1,146	-	174
Foreign currency forward contracts - Canadian Dollar (CAD)	5,464	-	6,086
Foreign currency forward contracts - British Pound (GBP)	32,362	-	57,318
		<u>453</u>	<u>547,040</u>
		<u>547,813</u>	<u>547,893</u>

10 Derivative financial instruments (continued)

Parent
30 June 2011

	Contract/ notional '000	Fair Values	
		Assets \$'000	Liabilities \$'000
Buy			
Australian fixed interest futures	6,914	28	-
Credit default swaps	18,340	2	893
Foreign currency forward contracts - Australian Dollar (AUD)	81,445	81,495	-
Foreign currency forward contracts - Euro (EUR)	49,180	66,596	-
Foreign currency forward contracts - Japanese Yen (JPY)	2,725,143	31,518	-
Foreign currency forward contracts - NZ Dollar (NZD)	4,688	3,615	-
Foreign currency forward contracts - US Dollar (USD)	163,240	152,470	-
Foreign currency forward contracts - Canadian Dollar (CAD)	3,165	3,063	-
Foreign currency forward contracts - Swiss Franc (CHF)	3,389	3,760	-
Foreign currency forward contracts - British Pound (GBP)	6,120	9,178	-
Foreign currency forward contracts - Norwegian Krone (NOK)	7,250	1,262	-
Foreign currency forward contracts - Swedish Krona (SEK)	2,795	414	-
		<u>353,401</u>	<u>893</u>
Sell			
Australian fixed interest futures	59,749	-	147
International fixed interest futures	6,097	-	21
Australian exchange traded options	15,809	55	-
Foreign currency forward contracts - Australian Dollar (AUD)	81,495	-	81,546
Foreign currency forward contracts - Euro (EUR)	49,180	-	66,595
Foreign currency forward contracts - Canadian Dollar (CAD)	3,165	-	3,063
Foreign currency forward contracts - Swiss Franc (CHF)	3,389	-	3,760
Foreign currency forward contracts - British Pound (GBP)	6,120	-	9,178
Foreign currency forward contracts - Japanese Yen (JPY)	2,725,143	-	31,518
Foreign currency forward contracts - Norwegian Krone (NOK)	7,250	-	1,262
Foreign currency forward contracts - NZ Dollar (NZD)	4,688	-	3,615
Foreign currency forward contracts - Swedish Krona (SEK)	2,795	-	414
Foreign currency forward contracts - US Dollar (USD)	163,240	-	152,471
		<u>55</u>	<u>353,590</u>
		<u>353,456</u>	<u>354,483</u>

10 Derivative financial instruments (continued)

Parent
30 June 2010

	Contract/ notional '000	Fair Values	
		Assets \$'000	Liabilities \$'000
Buy			
Fixed interest futures - Australian Dollar (AUD)	260,254	58	-
Credit default swaps - US Dollar (USD)	27,350	399	853
Foreign currency forward contracts - Australian Dollar (AUD)	90,828	90,850	-
Foreign currency forward contracts - Euro (EUR)	55,860	81,001	-
Foreign currency forward contracts - Japanese Yen (JPY)	2,801,065	37,473	-
Foreign currency forward contracts - NZ Dollar (NZD)	6,315	5,141	-
Foreign currency forward contracts - US Dollar (USD)	217,911	257,971	-
Foreign currency forward contracts - Swiss Franc (CHF)	9,919	10,889	-
Foreign currency forward contracts - Swedish Krona (SEK)	1,146	174	-
Foreign currency forward contracts - Canadian Dollar (CAD)	5,464	6,086	-
Foreign currency forward contracts - British Pound (GBP)	32,362	57,318	-
		<u>547,360</u>	<u>853</u>
Sell			
Fixed interest futures - Australian Dollar (AUD)	278,383	-	244
Credit default swaps - US Dollar (USD)	27,350	453	61
Foreign currency forward contracts - Australian Dollar (AUD)	90,734	-	90,756
Foreign currency forward contracts - Euro (EUR)	55,810	-	80,929
Foreign currency forward contracts - Japanese Yen (JPY)	2,801,065	-	37,473
Foreign currency forward contracts - NZ Dollar (NZD)	6,315	-	5,141
Foreign currency forward contracts - US Dollar (USD)	217,911	-	257,969
Foreign currency forward contracts - Swiss Franc (CHF)	9,919	-	10,889
Foreign currency forward contracts - Swedish Krona (SEK)	1,146	-	174
Foreign currency forward contracts - Canadian Dollar (CAD)	5,464	-	6,086
Foreign currency forward contracts - British Pound (GBP)	32,362	-	57,318
		<u>453</u>	<u>547,040</u>
		<u>547,813</u>	<u>547,893</u>

11 Related party disclosures

(a) Parent Entity

The parent and the ultimate Australian parent entity is Macquarie Core Plus Australian Fixed Interest Fund, which at 30 June 2011 owns 100% (2010: 100%) of the units of the Trust.

(b) Subsidiaries

At 30 June 2011, Macquarie Interest Rate and Currency Fund owned 66.49% (2010: 28.95%) of the units of Macquarie Global Income Opportunities Fund (formerly Macquarie Income Plus Fund).

(c) Responsible Entity

The Responsible Entity of Macquarie Interest Rates and Currency Fund is Macquarie Investment Management Limited ("MIML"), a wholly owned subsidiary of Macquarie Group Limited.

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

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.

(e) Key management personnel unitholdings

At 30 June 2011 no key management personnel held units in the Trust (2010: Nil).

(f) Key management personnel loan disclosures

The consolidated entity and the Trust have 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.

(g) Responsible Entity's fees and other transactions

For the year ended 30 June 2011, in accordance with the Trust Constitution, the Responsible Entity received a total fee of 0.26% of net asset value (inclusive of GST, net of RITC available to the Trust) per annum (2010: 0.26%).

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.

11 Related party disclosures (continued)

(g) Responsible Entity's fees and other transactions (continued)

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

	Consolidated		Parent	
	30 June 2011 \$	30 June 2010 \$	30 June 2011 \$	30 June 2010 \$
Management fees for the year paid to the Responsible Entity	<u>537,124</u>	<u>208,317</u>	<u>221,156</u>	<u>208,317</u>
Rebate of management fees received from the Responsible Entity*	<u>427,587</u>	<u>263,676</u>	<u>427,587</u>	<u>263,676</u>
Aggregate amounts (payable)/receivable from the Responsible Entity at the reporting date	<u>(95,752)</u>	<u>12,161</u>	<u>57,483</u>	<u>12,161</u>

* The Responsible Entity rebates management fees charged by other schemes managed by the Responsible Entity where the Trust invests into those schemes.

(h) Related party schemes' unitholdings

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

30 June 2011

Unitholder	Number of units held opening (Units)	Number of units held closing (Units)	Parent			
			Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Trust (\$)
Macquarie Core Plus Australian Fixed Interest Fund	84,638,700	86,385,206	100.00	4,677,967	2,931,461	4,582,480

30 June 2010

Unitholder	Number of units held opening (Units)	Number of units held closing (Units)	Parent			
			Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Trust (\$)
Macquarie Core Plus Australian Fixed Interest Fund	82,265,482	84,638,700	100.00	2,826,231	453,014	2,539,705

11 Related party disclosures (continued)

(i) Investments

The Trust held investments in the following schemes which are also managed by MIML or its related parties:

	Fair value of investment		Parent Interest held		Distribution received / receivable	
	2011	2010	2011	2010	2011	2010
	\$	\$	%	%	\$	\$
Macquarie Global Income Opportunities Fund (formerly Macquarie Income Plus Fund)	78,657,643	74,613,599	66.49	28.95	3,087,376	3,126,988
Macquarie High Yield Bond Fund	8,832,510	4,098,816	3.88	3.67	1,645,898	389,258
Emerging Markets Debt Fund	85,008	2,752,059	0.12	2.27	-	-
Total	87,575,161	81,464,474			4,733,274	3,516,246

No distributions receivable remain unpaid as at 30 June 2011 (2010: Nil).

(j) Other transactions within the Trust

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the consolidated entity or the Trust since the end of the previous financial year and there were no material contracts involving directors' interests subsisting at year end.

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

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

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

	Consolidated		Parent	
	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities				
Profit/loss for the year	-	-	-	-
Increase in net assets attributable to unitholders	4,818	5,361	3,516	5,361
Dividends reinvested	(3,390)	(3,516)	(4,733)	(3,516)
Net gains on financial instruments held at fair value through profit or loss	(6,502)	(4,280)	(3,113)	(4,280)
Proceeds from sale of financial instruments held at fair value through profit or loss	5,349,567	3,376,291	5,114,097	3,376,291
Purchase of financial instruments held at fair value through profit or loss and derivative financial instruments	(5,337,154)	(3,379,600)	(5,112,196)	(3,379,600)
Distributions to unitholders	5,332	2,540	4,582	2,540
Movement in amortised interest on financial instruments held at fair value through profit or loss	3,682	-	-	-
Net change in receivables and other assets	281	(17)	(48)	(17)
Net change in amounts due to brokers – payable for securities purchased	119	-	-	-
Net change in payables and other liabilities	-	6	4	6
Net cash inflow/(outflow) from operating activities	16,753	(3,215)	2,109	(3,215)
(b) Non-cash financing and investing activities				
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	5,318	2,540	4,582	2,540

As described in note 2(l), 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).

13 Events occurring after year end

No significant events have occurred since the year end which would impact on the financial position of the consolidated entity and the Trust disclosed in the statements of financial position as at 30 June 2011 or on the results and cash flows of the consolidated entity and the Trust for the year ended on that date.

14 Contingent assets, contingent liabilities or commitments

There are no outstanding contingent assets, contingent liabilities or commitments as at 30 June 2011 and 30 June 2010.

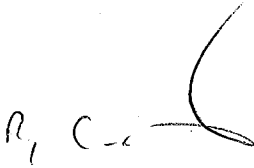
Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 6 to 42 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 Consolidated Entity's financial position as at 30 June 2011 and of its performance, for the financial year 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.



R Cartwright
Director

Sydney
26 September 2011

Independent auditor's report to the unitholders of Macquarie Interest Rate and Currency Fund

We have audited the accompanying financial report of Macquarie Interest Rate and Currency Fund (the "fund"), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year 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 fund, 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.

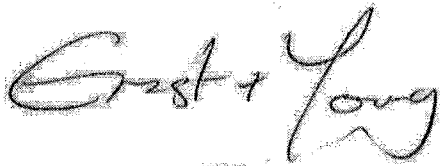
Independence

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 Interest Rate and Currency Fund is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the fund's financial position as at 30 June 2011 and of its performance for the year 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
28 September 2011