Third Link Growth Fund

ARSN 130 165 552

Annual report - 30 June 2012

Third Link Growth Fund

ARSN 130 165 552

Annual report - 30 June 2012

Contents

Directors' report

The directors of Treasury Group Investment Services Limited, the Responsible Entity of Third Link Growth Fund, present their report together with the financial report of Third Link Growth Fund ("the Scheme") for the year ended 30 June 2012.

Responsible Entity

The Responsible Entity of Third Link Growth Fund is Treasury Group Investment Services Limited (ABN 38 099 932 920). The Responsible Entity's registered office is:

Treasury Group Investment Services Limited
Level 14
39 Martin Place
Sydney NSW 2000.

Principal activities

During the year, the Scheme continued to invest in accordance with target asset allocations as set out in the governing documents of the Scheme and in accordance with the provisions of the Scheme's Constitution.

The Scheme did not have any employees during the year.

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

Directors

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

Andrew McGill (appointed 9 November 2011)
Joseph Ferragina (appointed 15 December 2011)
Peter Kennedy
Christine Feldmanis (resigned 9 November 2011)
Conor Byrne (resigned 15 December 2011)

Review and results of operations

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

	Year ended	
	30 June 2012 $'000	30 June 2011 $'000
Net operating profit	**(1,138)**	4,755
Distributions		
Distribution paid and payable ($'000)	**1,554**	2,071
Distribution (cents per unit)	**3.55**	4.80

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2012 that has significantly affected, or may significantly affect:

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

Directors' report (continued)

Likely developments and expected results of operations

The Scheme will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Scheme and in accordance with the provisions of the Scheme's Constitution.

The results of the Scheme's operations will be affected by a number of factors, including the performance of investment markets in which the Scheme 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 Scheme 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 Scheme.

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Scheme in regards to insurance cover provided to either the officers of Treasury Group Investment Services Limited or the auditors of the Scheme. So long as the officers of Treasury Group Investment Services Limited act in accordance with the Scheme's Constitution and the Law, the officers remain indemnified out of the assets of the Scheme against losses incurred while acting on behalf of the Scheme.The auditors of the Scheme are in no way indemnified out of the assets of the Scheme.

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

Fees paid to the Responsible Entity and its associates out of Scheme property during the year are disclosed in note 8 to the financial statements.

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

The number of interests in the Scheme held by the Responsible Entity or its associates as at the end of the financial year are disclosed in note 8 to the financial statements.

Interests in the Scheme

The movement in units on issue in the Scheme during the year is disclosed in note 4 to the financial statements.

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

Environmental regulation

The operations of the Scheme 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 Scheme 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 and financial report. Amounts in the directors' report and financial 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.

Joseph Ferragina
Director

Sydney
27 September 2012

Auditor's independence declaration

[Partner name]
Partner
Ernst & Young

Sydney
27 September 2012

Statement of comprehensive income

	Notes	Year ended 30 June 2012 $'000	30 June 2011 $'000
Investment income			
Interest income	3	**44**	104
Dividend/distribution income		**1,797**	2,213
Changes in fair value of investments held for trading		**(2,765)**	2,667
Other operating income		**414**	369
Net foreign exchange gains/(losses)		**-**	(3)
Total net investment (loss)/income		**(510)**	5,350
Expenses			
Responsible Entity's fees	8	**628**	586
Transaction costs		**-**	8
Other operating expenses		**-**	1
Total operating expenses		**628**	595
Operating (loss)/profit for the year		**(1,138)**	4,755
Finance costs attributable to unitholders			
Distributions to unitholders	5	**(1,554)**	(2,071)
Changes in net assets attributable to unitholders	4	**2,692**	(2,684)
Profit/(loss) for the year		**-**	-
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**-**	-

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

Statement of financial position

	Notes	As at 30 June 2012 $'000	30 June 2011 $'000
Assets			
Cash and cash equivalents	6	**145**	855
Due from brokers - receivable for securities sold		**-**	117
Interest receivable		**1**	3
Dividends/distributions receivable		**810**	1,385
Investments in financial assets held for trading	7	**41,091**	45,407
Other receivables		**14**	15
Total assets		**42,061**	47,782
Liabilities			
Distributions payable	5	**878**	1,474
Due to brokers - payable for securities purchased		**-**	117
Payables		**53**	60
Total liabilities (excluding net assets attributable to unitholders)		**931**	1,651
Net assets attributable to unitholders - liability	4	**41,130**	46,131

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

Statement of changes in net assets attributable to unitholders

	Year ended	
	30 June 2012 $'000	30 June 2011 $'000
Net assets attributable to unitholders at the beginning of the financial year	**46,131**	33,833
Operating profit for the year	**(1,138)**	4,755
Distributions to unitholders	**(1,554)**	(2,071)
Application for units	**2,263**	11,114
Redemption of units	**(4,572)**	(1,500)
Net assets attributable to unitholders at the end of the financial year	**41,130**	46,131

The above statement of changes in net assets attributable to unitholders should be read in conjunction with the accompanying notes.

Statement of cash flows

	Notes	Year ended 30 June 2012 $'000	30 June 2011 $'000
Cash flows from operating activities			
Proceeds from sale of investments held for trading		**31,896**	18,760
Purchase of investments held for trading		**(30,345)**	(28,510)
Transaction costs		**-**	(8)
Dividends/distributions received		**2,371**	1,575
Interest received		**46**	103
Other income received		**415**	369
Responsible Entity's fees paid		**(634)**	(585)
Payment of other expenses		**-**	(1)
Net cash inflow/(outflow) from operating activities	10(a)	**3,749**	(8,297)
Cash flows from financing activities			
Proceeds from applications by unitholders		**931**	10,460
Payments for redemptions by unitholders		**(4,572)**	(1,500)
Distributions paid		**(818)**	(484)
Net cash inflow/(outflow) from financing activities		**(4,459)**	8,476
Net (decrease)/increase in cash and cash equivalents		**(710)**	179
Cash and cash equivalents at the beginning of the year		**855**	676
Cash and cash equivalents at the end of the year	10(b),6	**145**	855

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

1 General information

This financial report covers Third Link Growth Fund ("the Scheme") as an individual entity, which is an Australian registered managed Scheme. The Scheme was constituted on 12 March 2008. The Scheme will terminate on 11 March 2088 unless terminated earlier in accordance with the provisions of the Scheme's Constitution.

The Responsible Entity of the Scheme is Treasury Group Investment Services Limited (the "Responsible Entity"), which is incorporated and domiciled in Australia. The Responsible Entity's registered office is Level 14, 39 Martin Place, Sydney, NSW 2000.

The financial statements were authorised for issue by the directors on 27 September 2012. The directors of the Responsible Entity have the power to amend and reissue the financial report.

2 Summary of significant accounting policies

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

(a) Basis of preparation

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

The financial report is prepared on a historical cost basis except for investments in financial assets, which have been measured at fair value.

The financial report is presented in Australian dollars.

Compliance with International Financial Reporting Standards

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

The statement of financial position is 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 liabilities at fair value through profit or losss and net assets attributable to unitholders. The amount expected to be recovered or settled within twelve months in relation to these balances cannot be reliably determined.

(b) Investments in financial assets

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date, i.e. the date that the Scheme commits to purchase or sell the assets.

Held for trading

All investments are initially recognised at fair value, being the fair value of the consideration paid excluding transaction costs. After initial recognition, the financial assets held for trading are revalued to fair value at each reporting date.

For investments that are actively traded in organised financial markets, fair value is determined by reference to exchange quoted market bid prices at the close of business on the reporting date.

For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flows analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum. The fair value of units in a managed investment scheme is determined by reference to published bid prices at the close of business on the reporting date being the redemption prices as established by the underlying Scheme's Responsible Entity.

2 Summary of significant accounting policies (continued)

(b) Investments in financial assets (continued)

Changes in fair value of investments held for trading are recognised in the statement of comprehensive income. Investments of the Scheme which are considered to be held for trading are equity securities, units in managed investment schemes, derivatives and some interest bearing securities which have been acquired principally for the purpose of selling in the near term.

Financial liabilities

The Scheme's financial liabilities are categorised as financial instruments held for trading. These include investments in listed and unlisted equities, listed and unlisted trusts, convertible notes and derivative financial instruments including forward contracts and options. The Scheme does not designate any derivatives as hedges in a hedging relationship.

(i) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reporting in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(c) Net assets attributable to unitholders

Units are redeemable at the unitholders' option and are therefore classified as financial liabilities. The units can be put back to the Scheme at any time for cash equal to a proportionate share of the Scheme's net asset value. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the reporting date if the unitholders exercise their right to put the units back to the Scheme.

Because the Scheme's redemption unit price is based on different valuation principles to that in financial reporting, a valuation difference exists which has been treated as a separate component of net assets attributable to unitholders.

(d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, 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 and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in the statement of financial position.

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments including cash management trusts, and bank overdrafts.

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 Scheme's main income generating activity.

(e) Investment income

Interest income is recognised in the statement of comprehensive income for all financial instruments that are not held at fair value through profit or loss using the effective interest method. Other changes in fair value for such instruments are recorded in accordance with the policies described in note 2(b).

2 Summary of significant accounting policies (continued)

(e) Investment income (continued)

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 Scheme 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.

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense.

Dividends declared on securities sold short are recorded as a dividend expense on the ex-dividend date.

Trust distributions are recognised on an entitlements basis.

(f) Expenses

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

(g) Income tax

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

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 Scheme is not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Scheme 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.

The Scheme currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the statement of comprehensive income.

(h) Distributions

In accordance with the Scheme's Constitution, the Scheme distributes income adjusted for amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unitholders.

(i) Changes in net assets attributable to unitholders

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

(j) Unit price

The unit price is based on unit price accounting outlined in the Scheme’s Constitution and product disclosure statement.

2 Summary of significant accounting policies (continued)

(k) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. Trades are recorded on trade date, and equities are normally settled within three business days. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Scheme will not be able to collect all amounts due from the relevant broker. Indicators that the amount due from brokers is impaired include significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation and default in payments.

(l) Receivables

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

(m) Payables

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

Trades are recorded on trade date, and normally settled within three business days. Purchases of financial instruments that are unsettled at the end of each reporting period are included in payables.

The distribution amount payable to unitholders as at the end of each reporting period is recognised separately in the statement of financial position when unitholders are presently entitled to the distributable income under the Scheme's Constitution.

(n) Applications and redemptions

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

(o) Goods and Services Tax (GST)

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

(p) Use of estimates

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

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

2 Summary of significant accounting policies (continued)

(p) Use of estimates (continued)

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.

(q) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting period. The directors' assessment of the impact of these new standards (to the extent relevant to the Scheme) 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 2010-10 *Amendments 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 Scheme has not yet decided when to adopt AASB 9. Management does not expect this will have a significant impact on the Scheme's financial statements as the Scheme does not hold any available-for-sale investments.

In December 2011, the IASB delayed the application date of IFRS 9 to 1 January 2015. The AASB is expected to make an equivalent amendment to AASB 9 in due course.

(ii) AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* (effective 1 January 2013)

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. Application of the new standard will impact the type of information disclosed in the notes to the financial statements. The Scheme does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

There are no other standards that are not yet effective and that are expected to have a material impact on the Scheme in the current or future reporting periods and on foreseeable future transactions.

(r) Rounding of amounts

The Scheme 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 financial statements. Amounts in the financial statements have been rounded off to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

3 Interest income

	Year ended					
		30 June 2012			30 June 2011	
	Average balance $'000	**Interest $'000**	**Average rate %**	Average balance $'000	Interest $'000	Average rate %
Cash and deposits	**839**	**44**	**5.27**	832	58	6.92
Fixed interest securities	**-**	**-**	**-**	829	46	5.58
		44			104	

4 Net assets attributable to unitholders

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

	As at			
	30 June 2012 No. '000	30 June 2011 No. '000	**30 June 2012 $'000**	30 June 2011 $'000
Opening balance	**44,699**	36,181	**46,131**	33,833
Applications	**972**	9,489	**931**	10,460
Redemptions	**(4,251)**	(1,627)	**(4,572)**	(1,500)
Units issued upon reinvestment of distributions	**1,330**	656	**1,332**	654
Changes in net assets attributable to unitholders	**-**	-	**(2,692)**	2,684
Closing balance	**42,750**	44,699	**41,130**	46,131

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

Capital risk management

The Scheme considers 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 Scheme is subject to daily applications and redemptions at the discretion of unitholders.

(a) Unrealised capital gains

At the reporting date, the Scheme had net unrealised taxable capital gains of $439,091 (2011: $1,434,098).

(b) Realised capital losses

At the reporting date, the Scheme had realised capital losses of $1,093,180 (2011: $1,125,060) available to offset against future assessable capital gains.

5 Distributions to unitholders

The distributions for the year were as follows:

	Year ended			
	30 June 2012 $'000	**30 June 2012 CPU**	30 June 2011 $'000	30 June 2011 CPU
Distributions				
Distributions paid - December	**676**	**1.50**	597	1.50
Distributions payable - June	**878**	**2.05**	1,474	3.30
	1,554		2,071	

6 Cash and cash equivalents

	As at	
	30 June 2012 $'000	30 June 2011 $'000
Cash at bank	**145**	855

7 Investments in financial assets held for trading

	As at	
	30 June 2012 $'000	30 June 2011 $'000
Held for trading		
Listed equities	**6,158**	4,009
Unlisted unit trusts	**32,935**	35,129
Listed unit trusts	**1,998**	6,269
Total held for trading	**41,091**	45,407

8 Related party transactions

Responsible Entity

The Responsible Entity of Third Link Growth Fund is Treasury Group Investment Services Limited, whose immediate and ultimate holding company is Treasury Group Limited.

Key management personnel

(a) Directors

Key management personnel includes persons who were directors of Treasury Group Investment Services Limited at any time during the financial year as follows:

Andrew McGill (appointed 9 November 2011)
Joseph Ferragina (appointed 15 December 2011)
Peter Kennedy
Christine Feldmanis (resigned 9 November 2011)
Conor Byrne (resigned 15 December 2011)

(b) Other key management personnel

In addition to the directors noted above, Treasury Group Investment Services Limited, the Responsible Entity of the Scheme is considered to be key management personnel with the authority for the strategic direction and management of the Scheme.

Key management personnel compensation

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

Compensation is paid to the Responsible Entity in the form of fees as discussed below.

Key management personnel loan disclosures

The Scheme has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period (2011: nil)

Other transactions within the Scheme

From time to time directors of the Responsible Entity, or their director related entities, may invest in or withdraw from the Scheme. These investments or withdrawals are on the same terms and conditions as those entered into by other Scheme investors and are trivial in nature.

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Scheme during the financial year and there were no material contracts involving key management personnel's interests existing at year end (2011: nil).

8 Related party transactions (continued)

Investments

The Scheme held investments in the following schemes which are also managed by Treasury Group Investment Services Limited or its related parties:

	Number of units held	Fair value of investment	Interest held	Units acquired during the year	Units disposed during the year	Distributions received/ receivable by the Scheme
2012	**(Units)**	**$**	**%**	**(Units)**	**(Units)**	$
Rare Emerging Market Fund		-	-	-	**697,350**	**4,304**
Total		-	-	-	**697,350**	**4,304**
2011						
Orion Australian Share Fund	-	-	-	-	1,347,798	20,612
Rare Emerging Market Fund	697,350	1,052,789	1.29	-	-	10,460
Total	697,350	1,052,789		-	1,347,798	31,072

Responsible Entity's fees and other transactions

For the year ended 30 June 2012, in accordance with the Scheme's Constitution, the Responsible Entity received fees based on 1.40% of the Scheme's gross asset value (inclusive of GST, net of RITC available to the Scheme) per annum (2011: 1.40%).

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 Scheme and the Responsible Entity were as follows:

	30 June 2012 $	30 June 2011 $
Fees earned by the Responsible Entity for the management of investments	**627,676**	585,504
Responsible Entity fee rebate received and receivable directly by the Scheme	**414,326**	368,408
Fees payable to the Responsible Entity as at reporting date	**52,922**	59,876

Related party unitholdings

Parties related to the Scheme (including Treasury Group Investment Services Limited, its related parties and other schemes managed by Treasury Group Investment Services Limited), held units in the Scheme as follows:

2012

Unitholder	**No. of units held opening (Units)**	**No. of units held closing (Units)**	**Interest held (%)**	**No. of units acquired (Units)**	**No. of units disposed (Units)**	**Distributions paid/payable by the Scheme ($)**
Treasury Group Investment Services Limited	**126**	**132**	**0.0003**	**6**	**-**	**5**
Total	**126**	**132**		**6**	**-**	**5**

8 Related party transactions (continued)

Related party unitholdings (continued)

2011

Unitholder	No. of units held opening (Units)	No. of units held closing (Units)	Interest held (%)	No. of units acquired (Units)	No. of units disposed (Units)	Distributions paid/payable by the Scheme ($)
Treasury Group Investment Services Limited	122	126	0.0003	4	-	6
Total	122	126		4	-	6

Key management personnel unitholdings

The key management personnel of Treasury Group Investment Services Limited held units in the Scheme as follows:

2012

Unitholder	**No. of units held opening (Units)**	**No. of units held closing (Units)**	**Interest held (%)**	**No. of units acquired (Units)**	**No. of units disposed (Units)**	**Distributions paid/payable by the Scheme ($)**
Invia Custodian Pty Ltd ATF Macindoe Super Fund	**109,682**	**114,990**	**0.269**	**5,308**	**-**	**4,061**
Invia Custodian Pty Ltd ATF Tracker Foundation	**130,859**	**137,193**	**0.321**	**6,334**	**-**	**4,845**
ATF Christopher Cuffe Foundation	**1,863,590**	**1,953,782**	**4.570**	**90,192**	**-**	**68,994**
Total	**2,104,131**	**2,205,965**		**101,834**	**-**	**77,900**

2011

Unitholder	No. of units held opening (Units)	No. of units held closing (Units)	Interest held (%)	No. of units acquired (Units)	No. of units disposed (Units)	Distributions paid/payable by the Scheme ($)
Invia Custodian Pty Ltd ATF Macindoe Super Fund	106,452	109,682	0.250	3,230	-	5,240
Invia Custodian Pty Ltd ATF Tracker Foundation	127,007	130,859	0.290	3,852	-	6,252
ATF Christopher Cuffe Foundation	1,749,277	1,863,590	4.170	114,313	-	89,038
Total	1,982,736	2,104,131		121,395	-	100,530

9 Financial risk management

(a) Strategy in using financial instruments

The allocation of assets between the various types of financial instruments is determined by the Scheme's investment manager as identified in the Scheme's product disclosure statement who manages the Scheme's assets to achieve the Scheme's investment objectives. The monitoring of asset allocations and the composition of the assets is also monitored by the Scheme's investment manager on at least a monthly basis. The custody of assets is outsourced to RBC Dexia Investment Services Trust.

9 Financial risk management (continued)

Financial instruments of the Scheme comprise of investments in financial assets for the purpose of generating a return on the investment made by the unitholders, in addition to derivatives (used from time to time), cash and cash equivalents, net assets attributable to unitholders and other financial instruments such as trade debtors and creditors, which arise directly from its operations.

The Responsible Entity is responsible for identifying and controlling the risks that arise from these financial instruments. The Scheme's investing activities expose it to the following risks from its use of financial instruments:

- market risk
- credit risk
- liquidity risk

This note presents information about the Scheme's exposure to each of the above risks, the Scheme's objectives, policies and processes for measuring and managing risk.

The Responsible Entity has overall responsibility for the establishment and oversight of the Scheme's financial risk management framework.

The Responsible Entity oversees how management monitors compliance with the Scheme's financial risk management policies and procedures. The Responsible Entity also ensures the continued adequacy of the financial risk management framework.

Information is prepared and reported to relevant parties within the Responsible Entity on a regular basis as deemed appropriate, including the fund manager, compliance manager, other key management and ultimately the directors of the Responsible Entity.

(b) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will affect the Scheme's income or the carrying value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Scheme is exposed, particularly in equity assets, to market risks. The Scheme may utilise derivatives, but derivatives are not currently used. The Scheme invests in securities traded on domestic markets, market risk is a risk to which exposure is unavoidable. The risk is mitigated through diversification of the portfolio that is captured by investments in various geographic zones and industries.

(i) Currency risk

The Scheme is not exposed to any significant foreign currency risk.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk is not considered to be significant to the Scheme and is limited to its cash holdings.

Interest income from cash holdings is earned at variable interest rates. Investments in cash holdings are at call.

As the Scheme's exposure to interest rate risk is not significant, interest rate risk sensitivities have not been performed.

9 Financial risk management (continued)

(b) Market Risk (continued)

(iii) Other market price risk

Other market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the majority of the Scheme's investments are carried at fair value with fair value changes recognised in the statement of comprehensive income, all changes in market conditions will directly affect net investment income.

Risk management techniques are used in the selection of investments. Securities/investments (including derivatives) are only purchased that meet investment criteria.

Sensitivity analysis

The sensitivity analysis is based on a generic approach using +/- 10%, which gives the user/investor a benchmark to demonstrate how sensitive each portfolio is in relation to changes in various risk parameters.

An increase of 10% (2011: 13% S&P/ASX200 Index) at the reporting date of the underlying investments' prices would have increased operating profit from operating activities by $4,109,086 (2011: $5,902,899). This analysis assumes that all other variables remain constant.

A decrease of 10% (2011: 11% S&P/ASX200 Index) at the reporting date of the underlying investments' prices would have decreased profit from operating activities by $4,109,086 (2011: $4,994,761). This analysis assumes that all other variables remain constant.

(c) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Scheme. The Scheme's investment manager has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

With respect to credit risk arising from the financial assets of the Scheme, other than derivatives, the Scheme's exposure to credit risk arises from default of the counterparty, with current exposure equal to the fair value of these instruments as disclosed on the statement of financial position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

The Scheme holds no collateral as security or any other credit enhancements. There are no financial assets that are past due or impaired, or would otherwise be past due or impaired except for the terms having been renegotiated.

Credit risk is not considered to be a major risk to the Scheme as any cash held by the Scheme is invested with financial institutions that have very strong credit ratings. The balance of investments are held in listed and unlisted securities.

(d) Liquidity risk

Liquidity risk is the risk that the Scheme will not be able to meet its financial obligations as they fall due. The risk is controlled through the Scheme's investment in financial instruments, which under normal market conditions are readily convertible to cash. In addition the Scheme maintains sufficient cash and cash equivalents to meet normal operating requirements.

Maturity analysis for financial liabilities

Financial liabilities of the Scheme comprise of trade and other payables, distributions payable, and net assets attributable to unitholders. Trade and other payables and distributions payable have no contractual maturities but are typically settled within 30 days.

Net assets attributable to unitholders are entirely payable on demand.

9 Financial risk management (continued)

(d) Liquidity risk (continued)

The table below summarises the maturity profile of the Scheme's financial liabilities, gross-settled derivatives and redeemable shares based on contractual undiscounted cash flows.

30 June 2012	**Carrying Amount $'000**	**Contractual cash flow $'000**	**At call $'000**	**6 months or less $'000**
Non-derivative financial liabilities				
Distributions payable	**878**	**878**	**-**	**878**
Payables	**53**	**53**	**-**	**53**
Net assets attributable to unitholders - liability	**41,130**	**41,130**	**41,130**	**-**
Sub total	**42,061**	**42,061**	**41,130**	**931**

30 June 2011	Carrying Amount $'000	Contractual cash flow $'000	At call $'000	6 months or less $'000
Non-derivative financial liabilities				
Distributions payable	1,474	1,474	-	1,474
Balances due to brokers	117	117	-	117
Payables	60	60	-	60
Net assets attributable to unitholders - liability	46,131	46,131	46,131	-
Sub total	47,782	47,782	46,131	1,651

(e) Fair value hierarchy

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

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

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

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

9 Financial risk management (continued)

(e) Fair value hierarchy (continued)

The table below sets out the Scheme's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2012 and 30 June 2011.

As at 30 June 2012	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total balance $'000**
Financial assets				
Financial assets held for trading:				
Listed equities	**6,158**	**-**	**-**	**6,158**
Listed unit trusts	**1,998**	**-**	**-**	**1,998**
Unlisted unit trusts	**-**	**32,935**	**-**	**32,935**
Total	**8,156**	**32,935**	**-**	**41,091**

As at 30 June 2011	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Financial assets held for trading:				
Listed equities	4,009	-	-	4,009
Listed unit trusts	6,269	-	-	6,269
Unlisted unit trusts	-	35,129	-	35,129
Fixed interest securities	-	-	-	-
Total	10,278	35,129	-	45,407

10 Reconciliation of profit to net cash outflow from operating activities

	Year ended	
	30 June 2012 $'000	30 June 2011 $'000
(a) Reconciliation of profit to net cash outflow from operating activities		
Operating profit for the year	**(1,138)**	4,755
Changes in the fair value of assets held for trading	**2,765**	(2,667)
Proceeds from sale of financial instruments held for trading	**31,896**	18,760
Purchase of financial investments held for trading	**(30,345)**	(28,510)
Net change in interest receivable	**2**	(1)
Net change in dividends/distributions receivable	**575**	(638)
Net change in other receivables and other assets	**1**	(14)
Net change in payables and other liabilities	**(7)**	15
Realised foreign exchange (gains)/losses	**-**	3
Net cash outflow from operating activities	**3,749**	(8,297)
(b) Components of cash and cash equivalents		
Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the statement of financial position as follows:		
Cash and cash equivalents	**145**	855

11 Auditor's remuneration

The service provided on this Scheme is on a pro-bono basis. The auditor of the Scheme is Ernst & Young.

12 Events occurring after the reporting period

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Scheme disclosed in the statement of financial position as at 30 June 2012 or on the results and cash flows of the Scheme for the year ended on that date.

13 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2012 and 30 June 2011.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

(a) the financial statements and notes set out on pages 6 to 23 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 Scheme's financial position as at 30 June 2012 and of its performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable; and

(c) Note 2(a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board

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

Joseph Ferragina
Director

Sydney
27 September 2012

Independent auditor's report to the unitholders

Ernst & Young

** Partner to sign **	Sydney
Partner	27 September 2012