Lazard Quantitative Equity Global (Ex-Australia) 130/30 Fund

ARSN 130 074 350

Financial report
For the year ended 30 June 2009

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Contents

Directors' report

The directors of Lazard Asset Management Pacific Co. ("the Responsible Entity") submit herewith the annual financial report of the Lazard Quantitative Equity Global (Ex-Australia)130/30 Fund ("the Scheme") for the financial year ended 30 June 2009. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of the directors of the Responsible Entity during or since the end of the financial year and up to the date of this financial report are:

Ashish Bhutani
Nicholas Bratt
Robert Osborn
Robert Prugue
John Reinsberg

Principal activities

The Scheme is a registered managed investment scheme domiciled in Australia.

The principal activity of the Scheme is to invest funds in accordance with its investment objectives and guidelines as set out in the current Product Disclosure Statement and in accordance with the provision of the Constitution.

The Scheme invests in a diversified group of global listed securities excluding securities listed on the Australian Stock Exchange and selling short a similarly diversified group.

There have been no significant changes in the activities of the Scheme during the financial year.

The Scheme did not have any employees during the financial year.

Service Providers

Responsible Entity - Lazard Asset Management Pacific Co.

Administrator - State Street Australia Limited

Custodian/Prime Broker - Goldman Sachs & Co

Auditor - Deloitte Touche Tohmatsu

Impact of applying Australian equivalents to International Financial Reporting Standards (AIFRS) for financial reporting

It is the opinion of the directors that adopting AIFRS does not have unit pricing consequences, as the basis of unit price accounting is as outlined in the Scheme's Constitution and the governing documents of the Scheme. The key differences between net assets for unit pricing purposes and net assets as reported in the financial statements prepared under AIFRS have been outlined below:

	30 June 2009 $	30 June 2008 $
Net assets for unit pricing purposes	**248,516,662**	298,188,816
Purchase transaction costs expensed under AIFRS	**(193,015)**	(173,516)
Difference between net market value (for unit pricing) and fair value (for financial reporting) of securities	**(59,441)**	(402,790)
Reclassification of net assets attributable to unitholders to liabilities	**(248,264,206)**	(297,612,510)
Net assets under AIFRS	**-**	-

Directors' report (continued)

Review of operations

Results

The results of operations of the Scheme are disclosed in the Income Statement. The operating loss attributable to unitholders for the financial year ended 30 June 2009 was $43,658,872 (period from 18 June 2008 to 30 June 2008 was $18,105,041 loss).

Distributions

The directors of the Responsible Entity report payment of distributions for the financial year/period ended 30 June 2009 and 30 June 2008 as follows:

	$	cents per unit
Financial Year		
30 June 2009		
Final distribution paid on 10 July 2009	13,150,294	4.06
Financial Period		
18 June 2008 to 30 June 2008		
Final distribution paid	-	-

Performance

Investment objective

The Lazard Quantitative Equity Global (ex-Australia) 130/30 Fund seeks to achieve total returns (comprising income and capital appreciation and before the deduction of fees and taxes) that outperform the MSCI World ex-Australia Index by 4-5% per annum over rolling three-year periods.

Returns to 30 June*	2009 %	2008** %
Total Return	-13.6	-5.5
MSCI World ex-Australia Index NDR	-16.2	-5.4

*Investments can go up and down. Past performance is not necessarily indicative of future performance. Performance is presented gross of fees and assumes reinvestment of all distributions.

**Period from the 18th June 2008 (Scheme inception date) to 30th June 2008.

Directors' report (continued)

Commentary

In one of the worst global equity markets in memory, the Scheme posted a return 2.6% ahead of the MSCI World ex-Australia Index NDR, which lost 16.2%. The gains were largely driven by stock selection in the energy and financials sectors. The Scheme lagged in the utilities and industrials sectors. Stock selection was particularly strong in North America, though partially offset by weakness in the United Kingdom and Japan. In particular, our overweight position in Canadian energy stocks and lack of exposure to most of the major financial institutional implosions of 2008 (e.g. Fannie Mae, General Growth Properties, Merrill Lynch, Lehman Brothers, Citigroup, Royal Bank of Scotland, AIG and Fortis) helped the Scheme.

Our stock evaluation models saw enormous rotation in leadership during the 12-month period. Sentiment and, to a lesser extent, quality were strong contributors to our ranking process from July 2008 through February 2009, and provided the primary source of excess returns through this period. With the sharp rally that began in March 2009, there was a sudden reversal in model power and valuation drove most of the excess return. The reversal in model effectiveness was not so notable for its abruptness, but rather for the extreme change in the power of our family factors. Monthly quintile spreads (the difference in returns between the top- and bottom-ranked quintile of stocks) and information coefficients in the March through April 2009 period were the magnitude that is typical of an entire year. By maintaining a balanced weighting approach to each family, we avoided being trapped into just the models that were working well at the time. Additionally, several of the model improvements that we introduced in mid-2008 worked especially well during the last quarter and added meaningful value.

Changes in state of affairs

During the financial year there were no other significant changes in the state of affairs of the Scheme other than that referred to in the financial statements or notes thereto.

Subsequent events

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Scheme, the results of those operations, or the state of affairs of the Scheme in future financial years.

Future developments

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.

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 of officers of the Responsible Entity and auditors

During the financial year, a related party of the Responsible Entity paid a premium in respect of a contract insuring the directors of the Responsible Entity and all executive officers of the Responsible Entity against a liability incurred as such a director or executive officer to the extent permitted by the Corporations Act 2001.

The Responsible Entity has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Responsible Entity against a liability incurred as such an officer or auditor.

Directors' report (continued)

Scheme information in the Directors' report

Fees paid to the Responsible Entity and its associates[1] out of Scheme property during the financial year are disclosed in Note 4 to the financial statements. Note 5 to the financial statements discloses details of the indirect cost ratio.

The number of units in the Scheme held by the Responsible Entity or its associates[1] as at the end of the financial year are disclosed in Note 17 to the financial statements.

The number of interests in the Scheme issued during the financial year, withdrawals from the Scheme during the financial year and the number of interests in the Scheme at the end of the financial year are disclosed in Note 12 to the financial statements.

The value of the Scheme's assets as at the end of the financial year is disclosed in the Balance Sheet as "Total Assets" and the basis of valuation is included in Note 1 to the financial statements.

1 Associates include directors and secretaries of the Responsible Entity, related body corporates and directors and secretaries of related body corporates.

Environmental regulation

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

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included on page 6.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

Robert Osborn
Director

Sydney
28 August 2009

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Lazard Asset Management Pacific Co
Level 39, Gateway
1 Macquarie Place
SYDNEY NSW 2000

28 August 2009

Dear Board Members

Lazard Quantitative Equity Global (Ex-Australia) 130/30 Fund

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Lazard Asset Management Pacific Co, as Responsible Entity for the Lazard Quantitative Equity Global (Ex-Australia) 130/30 Fund.

As lead audit partner for the audit of the financial statements of the Lazard Quantitative Equity Global (Ex-Australia) 130/30 Fund for the financial year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Richard Rassi
Partner
Chartered Accountants

Member of
Deloitte Touche Tohmatsu

Deloitte.

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Independent Auditor's Report to the unitholders of the Lazard Quantitative Equity Global (Ex-Australia) 130/30 Fund

We have audited the accompanying financial report of the Lazard Quantitative Equity Global (Ex-Australia) 130/30 Fund ("the registered scheme") which comprises the balance sheet as at 30 June 2009, and the income statement, cash flow statement and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration as set out on pages 9 to 31.

Directors' Responsibility for the Financial Report

The directors of the Responsible Entity, Lazard Asset Management Pacific Co, are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 judgement, 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 control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. 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.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

(a) the financial report of the Lazard Quantitative Equity Global (Ex-Australia) 130/30 Fund is in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the registered scheme's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Richard Rassi
Partner
Chartered Accountants
Sydney, 28 August 2009

Directors' declaration

The financial statements and notes thereto of the Lazard Quantitative Equity Global (Ex-Australia) 130/30 Fund ("the Scheme") for the year ended 30 June 2009 have been prepared by Lazard Asset Management Pacific Co. ("the Responsible Entity") in accordance with the Corporations Act 2001.

The directors of the Responsible Entity declare that, in the directors' opinion:

(a) the financial statements and notes set out on pages 10 to 31 are in accordance with the Corporations Act 2001, including

  (i) complying with Accounting Standards, the Corporations Regulations 2001; and

  (ii) giving a true and fair view of the Scheme's financial position as at 30 June 2009 and of its performance for the financial year ended on that date.

(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.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to s.295(5) of the Corporations Act 2001

On behalf of the Directors

Robert Osborn
Director

Sydney
28 August 2009

	Notes	**Year ended 30 June 2009 $**	For the period from 18 June 2008 to 30 June 2008 $
INCOME			
Dividends		**10,764,696**	181,451
Interest		**585,804**	-
Net gains/(losses) on investments	3	**(46,279,097)**	(17,966,979)
Other operating income		**5,845**	-
TOTAL INCOME/(LOSS)		**(34,922,752)**	(17,785,528)
EXPENSES			
Management costs	4	**3,058,542**	102,360
Borrowing costs		**943,369**	-
Transaction costs on purchases		**193,015**	173,516
Dividend expense on short sales		**1,663,340**	279
Other operating expenses	7	**2,877,854**	43,358
TOTAL EXPENSES		**8,736,120**	319,513
PROFIT/(LOSS) ATTRIBUTABLE TO UNITHOLDERS		**(43,658,872)**	(18,105,041)
FINANCING COSTS ATTRIBUTABLE TO UNITHOLDERS			
Distribution to unitholders	15	**(13,150,294)**	-
(Increase)/decrease in liabilities attributable to unitholders	12	**56,809,166**	18,105,041
NET PROFIT/(LOSS)		**-**	-

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

	Notes	As at 30 June 2009 $	30 June 2008 $
ASSETS			
Cash and cash equivalents		**13,341,750**	-
Deposits held with brokers for margin		**16,783,002**	-
Investments	8	**293,223,052**	373,566,551
Due from brokers - receivable for securities sold		**4,693**	-
Receivables	10	**666,584**	160,710
TOTAL ASSETS		**324,019,081**	373,727,261
LIABILITIES (EXCLUDING LIABILITIES ATTRIBUTABLE TO UNITHOLDERS)			
Bank overdrafts		**-**	218,686
Distribution payable	15	**13,150,294**	-
Payables	11	**802,572**	104,609
Financial liabilities	9	**61,802,009**	75,791,456
TOTAL LIABILITIES (EXCLUDING LIABILITIES ATTRIBUTABLE TO UNITHOLDERS)		**75,754,875**	76,114,751
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		**248,264,206**	297,612,510
LIABILITIES ATTRIBUTABLE TO UNITHOLDERS	12	**248,264,206**	297,612,510
NET ASSETS		**-**	-

The above balance sheet should be read in conjunction with the accompanying notes.

	Year ended 30 June 2009 $	For the period from 18 June 2008 to 30 June 2008 $
TOTAL EQUITY AT THE BEGINNING OF THE FINANCIAL YEAR/PERIOD	**-**	-
Net profit/(loss) for the year/period	**-**	-
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE FINANCIAL YEAR/PERIOD	**-**	-
Transactions with equity holders in their capacity as equity holders	**-**	-
Distributions to equity holders	**-**	-
TOTAL EQUITY AT THE END OF THE FINANCIAL YEAR/PERIOD	**-**	-

Under AIFRS, 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/period.

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

	Notes	**Year ended 30 June 2009 $**	For the period from 18 June 2008 to 30 June 2008 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		**10,392,715**	20,741
Interest received		**582,565**	-
Management costs paid		**(1,794,480)**	-
Payments of other expenses		**(4,426,952)**	(41,388)
Payment for borrowing costs		**(897,657)**	-
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	16(a)	**3,856,191**	(20,647)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments		**(478,969,585)**	176,539,719
Purchase of investments		**484,769,257**	(187,958,527)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		**5,799,672**	(11,418,808)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from applications by unitholders		**5,772,409**	11,220,366
NET CASH INFLOW FROM FINANCING ACTIVITIES		**5,772,409**	11,220,366
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**15,428,272**	(219,089)
Cash and cash equivalents at beginning of the year/period		**(218,686)**	-
Effects of exchange rate changes on the balance of cash held in foreign currencies		**(1,867,836)**	403
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD	16(b)	**13,341,750**	(218,686)

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

Contents

1 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.

Statement of compliance and basis of preparation

This general purpose financial report has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations and complies with other requirements of the law.

The financial statements were authorised for issue by the directors on 28 August 2009.

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of AIFRS management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the result of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of AIFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Compliance with International Financial Reporting Standards ("IFRS")

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of the Scheme, comprising the financial statements and notes thereto, complies with IFRS.

Adoption of new and revised accounting standards

In the current year, the Scheme has elected to early adopt the following accounting standard:

- AASB 8 *Operating Segments.* The directors of the Responsible Entity have elected under s.334(5) of the Corporations Act 2001 to apply Accounting Standard AASB 8 'Operating Segments' in the current accounting period, even though this Standard is not required to be applied until annual reporting periods beginning on or after 1 January 2009. Because the Scheme does not have on issue any debt or equity securities that are traded in a public market and is not in the process of issuing any class of instruments in a public market, the Scheme is not required to present segment reporting information under AASB 8, and accordingly none has been included in this financial report.

Significant Accounting Policies

(a) Financial instruments

(i) Classification

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

- Financial instruments held for trading

  These include derivative financial instruments including futures, forward contracts, options, interest rate swaps and contracts for difference. The Scheme does not designate any derivatives as hedges in a hedging relationship.

1 Summary of significant accounting policies (continued)

(a) Financial instruments (continued)

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

  These include financial assets that are not held for trading purposes and which may be sold. These are investments in listed equities.

  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 Scheme's documented investment strategy. The Scheme'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.

The Scheme makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are classified as financial liabilities at fair value through profit or loss.

(ii) Recognition/derecognition

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

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

(iii) Measurement

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

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

- 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 balance sheet date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

- Fair value in an inactive or unquoted market

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

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

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

(b) Loans and receivables

Trade receivables, loans, dividends and other receivables are recorded at amortised cost less impairment.

1 Summary of significant accounting policies (continued)

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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.

(b) Liabilities 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 subject to any overriding restrictions outlined in the Scheme's Constitution or offer documents 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 balance sheet date if unitholders exercised 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 applied in financial reporting, a valuation difference exists, which has been treated as a separate component of liabilities attributable to unitholders.

(c) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits held at call with banks.

(d) Investment income

Interest income is recognised on a time proportionate basis taking into account the effective yield on the financial assets.

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.

(e) Expenses

All expenses, including management costs, are recognised in the income statement on an accruals basis.

(f) Income tax

Under current income tax legislation the Scheme is not liable to pay income tax as net income of the Scheme is assessable in the hands of the beneficiaries (the unitholders) who are ‘presently entitled’ to the income of the Scheme. There is no income of the Scheme to which the unitholders are not presently entitled and additionally, the Scheme's Constitution requires the distribution of the full amount of the net income of the Scheme to the unitholders each period.

As a result, deferred taxes have not been recognised in the financial statements in relation to differences between the carrying amounts of assets and liabilities and their respective tax bases, including taxes on capital gains which could arise in the event of a sale of investments for the amount at which they are stated in the financial statements. In the event that taxable gains are realised by the Scheme, these gains would be included in the taxable income that is assessable in the hands of the unitholders as noted above.

Realised capital losses are not distributed to unitholders but are retained within the Scheme to be offset against any realised capital gains. The benefit of any carried forward capital losses are also not recognised in the financial statements. If in any period realised capital gains exceed realised capital losses, including those carried forward from earlier periods and eligible for offset, the excess is included in taxable income that is assessable in the hands of unitholders in that period and is distributed to unitholders in accordance with the requirements of the Scheme's Constitution.

1 Summary of significant accounting policies (continued)

(g) Distributions

In accordance with the Scheme's Constitution, the Scheme 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 income statement as finance costs attributable to unitholders.

Distributions to unitholders comprise the taxable income of the Scheme to which the unitholders are presently entitled. The distributions are generally payable at the end of June each year.

(h) Increase/decrease in liabilities attributable to unitholders

Movements in liabilities attributable to unitholders are recognised in the income statement as finance costs attributable to unitholders.

Non-distributable income is included in liabilities attributable to unitholders and may consist of unrealised changes in the fair value of financial instruments held at fair value through profit or loss, derivative financial instruments, accrued income not yet assessable, expenses provided or accrued for which are not yet deductible, net capital losses and tax free or tax deferred income. Net capital gains on the realisation of any financial instruments (including any adjustments for tax deferred income previously taken directly to liabilities attributable to unitholders) and accrued income not yet assessable will be included in the determination of distributable income in the same year in which it becomes assessable for tax.

(i) Foreign currency translation

i) Functional and presentation currency
Items included in the Scheme'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 Scheme competes for funds and is regulated. The Australian dollar is also the Scheme'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 translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

The Scheme does not isolate that portion of gains or losses on securities and derivative financial instruments 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.

(j) Due from/to brokers

Amounts due from/to brokers represent payables for securities purchased and receivables for securities sold that have been contracted for but not yet delivered by the end of the year. Trades are recorded on trade date, and 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.

1 Summary of significant accounting policies (continued)

(k) Payables

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

Trades are recorded on trade date, and normally settled within three business days. Purchases of securities and investments that are unsettled at reporting date are included in payables.

The distribution amount payable to unitholders as at the reporting date is recognised separately on the balance sheet as unitholders are presently entitled to the distributable income as at 30 June 2009 under the Scheme's Constitution.

(l) 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.

Unit application and redemption prices are determined by reference to the net assets of the Scheme divided by the number of units on issue adjusted for the buy/sell spread.

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of the acquisition of an asset or as part of an item of expenses; or

ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(n) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The directors' assessment of the impact of these new standards (to the extent relevant to the Scheme) and interpretations is set out below:

(i) Revised AASB 101 *Presentation of Financial Statements* and AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101 (effective from 1 January 2009)*

The revised AASB 101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Scheme will apply the revised standard from 1 July 2009.

(ii) AASB 132 *Financial Instruments: Presentation* and AASB 2008-2 Amendments to Australian Accounting Standards - *Puttable Financial Instruments and Obligations Arising on Liquidation* (Revised AASB 132) *(effective from 1 January 2009)*

Revised AASB 132 is applicable for reporting periods beginning on or after 1 January 2009. The Scheme has not adopted this standard early. Application of this standard will not affect any of the amounts recognised in the financial statements as the Scheme is obligated to distribute all of its taxable income in accordance with the Scheme's Constitution. Accordingly, there will be no change to classification of unitholders' funds as a liability and therefore no impact on profit or loss and equity.

1 Summary of significant accounting policies (continued)

(o) Deposits held with broker for margin

Deposits held with broker for margin comprises cash held as collateral for derivative transactions. The cash is held by the broker and is only available to meet margin calls.

2 Financial risk management

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

The Scheme's overall risk management programme focuses on ensuring compliance with the Scheme's Product Disclosure Statement and seeks to maximise the returns derived for the level of risk to which the Scheme is exposed.

Financial risk management is carried out by the investment management department under policies approved by the Board of Directors of the Responsible Entity (the Board). The Scheme uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and price risks and ratings analysis for credit risk.

(a) Market risk

(i) Price Risk

The Scheme is exposed to equity securities price risk. This arises from investments held by the Scheme for which prices in the future are uncertain. They are classified on the balance sheet at fair value through profit or loss. All securities investments present a risk of loss of capital. Except for equities sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from equities sold short can be unlimited.

The Investment Manager mitigates this price risk through diversification and a careful selection of securities and other financial instruments within specified limits set by the Board. The majority of the Scheme's equity investments are publicly traded on stock exchanges located in North America, Europe and Asia.

The table on page 22 summarises the impact of an increase/decrease of the MSCI World ex Australia NDR Index on the Scheme's net assets attributable to unitholders at 30 June 2009. The analysis is based on the assumptions that the index increased/decreased by 10% (2008: 10%) with all other variables held constant and that the fair value of the Scheme's portfolio of equity securities moved according to the historical 1 year correlation with the index.

(ii) Foreign exchange risk

The Scheme holds 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.

2 Financial risk management (continued)

(a) Market risk (continued)

The following table details the Scheme's significant international investment (including cash and cash equivalents, and net of short sales) in Australian dollar equivalents by currency exposure and the amounts, if any, that are hedged using foreign currency contracts as at reporting date:

	30 June 2009		30 June 2008	
	US Dollars A$	**Euro A$**	US Dollars A$	Euro A$
Gross investment amounts denominated in foreign currency	**115,803,009**	**36,308,280**	142,390,795	54,060,439
Amount effectively hedged	**-**	**-**	-	-
Net exposure to foreign currency	**115,803,009**	**36,308,280**	142,390,795	54,060,439

The table on page 22 summarises the sensitivities of the Scheme's monetary assets and liabilities to foreign exchange risk. The analysis is based on the assumption that the foreign currency weakened/strengthened by 10% (2008: 10%) against the Australian Dollar.

(iii) Interest rate risk

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

The impact of changes in interest rates will not have a material effect on the financial position or cash flows of the Scheme due to the cash balance being on average a small percentage of the Scheme's assets. Accordingly no sensitivity analysis has been prepared for interest rate risk.

The table below summarises the Scheme's exposure to interest rate risks. It includes the Scheme's assets and liabilities at fair values, categorised by the earlier of contractual repricing or maturity dates.

		Fixed interest rate				
30 June 2009	**Floating interest rate $**	**1 year or less $**	**1 to 5 years $**	**Over 5 years $**	**Non interest bearing $**	**Total $**
Assets						
Cash and cash equivalents	13,341,750	-	-	-	-	13,341,750
Deposits held with brokers for margin		-	-	-	16,783,002	16,783,002
Investments		-	-	-	293,223,052	293,223,052
Due from brokers - receivable for securities sold	-	-	-	-	4,693	4,693
Receivables	-	-	-	-	666,584	666,584
Total assets	13,341,750	-	-	-	310,677,331	324,019,081
Liabilities						
Bank overdrafts	-	-	-	-	13,150,294	13,150,294
Payables	-	-	-	-	802,572	802,572
Financial liabilities	-	-	-	-	61,802,009	61,802,009
Total liabilities (excluding liabilities attributable to unitholders)	-	-	-	-	75,754,875	75,754,875
Liabilities attributable to unitholders	13,341,750	-	-	-	234,922,456	248,264,206

2 Financial risk management (continued)

30 June 2008	Floating interest rate $	Fixed interest rate 1 year or less $	Fixed interest rate 1 to 5 years $	Fixed interest rate Over 5 years $	Non interest bearing $	Total $
Assets						
Investments	-	-	-	-	373,566,551	373,566,551
Receivables	-	-	-	-	160,710	160,710
Total assets	-	-	-	-	373,727,261	373,727,261
Liabilities						
Distribution payable	218,686	-	-	-	-	218,686
Payables	-	-	-	-	104,609	104,609
Financial liabilities	-	-	-	-	75,791,456	75,791,456
Total liabilities (excluding liabilities attributable to unitholders)	218,686	-	-	-	75,896,065	76,114,751
Liabilities attributable to unitholders	(218,686)	-	-	-	297,831,196	297,612,510

An analysis of financial liabilities by maturity is provided in paragraph (d) below.

(b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Scheme's operating profit and net assets attributable to unitholders to foreign exchange risk and price 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, historical correlation of the Scheme's investments with the relevant benchmark 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 Scheme invests. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

	Price risk		Foreign exchange risk			
	Effect on net assets and profit attributable to unitholders					
	-10% $	+10% $	-10% USD $	+10% USD $	-10% Euro $	+10% Euro $
30 June 2009	**(22,966,081)**	**22,966,081**	**(11,580,301)**	**11,580,301**	**(3,630,828)**	**3,630,828**
30 June 2008	(28,273,188)	28,273,188	(14,239,079)	14,239,079	(5,406,044)	5,406,044
			-10% GBP $	+10% GBP $	-10% JPY $	+10% JPY $
30 June 2009			**(2,913,150)**	**2,913,150**	**(3,040,997)**	**3,040,997**
30 June 2008			(3,475,429)	3,475,429	(3,060,071)	3,060,071

In determining the impact of an increase/decrease in net assets attributable to unitholders arising from market risk, the Responsible Entity has considered prior period and expected future movements of the portfolio based on market information.

The four currencies listed in the tables above account for 86% (2009) and 87.9% (2008) of the Scheme's assets currency exposure at 30 June.

At 30 June 2009, the Scheme's assets had the following additional currency exposure: 5% in Canadian Dollars, 3% in Swiss Francs, 2% in Danish Kroner, 1% in Hong Kong Dollars, 1% in Singapore Dollars, 1% in Swedish Kronor and 1% in Norwegian Kroner.

At 30 June 2008, the Scheme's assets had the following additional currency exposure: 5.1% in Canadian Dollars, 1.2% in Danish Kroner, 1.1% in Hong Kong Dollars, 0.8% in Singapore Dollars, 1.3% in Swedish Kronor and 2.5% in Swiss Francs.

2 Financial risk management (continued)

(c) Credit risk

Credit risk primarily arises from investments in debt securities and from trading derivative products. Other credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers. None of these assets are impaired nor past due.

The Scheme does not have any significant credit risk exposure to any single counterparty or counterparties having similar characteristics.

In the opinion of the Responsible Entity, the carrying amount of these financial assets represents the maximum credit risk exposure on the balance sheet date.

(d) Liquidity Risk

The Scheme is exposed to daily cash redemptions of redeemable units. Other than cash, the Scheme holds investments that are traded in an active market and can be readily disposed. The Scheme's listed securities are considered readily realisable, as they are publicly traded on stock exchanges located in North America, Europe and Asia.

The Scheme's policy is to hold 100% of the net assets attributable to unitholders in liquid investments.

The table below analyses the Scheme's 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.

	Less than 1 month	1-6 months	6-12 months	At call	Total
	$	$	$	$	$
At 30 June 2009					
Distributions payable	13,150,294	-	-	-	13,150,294
Payables	802,572	-	-	-	802,572
Financial liabilities					
Net settled derivatives	2,097,542	-	-	-	2,097,542
Equity securities - sold short	59,704,467	-	-	-	59,704,467
Liabilities attributable to unitholders	-	-	-	248,264,206	248,264,206
Total financial liabilities	75,754,875	-	-	248,264,206	324,019,081
At 30 June 2008					
Bank overdraft	218,686	-	-	-	218,686
Payables	102,360	2,249	-	-	104,609
Financial liabilities					
Equity securities - sold short	75,791,456	-	-	-	75,791,456
Liabilities attributable to unitholders	-	-	-	297,612,510	297,612,510
Total financial liabilities	76,112,502	2,249	-	297,612,510	373,727,261

(e) Fair value estimation

The majority of the Scheme's financial assets and financial liabilities included in the Balance Sheet are carried at fair value. The fair value of financial assets and financial liabilities has been determined in accordance with note 1 to the financial statements.

The Scheme does not have significant holdings of investments which are not readily traded on original markets in standardised form or for which prices are not readily available.

3 Net gains/(losses) on Investments

	Year ended 30 June 2009 $	For the period from 18 June 2008 to 30 June 2008 $
Financial assets		
Unrealised changes in the fair value of investments	**(7,131,909)**	(17,879,379)
Realised gains/(losses) on disposal of investments	**(38,243,136)**	(3,685,438)
	(45,375,045)	(21,564,817)
Financial liabilities		
Unrealised changes in the fair value of financial liabilities	**252,440**	3,683,725
Realised gains/(losses) on disposal of financial liabilities	**(1,156,492)**	(85,887)
	(904,052)	3,597,838
Total net gains/(losses) on investments	**(46,279,097)**	(17,966,979)

4 Management Costs

Management Costs for the Scheme include both Investment Costs and Administration Costs.

The Management costs disclosed in the Income Statement are outlined below.

	Year ended 30 June 2009 $	For the period from 18 June 2008 to 30 June 2008 $
Investment costs	**2,641,471**	62,360
Administration costs	**417,071**	40,000
	3,058,542	102,360

5 Indirect Cost Ratio (ICR)

The indirect cost ratio for the Scheme is the ratio of the Scheme's Management Costs to the Scheme's average Net Asset Value.

The ICR of the Scheme is shown in the following table.

	30 June 2009 %	30 June 2008 %
ICR	**1.10**	1.10

6 Auditor's remuneration

During the year the following fees were paid or payable by the Scheme for services provided by the auditor of the Scheme:

	Year ended 30 June 2009 $	For the period from 18 June 2008 to 30 June 2008 $
Auditing the financial report	**29,980**	28,900
Other non-audit services	**9,850**	9,250
	39,830	38,150

The auditor of Lazard Quantitative Equity Global (Ex-Australia) 130/30 Fund is Deloitte Touche Tohmatsu.

7 Other operating expenses

	Year ended 30 June 2009 $	For the period from 18 June 2008 to 30 June 2008 $
Foreign tax credits	**1,473,537**	20,791
Broker transaction fee	**1,325,679**	-
Sundry	**78,638**	22,567
	2,877,854	43,358

8 Investments

	30 June 2009 Fair value $	30 June 2008 Fair value $
At fair value		
Equity securities	**293,223,052**	373,566,551
	293,223,052	373,566,551

As at 30 June 2009 and 30 June 2008 there are no investments that individually represent more than 5% of the total value of the investments of the Scheme.

9 Financial liabilities

	30 June 2009 Fair value $	30 June 2008 Fair value $
At fair value		
Equity securities - sold short	**59,704,467**	75,791,456
Contracts for differences	**2,097,542**	-
	61,802,009	75,791,456

10 Receivables

	30 June 2009 $	30 June 2008 $
Dividends receivable	**532,691**	160,710
Goods and services tax receivable	**130,654**	-
Interest receivable	**3,239**	-
	666,584	160,710

11 Payables

	30 June 2009 $	30 June 2008 $
Management costs payable	**515,560**	102,360
Other payables	**287,012**	2,249
	802,572	104,609

12 Liabilities attributable to unitholders

Movements in number of units and liabilities attributable to unitholders during the year/period were as follows:

Each unit represents a right to an individual share in the Scheme per the constitution. Each unit has the same rights attaching to it as all other units in the same class.

	30 June 2009 No.	30 June 2008 No.	**30 June 2009 $**	30 June 2008 $
Opening balance	**315,717,551**	-	**297,612,510**	-
Applications	**8,612,687**	315,717,551	**7,460,862**	315,717,551
Increase/(decrease) in liabilities attributable to unitholders	**-**	-	**(56,809,166)**	(18,105,041)
Closing balance	**324,330,238**	315,717,551	**248,264,206**	297,612,510

Capital risk management

The Scheme manages its liabilities attributable to unitholders as capital. The amount of liabilities 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.

13 Realised capital gains/losses

Capital losses available to offset future assessable capital gains were $53,472,796 (period from 18 June 2008 to 30 June 2008: $3,678,592 loss).

14 Unrealised taxable capital gains/losses

Net unrealised taxable capital losses were $25,137,476 (period from 18 June 2008 to 30 June 2008: $17,545,439 loss). If these losses were realised they could be used to offset any realised capital gains.

15 Distribution to unitholders

Provision for distribution payable

	30 June 2009 $	**30 June 2009 cents per unit**	30 June 2008 $	30 June 2008 cents per unit
Additional provisions for distributions recognised	**13,150,294**	**4.06**	-	-
Closing balance	**13,150,294**	**4.06**	-	-

15 Distribution to unitholders (continued)

Distributions paid and payable

	30 June 2009 $	**30 June 2009 cents per unit**	30 June 2008 $	30 June 2008 cents per unit
Australian income	**2,270**	**0.01**	-	-
Foreign income	**13,148,024**	**4.05**	-	-
	13,150,294	**4.06**	-	-

The final distribution in respect of units for the period ended 30 June 2009 has been recognised in this financial report, as under the Scheme's Constitution, unitholders are entitled to receive a distribution equal to the full amount of assessable income, notwithstanding the fact that the amount of the final distribution was quantified subsequent to 30 June 2009.

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

	Year ended 30 June 2009 $	For the period from 18 June 2008 to 30 June 2008 $
(a) Reconciliation of net profit/(loss) to net cash inflow/(outflow) from operating activities		
Net profit/(loss)	**-**	-
Finance costs attributable to unitholders	**(56,809,166)**	(18,105,041)
Distribution to unitholders	**13,150,294**	-
Net (gains)/losses on investments	**46,279,097**	17,966,979
Net change in receivables	**(505,874)**	(160,710)
Net change in payables	**697,963**	104,609
Management fee rebates reinvested	**850,862**	-
Transaction costs on purchases	**193,015**	173,516
Net cash inflow/(outflow) from operating activities	**3,856,191**	(20,647)
(b) Cash and cash equivalents		
Cash as at the end of the financial year as shown in the cash flow statement is reconciled to the balance sheet as follows:		
Cash per cashflow statement	**13,341,750**	(218,686)
(c) Non-cash financing activities		
Management fee rebates reinvested by unitholders for additional units in the Scheme	**850,862**	-
Application was satisfied by in specie asset transfers	**837,591**	304,497,285

17 Related party disclosure

(a) Responsible Entity, Manager and Custodian

The Responsible Entity of the Scheme is Lazard Asset Management Pacific Co. (ABN 13 065 523 619), a company incorporated in and operating in Australia. Its principal registered office and principal place of business is as follows:

Level 39, Gateway
1 Macquarie Place
Sydney NSW 2000

Lazard Asset Management Pacific Co. is a wholly owned subsidiary of Lazard Asset Management LLC, a Delaware Limited Liability company. On 5 May 2005, Lazard LLC, the ultimate holding company of Lazard Asset Management LLC announced certain changes to its ownership structure. On that date, shares of Lazard Ltd, a newly formed Bermuda corporation, began trading publicly on the New York Stock Exchange. Interests in Lazard Ltd are held by public stockholders, as well as by current and former managing directors of Lazard LLC, which changed its name to Lazard Group LLC. As before the initial public offering of shares, Lazard Group LLC continues to be the sole member of Lazard Freres & Co. LLC, a New York limited liability company, which continues to be the holding company of Lazard Asset Management LLC. However, the day-to-day management and operations of Lazard Asset Management LLC and Lazard Asset Management Pacific Co have not changed as a result. Transactions with entities related to Lazard Asset Management Pacific Co. are disclosed below.

Lazard Asset Management LLC acts as the Manager of the Scheme. Goldman Sachs & Co. is the Custodian and Prime Broker.

Key management personnel

The names of the key management personnel of the scheme during the financial year were:

Ashish Bhutani (Director)
Nicholas Bratt (Director)
Robert Osborn (Director)
Robert Prugue (Director)
John Reinsberg (Director)

The positions noted above for the Scheme's key management personnel are the positions held within the Responsible Entity and not the Scheme itself.

The aggregate remuneration paid to the key management personnel of the Responsible Entity in respect of their responsibilities to the Scheme during the year/period was:

	30 June 2009 $	30 June 2008 $
Short-term employee benefits	**101,072**	-
Post-employment benefits	**-**	-
Other long-term benefits	**93,647**	-
Termination benefits	**-**	-
Share-based payment	**-**	-
	194,719	-

The aggregate remuneration paid to the key management personnel of the Responsible Entity has been calculated based on the funds under management of the Scheme divided by the total funds under management managed by the Responsible Entity.

17 Related party disclosure (continued)

(b) Holdings of units by related parties

No units were held by the Responsible Entity or its associates in the Scheme at any time during the financial year ended 30 June 2009 and 30 June 2008.

No key management personnel or any of their related entities held units or had options granted in the Scheme, either directly, indirectly, or beneficially during the financial years ended 30 June 2009 and 30 June 2008.

(c) Key management personnel's loans

No loans were made by the Scheme to the key management personnel and/or their related parties.

(d) Transactions with related parties

Transactions with related parties have taken place at arms length and in the ordinary course of business.

Management costs of $ 3,058,542 (2008: $102,360) were paid or payable to the Responsible Entity directly by the Scheme.

No amounts were paid or payable by the Scheme directly to the directors of the Responsible Entity.

(e) Investments in related parties

No investments in related parties were held during the financial year (2008: $Nil).

18 Derivative financial instruments

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 Scheme’s portfolio management. Derivatives are not managed in isolation.

The Scheme holds the following derivative instruments:

(a) Contracts for differences

A contract for difference is an agreement to exchange the difference in value of a particular share between the time at which a contract is opened and the time at which it is closed.

The value of contracts for differences is based on the price of a stock index or common stock.

As at 30 June 2008 the Scheme did not hold any derivative financial instruments. The Scheme’s derivative financial instruments at 30 June 2009 are detailed below:

30 June 2009		**Fair Values**	
	Contract/ notional $	**Assets $**	**Liabilities $**
Sell			
Contracts for differences	7,496,980	-	2,097,542
		-	2,097,542

19 Events occurring after the balance sheet date

There has not been any matter or circumstance that has occurred subsequent to the balance date that would require adjustments to, or disclosure within, the financial report.

20 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2009 and 30 June 2008.