HFA International Shares Fund

ARSN 093 497 600

Financial Report for the year ended 30 June 2011

Responsible Entity:
Certitude Global Investments Limited
ABN 25 082 852 364
AFS Licence 24 67 47

CERTITUDE GLOBAL INVESTMENTS

HFA International Shares Fund

ARSN 093 497 600

Annual financial report for the year ended 30 June 2011

Contents

This financial report covers HFA International Shares Fund as an individual entity.

The responsible entity of HFA International Shares Fund is Certitude Global Investments Ltd (ABN 25 082 852 364) (AFS Licence 246747). The responsible entity's registered office is Level 5, 151 Macquarie Street, Sydney.

Directors' report

The directors of Certitude Global Investments Limited, the responsible entity of HFA International Shares Fund ("the Scheme"), present their report together with the financial report of HFA International Shares Fund for the year ended 30 June 2011 and the auditor's report thereon.

Responsible entity

The responsible entity of HFA International Shares Fund is Certitude Global Investments Limited (ABN 25 082 852 364). The responsible entity's registered office is Level 5, 151 Macquarie Street, Sydney.

Directors

The following persons held office as directors of Certitude Global Investments Limited during the year or since the end of the year and up to the date of this report:

Mr F P (Andy) Esteban	(Appointed 7 May 2010)
Ms Amber Stoney	(Appointed 11 June 2010)
Mr Peter Coates	(Appointed 29 September 2009)
Mr Ray Kellerman	(Appointed 7 May 2010)
Mr Craig Mowll	(Appointed 16 September 2010)

Principal activities

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

The Scheme invests its funds in accordance with its investment objectives and guidelines as set out in its current Product Disclosure Statement.

The Scheme's strategy is to access, through the scheme's investment in the Lighthouse Global Long/Short Fund Limited ('underlying fund'), an actively managed diversified portfolio of specialist international equity long/short absolute return funds with a low correlation to the MSCI World Index.

The Scheme did not have any employees during the reporting period.

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

Review and results of operations

The Scheme's investment in Class B of the Lighthouse Global Long/Short Fund Limited (the 'underlying fund'), was redeemed effective 30 June 2010 in line with the Scheme's policy at that time to realise the gains/(losses) in its offshore investment annually as at 30 June each year. As at 1 July 2010 the majority of the proceeds were reinvested into a newly established class of the Lighthouse Global Long/Short Fund Limited, being Class C. This class is an Australian denominated class and as a result, the Scheme is no longer required to enter into hedging arrangements to hedge its direct foreign exchange exposure arising from its investment in the underlying fund.

Accordingly, the hedging arrangements in the form of the forward foreign exchange contracts were removed on 30 June 2010 in line with the redemption and reinvestment into the Australian dollar denominated class of the underlying fund.

The remaining portion of the forward foreign exchange contract was extinguished on 19 August 2010 upon receipt of proceeds relating to the redemption from the Lighthouse Global Long/Short Fund Limited, Class B that was not reinvested into the newly established Australian dollar class.

The Scheme continued to invest funds in accordance with target asset allocations as set out in the governing documents of the Scheme and in accordance with the provision of the Scheme's constitution.

There have been no other significant changes to the operations of the Scheme since the previous reporting period.

Directors' report (continued)

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

	2011 $'000	2010 $'000
Profit/(loss) before financing costs attributable to unitholders	12,440	10,035

Growth

The opening and closing ex-distribution unit prices are outlined below:

	2011	2010
Retail		
Hedged	1.1603	1.0474
Unhedged[1]	-	0.6917
Wholesale		
Hedged	1.1846	1.0666
Unhedged[1]	-	0.9103
Institutional		
Hedged[2]	-	1,109.8421

[1]Effective 30 June 2010, the responsible entity implemented a mandatory cash redemption of the remaining units in the unhedged retail and wholesale classes following the responsible entity determining that it was in the best interests of investors to close these classes, due to the ongoing administration and operational costs of the classes.

[2]The sole investor in the hedged institutional unit class submitted a redemption in full, for their remaining interest in the Scheme with effect 30 June 2010. As a result, no units are currently on issue in respect to the hedged institutional class.

Distributions

Distribution paid or payable for the reporting period ended 30 June 2011 was as follows:

	2011 cents/unit	2011 $'000	2010 cents/unit	2010 $'000
Final distribution payable				
Hedged Retail	-	-	10.0760	1,723
Hedged Wholesale	-	-	9.6925	8,804
	-	**-**	19.7685	10,527

Directors' report (continued)

Performance

A Summary of the Scheme's performance calculated after fees over the last two years and assuming reinvestment of distributions is set below:

Retail	Growth %	Distribution %	2011 Total %	Growth %	Distribution %	2010 Total %
Hedged	10.78	-	10.78	(4.86)	9.15	4.29
Unhedged[1]	-	-	-	(0.77)	-	(0.77)
Wholesale						
Hedged	11.06	-	11.06	(4.02)	8.72	4.70
Unhedged[1]	-	-	-	1.40	-	1.40
Institutional						
Hedged[2]	-	-	-	6.55	-	6.55

[1]Effective 30 June 2010, the responsible entity implemented a mandatory cash redemption of the remaining units in the unhedged retail and wholesale classes following the responsible entity determining that it was in the best interests of investors to close these classes, due to the ongoing administration and operational costs of the classes.

[2]The sole investor in the hedged institutional unit class submitted a redemption in full, for their remaining interest in the Scheme with effect 30 June 2010. As a result, no units are currently on issue in respect to the hedged institutional class.

Significant changes in state of affairs

In accordance with the representations in the Fund's Product Disclosure Statement, dated 19 August 2010, the Australian Securities and Investments Commission (ASIC) has granted relief from the requirements of Section 1017E of the *Corporations Act 2001* in regards to the timeframe for the holding of application monies.

ASIC has granted Certitude relief from this requirement, in relation to the Scheme, which will enable it to hold application monies for up to eighty days rather than thirty days before units are issued.

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

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.

Further information about 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.

Directors' report (continued)

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 Certitude Global Investments Limited or the auditors of the Scheme. So long as the officers of Certitude Global Investments Limited act in accordance with the Scheme's Constitution and the Corporations Act 2001, 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.

Interests of the responsible entity or its associates

Fees paid to the responsible entity and its associates out of Scheme property during the reporting period are disclosed in Note 13 of the financial report.

No fees were paid out of Scheme property to the directors of the responsible entity during the reporting period.

The number of interests in the Scheme held by the responsible entity or its associates as at the end of the reporting period are disclosed in Note 13 of the financial report.

Interests in the Scheme

The movement in units on issue in the Scheme during the reporting period is disclosed in Note 6 of the financial report.

The value of the Scheme’s assets and liabilities is disclosed on the statement of financial position and is derived using the basis set out in Note 3 of the financial report.

Environmental regulation

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

Events occurring after the reporting period

Since 30 June 2011, significant volatility in the global markets has had an impact on the value of the Scheme’s investment. For the most up to date performance impact refer to the Scheme’s latest performance report at www.certitudeglobal.com.au. Any impact on the Scheme has not been recognised in the 30 June 2011 financial statements.

No other matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect:

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

Rounding of amounts to the nearest thousand dollars

The Scheme is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors’ report have been rounded to the nearest thousand dollars, unless otherwise stated.

Directors' report (continued)

Lead 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 7 and forms part of the directors' report for the year ended 30 June 2011.

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

Amber Stoney

Ms Amber Stoney
Director

Brisbane
13 September 2011

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of HFA International Shares Fund

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2011 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

D M Waters

Partner

Melbourne

13 September 2011

Statement of comprehensive income

	Notes	2011 $'000	2010 $'000
Investment income			
Interest income		307	975
Net gains/(losses) on financial instruments held at fair value through profit or loss	4	15,865	11,417
Net foreign exchange gain/(loss)		(848)	447
Other income		9	-
Total net investment income/(loss)		**15,333**	**12,839**
Expenses			
Management fees	13	1,570	1,833
Performance fees	13	1,011	697
Auditor's remuneration	5	28	36
Custody and administrative fees		85	102
Other expenses		199	136
Total expenses		**2,893**	**2,804**
Profit/(loss) from operating activities		**12,440**	**10,035**
Financing costs			
Distribution expense to unitholders	7	-	(10,527)
Change to net assets attributable to unitholders/Total Comprehensive Income	6	**12,440**	**(492)**

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

Statement of financial position

	Notes	2011 $'000	2010 $'000
Assets			
Cash and cash equivalents		1,023	15,496
Receivables	10	6,714	17,709
Financial assets held at fair value through profit or loss	8	110,523	108,521
Deposits held with brokers for margin		-	-
Total assets		**118,260**	**141,726**
Liabilities			
Distributions payable	7	-	10,527
Payables	11	4,165	13,990
Financial liabilities held at fair value through profit or loss	9	-	2,487
Total liabilities (excluding net assets attributable to unitholders)		**4,165**	**27,004**
Net assets attributable to unitholders	6	**114,095**	**114,722**

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

Statement of changes in equity

The Scheme's net assets attributable to unitholders are classified as a liability under AASB 132 *Financial Instruments: Presentation*. As such the Scheme has no equity, and no items of change in equity have been presented for the current or comparative period.

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

Statement of cash flows

	Notes	2011 $'000	2010 $'000
Cash flows from operating activities			
Proceeds from sale of financial instruments held at fair value through profit or loss		129,389	123,533
Purchase of financial instruments held at fair value through profit or loss		(108,527)	(68,936)
Interest received		307	970
Operating expenses paid		(2,970)	(2,063)
Net cash inflow/(outflow) from operating activities	14(a)	**18,199**	**53,504**
Cash flows from financing activities			
Proceeds from applications by unitholders		18,458	21,328
Payments for redemptions by unitholders		(42,147)	(91,330)
Distributions paid		(8,983)	-
Net cash inflow/(outflow) from financing activities		**(32,672)**	**(70,002)**
Net increase/(decrease) in cash and cash equivalents		**(14,473)**	**(16,498)**
Cash and cash equivalents at the beginning of the reporting period		15,496	31,994
Cash and cash equivalents at the end of the reporting period	14(b)	**1,023**	**15,496**

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

1 Reporting entity

HFA International Shares Fund ("the Scheme") is a registered managed investment scheme under the *Corporations Act 2001*. The financial report of the Scheme is for the year ended 30 June 2011.

2 Basis of preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Coporations Act 2001*. The financial report of the Scheme complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the directors of Certitude Global Investments Limited on 13 September 2011.

(b) Basis of measurement

The financial report has been prepared on the historical cost basis except for the financial instruments at fair value through profit or loss, which are measured at fair value.

(c) Functional and presentation currency

This financial report is presented in Australian dollars, which is the Scheme's functional currency.

The Scheme is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(d) Use of estimates

Note 12(e) contains information about the estimation of fair values of financial assets and liabilities.

3 Summary of significant accounting policies

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

(a) Financial instruments

(i) Classification

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

- Financial instruments held for trading

  These include forward foreign exchange contracts. All derivatives in a net receivable position (positive fair value), are reported as financial assets held for trading. All derivatives in a net payable position (negative fair value), are reported as financial liabilities held for trading.

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

  These include units in unlisted managed investment schemes.

3 Summary of significant accounting policies (continued)

(a) Financial instruments (continued)

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 information on the fair value basis is provided internally to the Scheme's key management personnel. In addition, the designation of financial assets and financial liabilities at fair value through profit or loss will reduce any measurement or recognition inconsistencies and any accounting mismatch that would otherwise arise.

- Receivables and payables comprise amounts due to or from the Scheme.

(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.

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Scheme has transferred its rights to receive cash flows from the asset and either:
  - (a) has transferred substantially all the risks and rewards of the asset; or
  - (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Any gains or losses arising on derecognition of the asset (calculated as the difference between the disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the reporting period the asset is derecognised as realised gains or losses on financial instruments.

(iii) Measurement

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately.

Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the statement of comprehensive income.

Below are the fair value measurement principles specific to the investments of the Scheme:

- Units in unlisted unit trusts

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

- Derivatives

  Derivative financial instruments are initially recognised in the financial statements at fair value. Subsequent to initial recognition they are re-measured at fair value using the most recent verifiable sources of market prices or generally accepted valuation principles.

3 Summary of significant accounting policies (continued)

(a) Financial instruments (continued)

Forward foreign exchange contracts

The net amount receivable or payable under forward foreign exchange contracts and the associated deferred gains or losses are recorded on the statement of financial position from the date of inception of the transaction. The net receivable or payable are revalued using the foreign currency rate current at reporting date.

- Margin deposits

Margin deposits represent monies lodged with counterparties as security to cover adverse movements in market prices of open derivative positions. Margin deposits are not readily convertible to cash at the responsible entity's option, and are therefore not included in cash.

(b) Net assets attributable to unitholders

Units are redeemable at the unitholders' option and are therefore classified as financial liabilities. The fair value of redeemable units is measured at the redemption amount that is payable at the end of the reporting period. Changes in the value of this financial liability are recognised in the statement of comprehensive income as they arise.

(c) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents and deposits held at call with financial institutions.

(d) Interest income

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.Other changes in the fair value for such instruments are recorded in accordance with the policies described in Note 3(a).

(e) Expenses

All expenses, including management fees, performance fees and custodian fees, are recognised in the statement of comprehensive income on an accruals basis.

(f) Finance costs

Distributions paid and payable are recognised in the statement of comprehensive income as finance costs and as a liability when not paid. Distributions paid are included in cash flows from financing activities in the statement of cash flows.

3 Summary of significant accounting policies (continued)

(g) Distributions and tax

In accordance with the Scheme Constitution and applicable taxation legislation, 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 statement of comprehensive income as finance costs attributable to unitholders.

Under current legislation, the Scheme is not subject to income tax as 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 future 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 may incur withholding tax imposed by certain countries on investment income. Such income is recorded net of withholding tax in the statement of comprehensive income.

(h) Increase/(decrease) in net assets attributable to unitholders

Movements in net assets attributable to unitholders are recognised in the statement of comprehensive income as part of finance costs. The movements include undistributable income which may consist of undistributable unrealised changes in fair value of financial instruments held at fair value through profit or loss and 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 net assets 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

Transactions in foreign currencies are translated at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Australian dollars at the foreign currency closing exchange rate ruling at the balance sheet date.

Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the statement of comprehensive income. Non monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Australian dollars at the foreign currency closing exchange rates ruling at the dates that the values were determined. Foreign currency exchange differences relating to investments at fair value through profit or loss and derivative financial instruments are include in gains and losses on investments and net gain/(loss) on derivatives, respectively. All other foreign currency exchange differences relating to monetary items, including cash and cash equivalents are presented separately in the statement of comprehensive income.

3 Summary of significant accounting policies (continued)

(j) Receivables

Receivables may include amounts for dividends, interest, investments purchased where settlement has not yet occurred and reduced input tax credits (RITC) owed to the Scheme by the Australian Taxation Office. 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 3(d) above.

Amounts are generally received within 30 days of being recorded as receivables.

(k) Payables

Payables include liabilities, unsettled unitholder redemptions and accrued expenses owing by the Scheme which are unpaid as at the end of the reporting period.

The distribution amount payable to unitholders as at the end of each reporting date is recognised separately in the statement of financial position as unitholders are presently entitled to the distributable income as at 30 June each year under the Scheme Constitution.

(l) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Scheme by third parties such as audit fees, custodial services and 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.

(m) New accounting standards and interpretations

The following amendments to accounting standards have been identified as those which may impact the Scheme in the period of initial application. They are available for early adoption at 30 June 2011, but have not been applied in preparing this financial report:

(i) AASB 9 *Financial Instruments* includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 *Financial Instruments: Recognition and Measurement.* AASB 9 will become mandatory for the Scheme's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The Scheme has not yet determined the potential effect of the standard.

(ii) AASB 10 *Consolidated Financial Statements* includes new requirements to determine whether or not entities that the Scheme has an interest in needs to be consolidated. AASB 10 will become mandatory for the Scheme's 2014 financial statements. Retrospective application is required. The Scheme has not yet determined the potential effect of the standard.

3 Summary of significant accounting policies (continued)

(m) New accounting standards and interpretations (continued)

(iii) IFRS 12 *Disclosure of Interest in Other Entities* includes significant disclosures for interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 will become mandatory for the Scheme's 30 June 2014 financial statements. Retrospective application is required. The Scheme has not yet determined the potential effect of the standard. The AASB is expected to issue the Australian equivalent standard shortly.

(iv) IFRS 13 *Fair Value Measurement* includes a definition of fair value and provides guidance on fair value measurement. IFRS 13 will become mandatory for the Scheme's 30 June 2014 financial statements. This standard is applied prospectively. The Scheme has not yet determined the potential effect of the standard. The AASB is expected to issue the Australian equivalent standard shortly.

4 Net gains/(losses) on financial instruments held at fair value through profit or loss

Net gains/(losses) recognised in relation to financial assets and financial liabilities held at fair value through profit or loss:

	2011 $'000	2010 $'000
Net unrealised gain/(loss) on financial instruments held for trading	-	(11,497)
	-	**(11,497)**
Net unrealised gain/(loss) on financial instruments designated as at fair value through profit or loss	13,652	-
	13,652	-
Net realised gain/(loss) on financial instruments held for trading	870	23,996
	870	**23,996**
Net realised gain/(loss) on financial instruments designated at fair value through profit or loss	1,343	(1,082)
	1,343	**(1,082)**
Total net gains/(losses) on financial instruments held at fair value through profit or loss	**15,865**	**11,417**

5 Auditor's remuneration

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

	2011 $	2010 $
Audit services		
Auditors of the Scheme - KPMG		
Audit and review of financial statements	20,006	23,546
Other audit work under the Corporation Act 2001	5,115	5,505
	25,121	**29,051**
Other services		
Auditors of the Scheme - KPMG		
Taxation services	2,921	7,247
	2,921	**7,247**
Total auditor's remuneration	**28,042**	**36,298**

6 Net assets attributable to unitholders

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 currently two (2) (30 June 2010: (5)) classes of units on issue and all classes of units rank equally and are not subordinate to any other class.

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

	2011 No. '000	2011 $'000	2010 No. '000	2010 $'000
Hedged retail				
Opening balance	17,095	17,897	18,227	20,058
Applications	853	969	2,421	2,793
Redemptions	(4,260)	(4,766)	(3,553)	(4,092)
Units issued upon reinvestment of distributions	460	481		
Increase/(decrease) in net assets attributable to unitholders	-	1,824	-	(862)
Closing balance	**14,148**	**16,405**	**17,095**	**17,897**
Hedged wholesale				
Opening balance	90,836	96,825	111,356	123,723
Applications	14,751	16,848	15,995	18,624
Redemptions	(24,067)	(27,662)	(36,515)	(42,604)
Units issued upon reinvestment of distributions	996	1,063	-	-
Increase/(decrease) in net assets attributable to unitholders	-	10,616	-	(2,918)
Closing balance	**82,516**	**97,690**	**90,836**	**96,825**
Unhedged retail [1]				
Opening balance	-	-	307	214
Redemptions	-	-	(307)	(211)
Increase/(decrease) in net assets attributable to unitholders	-	-	-	(3)
Closing balance	**-**	**-**	**-**	**-**
Unhedged wholesale [1]				
Opening balance	-	-	436	392
Redemptions	-	-	(436)	(385)
Increase/(decrease) in net assets attributable to unitholders	-	-	-	(7)
Closing balance	**-**	**-**	**-**	**-**

6 Net assets attributable to unitholders (continued)

Hedged institutional (2)				
Opening balance	-	-	44	46,389
Redemptions	-	-	(44)	(49,687)
Increase/(decrease) in net assets attributable to unitholders	-	-	-	3,298
Closing balance	**-**	**-**	**-**	**-**
Total net assets attributable to unitholders		**114,095**		**114,722**

(1)Effective 30 June 2010, the responsible entity implemented a mandatory cash redemption of the remaining units in the unhedged retail and wholesale classes following the responsible entity determining that it was in the best interests of investors to close these classes, due to the ongoing administration and operational costs of the classes.

(2)The sole investor in the hedged institutional unit class submitted a redemption in full, for their remaining interest in the scheme with effect 30 June 2010. As a result, no units are currently on issue in respect to the hedged institutional class.

Capital risk management

The Scheme considers its capital to be unitholders' funds. The scheme manages it net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability.

The objective of the Scheme is to provide unitholders with returns in accordance with the Product Disclosure Statement ('PDS'). The Scheme aims to deliver this objective mainly through investing in the underlying fund as set out in the Product Disclosure Statement.

The Scheme strives to meet its stated investment objective whilst ensuring sufficient liquidity is maintained to meet unitholders' redemptions and other operating requirements.

In accordance with the representations in the Fund's Product Disclosure Statement, dated 19 August 2010, the Australian Securities and Investments Commission (ASIC) has granted relief from the requirements under the Corporation Act in regards to the timeframe for the holding application monies.

ASIC has granted Certitude relief from this requirement, in relation to the Fund, which will enable it to hold application monies for up to eighty days rather than thirty days before units are issued.

7 Distributions to unitholders

The distributions that were paid/payable during the financial year were as follows:

	2011 $'000	2011 CPU	2010 $'000	2010 CPU
Hedged retail				
Distribution payable - June	-	-	1,723	10.0760
	-	**-**	**1,723**	**10.0760**
Hedged wholesale				
Distribution payable - June	-	-	8,804	9.6925
	-	**-**	**8,804**	**9.6925**
	-		**10,527**	

8 Financial assets held at fair value through profit or loss

	2011 $'000	2010 $'000
Designated at fair value through profit or loss upon initial recognition		
Unlisted managed investment schemes	110,523	108,521
Total financial assets held at fair value through profit or loss	**110,523**	**108,521**

The Responsible Entity receives monthly net asset values from the underlying investment fund manager or their administrator from which monthly valuations are derived.

The Scheme's investment in the Lighthouse Global Long/Short Fund Limited Class B, was redeemed effective 30 June 2010 in line with the Scheme's policy at that time to realise the gains/(losses) in its offshore investment annually as at 30 June each year. As at 1 July 2010 the majority of the proceeds were reinvested into a newly established class of the Lighthouse Global Long/Short Fund Limited, being Class C.

9 Financial liabilities held at fair value through profit or loss

	2011 $'000	2010 $'000
Held for trading		
Forward foreign exchange contracts	-	2,487
Total financial liabilities held at fair value through profit or loss	-	2,487

10 Receivables

	2011 $'000	2010 $'000
Trade receivables	5,000	15,334
Unsettled applications	1,624	2,265
GST recoverable	85	105
Interest accrual	5	5
	6,714	**17,709**

11 Payables

	2011 $'000	2010 $'000
Unsettled redemptions	3,401	13,120
Management fees payable	135	148
Performance fees payable	568	618
Custody fees payable	23	52
Audit and accounting fees payable	29	27
Other payables	9	25
	4,165	**13,990**

12 Financial risk management

(a) Introduction and overview

- 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, and the Scheme's management of capital.

(i) Risk management framework

The Scheme's assets principally consist of financial instruments which comprise investments in unlisted managed investment schemes. It holds these investment assets at the discretion of the responsible entity, in accordance with its stated investment strategy. The Scheme's strategy is to access, through the Scheme's investment in the Lighthouse Global Long/Short Fund Limited ('underlying fund'), an actively managed diversified portfolio of specialist international equity long/short absolute return funds with a low correlation to the MSCI World Index.

Asset allocations by the underlying fund are made to funds which exhibit superior returns to equity markets and returns with a low correlation to traditional market indices. Divergence from target asset allocations and the composition of the portfolio is monitored by the responsible entity on at least a monthly basis.

The nature and extent of the financial instruments employed by the Scheme are discussed below. This note presents information about the Scheme's exposure to each of the above risks, as well as 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 risk management framework.

The responsible entity has established an Investment Committee, which is responsible for developing and monitoring the Scheme's risk management policies, including those related to its investment activities. The Scheme's risk management policies are established to identify and analyse the risks faced by the Scheme, to set appropriate risk limits and controls, and to monitor risks and adherences to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Scheme's activities.

The Investment Committee receive regular risk management reports from the Certitude Investment and Operations teams. Reports from the Certitude Investment and Operations teams include details of the controls they have in place monitor compliance with the Scheme's investment strategy, training and personnel management standards and procedures, and details how the Certitude Investment and Operations teams develop and maintain a disciplined and constructive control environment in which its employees understand their roles and obligations. The Investment Committee also oversees the monitoring of compliance with the Scheme's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risk faced by the Scheme.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

12 Financial risk management (continued)

(i) Managment of market risk

Market risk comprises three types of risk: price risk, foreign currency risk and interest rate risk. Market risk is managed and monitored using sensitivity analysis, and minimised through ensuring that all investment activities are undertaken in accordance with established mandates and investment strategies.

The market risk disclosures are prepared on the basis of the Scheme's direct investments and not on a look-through basis for investments held in the Scheme.

The sensitivity of the Scheme's net assets attributable to unitholders (and net operating profit/(loss)) to price risk, foreign exchange risk and interest rate risk is measured by the reasonably possible movements approach. This approach is determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and foreign exchange rates, historical correlation of the Scheme's investments with the relevant benchmarks 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 the risk variables are not a definitive indicator of future variations in the risk variables.

Net assets attributable to unitholders may include investments in debt and equity securities and related derivatives. At 30 June 2011, the overall market exposures were as follows:

	2011 $'000	2010 $'000
Forward foreign exchange contracts	-	(2,487)
Unlisted managed investment schemes	110,523	108,521
Total financial assets/(liabilities) held at fair value through profit or loss	**110,523**	**106,034**

(ii) Exposure to price risk

Price risk is the risk that the fair value of the Scheme's investment portfolio will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Price risk exposure arises from the Scheme's investment portfolio. The investments are classified on the statement of financial position as held at fair value through profit or loss. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Scheme's overall market positions are monitored on a regular basis by the Scheme's responsible entity. This information and the compliance with the Scheme's Product Disclosure Statement are reported to the relevant parties on a regular basis as deemed appropriate such as Investment Committee, other key management personnel, compliance committees and ultimately the Board.

Sensitivity analysis - price risk

A 10 per cent increase (2010: 10%) in the value of investments in the unlisted managed investment schemes held at fair value through profit/loss at the reporting date would have increased the profit/loss from operating activities and net assets attributable to unitholders by $11,052,305 (2010: $10,852,069); an equal change in the opposite direction would have increased the profit/loss from operating activities and net assets attributable to unitholders by an equal but opposite amount.

12 Financial risk management (continued)

(iii) Exposure to foreign exchange risk

The foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Scheme was exposed to direct foreign exchange risk via its interest in the US dollar denominated Lighthouse Global Long/Short Fund Limited, Class B. However, this was redeemed effective 30 June 2010 in line with the Scheme's policy at that time to realise gains/(losses) in its offshore investment annually as at 30 June each year. The Scheme subsequently invested in the Lighthouse Global Long/Short Fund Limited, Class C effective 1 July 2010 which is an Australian denominated class and as such, the Scheme had no direct foreign currency risk in the current year. The risk was measured using sensitivity analysis.

As part of its risk management strategy, the Scheme used forward currency contracts to manage exposures resulting from changes in foreign currencies. The Scheme entered into foreign exchange contracts designed to substantially hedge this exposure. Due to investing in the Australian denominated Class C, the Scheme no longer enters into hedging arrangements to hedge foreign currency exposure arising from its investment in the underlying fund. Accordingly, the hedging arrangements in the form of the forward foreign exchange contracts were predominately removed effective 30 June 2010 in line with the redemption and reinvestment into Class C.

The remaining portion of the forward foreign exchange contract was extinguished on 19 August 2010 upon receipt of proceeds relating to the redemption from the Lighthouse Global Long/Short Fund Class B that was not reinvested into Class C.

The responsible entity monitors the Scheme's currency position on a monthly basis, and the Board of Directors reviews it on a quarterly basis.

The foreign exchange risk disclosures have been prepared on the basis of the Scheme's direct investment and not on a look through basis for investments held indirectly through unit trusts. Consequently the disclosure of currency risk in the note may not represent the true currency risk profile of the Scheme where the Scheme has significant investments in feeder trusts which also have exposure to the currency markets.

The table below summarises the Scheme's exposure to foreign exchange rate movements on its international investments:

30 June 2011	**AUD Exposure**	**USD Exposure**	**Total Exposure**
All amounts stated in thousands of AUD			
Cash and cash equivalents	1,023	-	1,023
Financial assets designated at fair value through profit or loss			
Unlisted managed investment schemes	110,523	-	110,523
Other receivables	6,714	-	6,714
Other payables	(4,165)	-	(4,165)
Gross balance sheet exposure	**114,095**	**-**	**114,095**
Net exposure	**114,095**	**-**	**114,095**

12 Financial risk management (continued)

30 June 2010	AUD Exposure	USD Exposure	Total Exposure
All amounts stated in thousands of AUD			
Cash and cash equivalents	15,496	-	15,496
Financial assets designated at fair value through profit or loss			
Unlisted managed investment schemes	108,520	15,335	123,855
Other receivables	2,375	-	2,375
Distributions payable	(10,527)	-	(10,527)
Other payables	(13,990)	-	(13,990)
Gross balance sheet exposure	**101,874**	**15,335**	**117,209**
Forward foreign exchange contracts	12,508	(14,995)	(2,487)
Net exposure	**114,382**	**340**	**114,722**

Sensitivity analysis - foreign exchange risk

The AUD:USD exchange rate as at 30 June 2011 was 1.07060 (2010: 0.84465). A 10% percent strengthening (2010: 10%) of the Australian dollar against the US dollar at 30 June 2011 would have decreased profit/(loss) from operating activities and net assets attributable to unitholders by $Nil (2010: $30,908). A10% percent depreciation (2010: 10%) of the Australian dollar against the US dollar would have increased the profit/(loss) from operating activities and net assets attributable to unitholders by $Nil (2010: $37,770).

(iv) Exposure to interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Scheme is exposed to interest rate risk through its holdings of cash and cash equivalents, which are at call.

The cash assets held by the Scheme are exposed to a variable interest rate equal to the RBA interbank overnight cash rate. The RBA interbank overnight cash rate as at 30 June 2011 was 4.75% per annum (2010: 4.50% per annum).

In accordance with the Scheme's policy, the responsible entity monitors the Scheme's overall interest sensitivity on a regular basis. This information and the compliance with the Scheme's policy are reported to the relevant parties on a regular basis as deemed appropriate such as compliance manager, other key management personnel, compliance committees and ultimately the Board.

Sensitivity analysis – interest rate risk on cash and cash equivalents

An increase of 100 basis points (2010: 100bp) in interest rates with all other variables remaining constant as at the reporting date would have increased the profit/(loss) from operating activities and net assets attributable to unitholders by $10,226 (2010: $154,956); an equal change in the opposite direction would have decreased the profit/(loss) from operating activities and net assets attributable to unitholders by an equal but opposite amount.

(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, resulting in a financial loss to the Scheme.

At 30 June 2011, the following financial assets were exposed to credit risk; cash and cash equivalent, unlisted managed investment schemes and receivables. Total carrying amount of financial assets exposed to credit risk amounted to $118,259,466 (2010: $139,238,741).

12 Financial risk management (continued)

(i) Management of credit risk

Credit risk arising on investments in unlisted managed investment schemes is mitigated by investing with managers who are well recognised and have a proven track record of delivering on their stated investment objectives. The responsible entity carries out extensive due diligence on any proposed manager prior to making an investment, and a review is conducted at least annually. Continual monitoring of the investment manager is also carried out on an ongoing basis.

Credit risk arising on the forward foreign exchange contracts is mitigated by investing in instruments issued by rated counterparties who are major investment banks with current credit ratings of 'A2' or better as determined by Standard and Poor's and Fitch, and 'A-' or better as determined by Moody's. The responsible entity monitors changes to ratings on an on going basis.

The carrying amounts of the financial assets best represent the maximum credit risk exposure at the end of the reporting period.

All of the cash held by the Scheme is held with National Australia Bank Limited. Bankruptcy or insolvency by National Australia Bank Limited may cause the Company's rights with respect to the cash held by National Australia Bank Limited to be delayed or limited. The responsible entity monitors the credit rating and financial position of National Australia Bank Limited on an ongoing basis. If the credit quality or the financial position of National Australia Bank Limited deteriorates significantly the Scheme will move cash holdings to another bank.

(d) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset or that such obligations will have to be settled in a manner disadvantageous to the Scheme.

The Scheme's constitution provides for the monthly application and redemptions of units and it is therefore exposed to the liquidity risk of meeting unitholder redemptions. Liquidity levels are maintained to satisfy usual levels of demand. Redemptions are usually processed and paid within three to six weeks after a redemption day, being the last business day of each calendar month.

The Scheme's liquidity risk is managed on a daily basis by the responsible entity by monitoring current cash balances and projecting future cash flow requirements on an ongoing basis. When the responsible entity considers what additional cash reserves may be required, the responsible entity will partially redeem a portion of its investments.

The table below analyses the Scheme's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month	1-3 months	3-12 months	12-60 months
At 30 June 2011				
Payables	-	4,165	-	-
Net assets attributable to unitholders	-	114,095	-	-
Total financial liabilities – Contractual cash flows (excluding gross settled derivatives)	**-**	**118,260**	**-**	**-**

12 Financial risk management (continued)

	Less than 1 month	1-3 months	3-12 months	12-60 months
At 30 June 2010				
Distribution payable	10,527	-	-	-
Payables	-	13,990	-	-
Net assets attributable to unitholders	-	114,722	-	-
Total financial liabilities – Contractual cash flows (excluding gross settled derivatives)	**10,527**	**128,712**	-	-

(e) Estimation of fair values of financial assets and financial liabilities

The methods and assumptions used in estimating the fair value of financial instruments are disclosed in Note 3(a) *Significant Accounting Policies.*

For the reporting periods ended 30 June 2011 and 30 June 2010, the Scheme did not determine the fair value of any financial assets and financial liabilities using valuation techniques. The fair values of the Scheme's financial assets and liabilities for the reporting periods then ended were determined directly, in full or in part, by reference to quoted prices that were available from the investment manager of the underlying fund and counterparty confirmations.

(f) Valuation of financial instruments

The Scheme's accounting policy on fair value measurements is discussed in Note 3(a)(iii).

The Scheme measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques for which all significant inputs are directly or indirectly from observable market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets as based on quoted prices or dealer price quotations. For all other financial instruments the Scheme determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which observable prices exist, Black-Scholes, binomial or trinomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bonds and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

12 Financial risk management (continued)

(f) Valuation of financial instruments (continued)

The responsible entity uses widely recognised valuation models for determining the fair value of common or more simple financial instruments such as interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity investments, exchange traded derivatives and simple over the counter derivatives, e.g. interest rate swaps.

Availability of market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the product and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex instruments the responsible entity uses proprietary valuation models, which usually are developed from recognised valuation models. Some or all of the significant inputs to these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Examples of instruments involving significant unobservable inputs include certain over the counter derivatives, credit default swaps and certain securities for which there is no active market. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation are usually required for selection of an appropriate valuation model to be used, determination of probability or counterparty default and selection of appropriate discount rates.

The responsible entity has established a control framework with respect to the management of fair values. Specific controls include: verification of observable pricing inputs and reperformance of model valuations; calibration and back testing of models against observable market transactions; analysis and investigation of significant valuation movements; review of significant unobservable inputs and valuation adjustments; and reporting of significant valuation issues to the board of directors.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

As at 30 June 2011	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets				
Financial assets designated at fair value through profit or loss at inception:				
Unlisted managed investment schemes - outstanding settlements	-	-	110,523	110,523
Total	**-**	**-**	**110,523**	**110,523**
Financial liabilities				
Financial liabilities held for trading:				
Forward foreign exchange contracts	-	-	-	-
Total	**-**	**-**	**-**	**-**

12 Financial risk management (continued)

(f) Valuation of financial instruments (continued)

As at 30 June 2010	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Financial assets designated at fair value through profit or loss at inception:				
Unlisted managed investment schemes - outstanding settlements	-	-	108,521	108,521
Total	**-**	**-**	**108,521**	**108,521**
Financial liabilities				
Financial liabilities held for trading:				
Forward foreign exchange contracts	-	2,487	-	2,487
Total	**-**	**2,487**	**-**	**2,487**

The forward foreign exchange contracts that were entered into by the Scheme to substantially hedge the exposures to changes in foreign currencies are over-the-counter derivatives. The contracts are not generally traded in an active market as they are subject to transfer restrictions. However the values of the contracts are based on prevailing foreign exchange rates. Therefore, these instruments are classified as Level 2 within the fair value hierarchy.

The value of the units held by the Scheme in the unlisted managed investment Schemes are not quoted in an active market. The valuation is determined by reference to quoted prices that are available from the investment managers of the underlying fund. The underlying investments of the underlying fund are represented by but not limited to quoted equities and over the counter instruments, however the specifics of which is not publicly available as this information is of a proprietary nature to the investment manager of the underlying fund. Therefore, these instruments are classified within Level 3 of the fair value hierarchy.

Reconciliation of level 3 fair value movements of financial instruments

The following table shows a reconciliation of the beginning balance to the ending balance for fair value measurements in Level 3 of the fair value hierarchy:

	Fair value through profit or loss $'000
1 July 2010	108,521
Total Gains or Losses recognised in:	
Statement of comprehensive income	14,995
Other comprehensive income	-
Purchases	-
Settlements	(12,993)
Transfers into level 3	-
30 June 2011	**110,523**
Total gains or losses for the year included in profit or loss relating to assets and liabilities held at the end of the reporting period:	13,652

These gains and losses are recognised in the statement of comprehensive income as net gain/(loss) from financial instruments through profit or loss.

12 Financial risk management (continued)

(f) Valuation of financial instruments (continued)

The unlisted managed investment schemes are not listed on any stock exchange and a quoted price in an active market is not available. The responsible entity estimates the fair value of the Lighthouse Global Long/Short Fund Limited Class C (LHP GLS) to be $110,523,054, by reference to quoted unit prices from the investment manager of the underlying funds. The underlying investments of the underlying fund are represented by but not limited to quoted equities and over the counter instruments, however the specifics of which are not publicly available as this information is of a proprietary nature to the investment manager of the underlying fund.

Although the Scheme believes that its estimate of fair value is appropriate, the use of a different key input variable could lead to a different measurement of fair value. For fair value measurements in Level 3, changing one or more key input variables used to reasonably possible alternative key input variables would have the following effect on profit or loss:

	Favourable $	(Unfavourable) $
2011		
Unlisted managed investment schemes	11,052,305	(11,052,305)
2010		
Unlisted managed investment schemes	10,852,069	(10,852,069)

The favourable and unfavourable effects of using reasonably possible alternative key input variables have been calculated by recalibrating the model values using expected cash flows and risk adjusted discount rates. Key inputs and assumptions used in the models at 30 June 2011 include the following:

- the unit price of the LHP GLS increased or decreased by 10% which would have a favourable or unfavourable impact on the fair value respectively.

13 Related party transactions

Responsible entity

The responsible entity of HFA International Shares Fund is Certitude Global Investments Limited, whose ultimate parent entity is HFA Holdings Limited (ABN 47 101 585 737).

The responsible entity was formerly known as HFA Asset Management Limited although changed its name to Certitude Global Investments Limited on 29 July 2010.

Key management personnel

(a) Directors

Key management personnel includes persons who were directors of Certitude Global Investments Limited at any time during the reporting period as follows:

Mr F P (Andy) Esteban	(Appointed 7 May 2010)
Ms Amber Stoney	(Appointed 11 June 2010)
Mr Peter Coates	(Appointed 29 September 2009)
Mr Ray Kellerman	(Appointed 7 May 2010)
Mr Craig Mowll	(Appointed 16 September 2010)

(b) Other key management personnel

The Scheme does not employ personnel in its own right. However, it is required to have an incorporated responsible entity to manage the activities of the Scheme and this is considered to be the key management personnel.

Key management personnel unitholdings

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

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.

Other transactions within the Scheme

From time to time directors of HFA International Shares Fund, 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.

No key management personnel have entered into a material contract with the Scheme during the reporting period and there were no material contracts involving key management personnel's interests existing at reporting period end.

Responsible entity's fees and other transactions

The responsible entity is entitled to fees in accordance with the Scheme's Constitution as follows:

	2011 $	2010 $
Management fees charged for the year by the responsible entity	1,570,241	1,833,427
Performance fees charged for the year by the responsible entity	1,011,131	696,952
Management fees payable to the responsible entity	134,792	147,599
Performance fees payable to the responsible entity	567,798	617,850

13 Related party transactions (continued)

Related party schemes' unitholdings

Parties related to the Scheme (including Certitude Global Investments Limited, its related parties and other schemes managed by Certitude Global Investments Limited), hold no units in the Scheme.

14 Reconciliation of net cash inflow/(outflow) from operating activities

	2011 $'000	2010 $'000
(a) Reconciliation of net cash inflow/(outflow) from operating activities		
Increase/(decrease) in net assets attributable to unitholders	12,440	(492)
Payments for purchases of financial instruments held at fair value through profit or loss	(108,527)	(68,936)
Proceeds from sale of financial instruments held at fair value through profit or loss	129,389	123,533
Net change in receivables	20	109
Net change in payables	(106)	627
Net foreign exchange gain/(loss)	848	(447)
Net gains/(losses) on financial instruments held at fair value through profit or loss	(15,865)	(11,417)
Distributions to unitholders	-	10,527
Net cash inflow/(outflow) from operating activities	**18,199**	**53,504**

(b) Components of cash and cash equivalents

Cash as at the end of the reporting period as shown in the statement of cash flows is reconciled to the statement of financial position as follows:

	2011 $'000	2010 $'000
Cash and cash equivalents	**1,023**	**15,496**

15 Events occurring after the reporting period

Since 30 June 2011, significant volatility in the global markets has had an impact on the value of the Scheme's investment. For the most up to date performance impact refer to the Scheme's latest performance report at www.certitudeglobal.com.au. Any impact on the Scheme has not been recognised in the 30 June 2011 financial statements.

No other significant events have occurred since the end of the reporting period which would impact on the financial position of the Scheme disclosed in the condensed statement of financial position as at 30 June 2011 or on the results and cash flows of the Scheme for the reporting period ended on that date.

16 Contingent assets and liabilities

There are no outstanding contingent assets and liabilities as at 30 June 2011.

Directors' declaration

In the opinion of the directors of Certitude Global Investments Limited, the responsible entity of HFA International Shares Fund (the Scheme):

(a) the financial report and notes set out on pages 8 to 32 are in accordance with the *Corporations , 2001*, including:

(i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and, the *Corporations Regulations 2001* and

(ii) giving a true and fair view of the Scheme's and the consolidated entity's financial position as at 30 June 2011 and of their performance for the reporting period 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.

(c) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 2(a).

Signed in accordance with a resolution of the directors of Certitude Global Investments Limited.

Amber Stoney

Ms Amber Stoney
Director

Brisbane
13 September 2011

Independent auditor's report to the unitholders of HFA International Shares Fund

Report on the financial report

We have audited the accompanying financial report of HFA International Shares Fund (the Scheme), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 16 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of Certitude Global Investments Limited (the Responsible Entity) are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 2(a), the directors of the Responsible Entity also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Scheme's financial position, and of its performance.

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

KPMG

Independence

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 HFA International Shares Fund is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Scheme's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

KPMG

KPMG

Dean M Waters
Partner

Melbourne

13 September 2011