

Bennelong Ex-20 Australian Equities Fund

ARSN 137 843 826

Condensed Financial Report
for the half-year ended 31 December 2011

Contents

	Page
Directors' Report	3
Auditor's Independence Declaration	6
Condensed Statement of Comprehensive Income	7
Condensed Statement of Financial Position	8
Condensed Statement of Changes in Equity	9
Condensed Statement of Cash Flows	10
Condensed Notes to the Financial Report	11
Directors' Declaration	15
Independent Auditor's Report	16

This financial report covers the Bennelong Ex-20 Australian Equities Fund (ARSN 137 843 826) as an individual entity.

The Responsible Entity of the Bennelong Ex-20 Australian Equities Fund is:
Bennelong Funds Management Ltd (ABN 39 111 214 085) (AFSL 296806)

The Responsible Entity's registered office is:
Bennelong House, Level 2, 9 Queen Street, Melbourne VIC 3000.

Directors' Report

The directors of Bennelong Funds Management Ltd, the Responsible Entity of the Bennelong Ex-20 Australian Equities Fund ("the Fund"), present their report together with the financial report of the Fund, for the half-year period ended 31 December 2011.

Principal activities

The Fund invests in Australian listed equities in accordance with the provisions of the Fund's Constitution. The Fund did not have any employees during the half-year. There were no significant changes in the nature of the Fund's activities during the half-year.

The various service providers for the Fund are detailed below:

Service	Provider
Responsible Entity	Bennelong Funds Management Ltd
Investment Manager	Bennelong Australian Equity Partners Pty Ltd
Custodian and Administrator	BNP Paribas Fund Services Australasia Pty Ltd
Statutory Auditor	Deloitte Touche Tohmatsu

Directors

The following persons held office as directors of Bennelong Funds Management Ltd during the half-year or since the end of the half-year and up to the date of this report:

Bruce Loveday	Chairman
Jarrod Brown	Chief Executive Officer
Chris Cunningham	
Malcolm Gray	
Peter Polson	
Elizabeth Flynn	
Stephen Rix	

Review and results of operations

The Fund invested in accordance with the target asset allocations as set out in the Fund's Product Disclosure Statement and in accordance with the provisions of the Fund's Constitution.

Results

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

	Half-year ended 31 December 2011 \$		Half-year ended 31 December 2010 \$	
Net operating profit/(loss) before finance costs attributable to unitholders	<u>(9,145,727)</u>		<u>2,584,842</u>	
Distributions	0.45	cpu	0.48	cpu
Payable for the half-year	<u>568,739</u>		<u>79,282</u>	

Significant changes in the state of affairs

In the opinion of the directors, there were no significant changes in the state of the affairs of the Fund that occurred during the half-year ended 31 December 2011.

Directors' Report

Matters subsequent to the end of the half-year

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

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

Likely developments and expected results of operations

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

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

Further information on likely developments in the operations of the Fund 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 Fund.

Indemnification and insurance of officers

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to the officers of Bennelong Funds Management Ltd. So long as the officers of Bennelong Funds Management Ltd act in accordance with the Fund's Constitution and the Law, the officers remain fully indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

Indemnity of auditor

The auditor of the Fund is in no way indemnified out of the assets of the Fund.

Deferred Fund Expenses

In terms of the Fund's constitution, the Responsible Entity is entitled to be reimbursed for all operating and administration expenses that have been incurred on behalf of the Fund. The Fund's Product Disclosure Statement (PDS) outlines in Section 7 that the Responsible Entity estimates this amount to be 0.05% per annum of the Net Asset Value (NAV) of the Fund. As at 31 December 2011, the Responsible Entity has incurred \$217,193 (30 June 2011: \$200,022) of reimbursable expenses in excess of the amount charged to the Fund. This amount represents expenses that have been incurred by the Responsible Entity on behalf of the Fund, for which the Responsible Entity is entitled, but has deferred reimbursement. Payment of this amount is contingent upon there being significant growth in the Fund's NAV, such that the payment will not result in expenses exceeding the amount set out in the Fund's PDS at the date of payment, the timing of which cannot be reliably estimated at the reporting date. The Responsible Entity is committed to treating unitholders fairly and will only request reimbursement of this amount in the event that the Fund's NAV is sufficient and if the payment does not have any significant adverse impact on unitholders.

Environmental regulation

The operations of the Fund 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 set out on page 6.

Directors' Report

This report is made in accordance with a resolution of the directors of Bennelong Funds Management Ltd.

Bruce Loveday
Director
Melbourne, XXX 2012

Auditor's Independence Declaration

Auditor's independence declaration to be inserted in place of this page

Condensed Statement of Comprehensive Income for the half-year ended 31 December 2011

	Notes	1 July 2011 to 31 December 2011 \$	1 July 2010 to 31 December 2010 \$
Investment income			
Interest income		101,681	13,508
Dividend income		1,737,868	237,112
Trust distribution income		152,751	-
Net profit/(loss) on financial instruments held at fair value through profit or loss	3	<u>(10,025,632)</u>	<u>2,488,323</u>
Total net investment profit/(loss)		<u>(8,033,332)</u>	<u>2,738,943</u>
Expenses			
Interest expense		(564)	-
Management fees		(476,762)	(66,200)
Performance fees		(609,976)	(84,191)
Custody fees		(25,093)	(3,484)
Withholding tax		-	(225)
Other operating expenses		-	(1)
Total operating expenses		<u>(1,112,395)</u>	<u>(154,101)</u>
Operating Profit/(Loss) attributable to unitholders		<u>(9,145,727)</u>	<u>2,584,842</u>
Finance costs attributable to unitholders			
Distribution to unitholders		(568,739)	(79,282)
(Increase)/decrease in net assets attributable to unitholders	4	<u>9,714,466</u>	<u>(2,505,560)</u>
Profit for the half-year		-	-
Other comprehensive income		-	-
Total comprehensive income		<u><u>-</u></u>	<u><u>-</u></u>

The above Condensed Statement of Comprehensive Income should be read in conjunction with the Condensed Notes to the Financial Report.

Condensed Statement of Financial Position as at 31 December 2011

	Notes	31 December 2011 \$	30 June 2011 \$
Assets			
Cash and cash equivalents		3,041,885	2,801,468
Dividends receivable		152,751	52,253
Interest receivable		18,792	10,528
RITC receivable		24,363	22,918
Applications received but not yet paid		186,653	128,629
Financial assets held at fair value through profit or loss	5	<u>140,492,748</u>	<u>52,288,093</u>
Total assets		<u>143,917,192</u>	<u>55,303,889</u>
Liabilities			
Distribution payable		503,073	-
Due to brokers – payable for securities purchased		-	1,534,711
Management fees payable		120,952	42,796
Performance fees payable		45,347	220,597
Custody fees payable		32,873	5,944
Redemptions payable		<u>23,065</u>	<u>15,459</u>
Total liabilities (excluding net assets attributable to unitholders)		<u>725,310</u>	<u>1,819,507</u>
Net assets attributable to unitholders	4	143,191,882	53,484,382
Liabilities attributable to unitholders		<u>(143,191,882)</u>	<u>(53,484,382)</u>
Net assets		<u>-</u>	<u>-</u>

The above Condensed Statement of Financial Position should be read in conjunction with the Condensed Notes to the Financial Report.

Condensed Statement of Changes in Equity for the half-year ended 31 December 2011

Notes	1 July 2011 to 31 December 2011	1 July 2010 to 31 December 2010
	\$	\$
Total equity at the beginning of the half-year	-	-
Profit for the half-year	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-
Transactions with owners in their capacity as owners	-	-
Total equity at the end of the half-year	-	-

Under Australian Accounting Standards, 'Net assets attributable to unitholders' is classified as a liability rather than equity. As a result, there was no equity at the start or end of the half-year.

The above Condensed Statement of Changes in Equity should be read in conjunction with the Condensed Notes to the Financial Report.

Condensed Statement of Cash Flows for the half-year ended 31 December 2011

	1 July 2011 to 31 December 2011	1 July 2010 to 31 December 2010
	\$	\$
Cash flows from operating activities		
Proceeds from sale of financial instruments held at fair value through profit or loss	23,878,610	5,726,619
Purchase of financial instruments held at fair value through profit or loss	(123,599,146)	(13,359,501)
Dividends received	1,745,659	228,427
Interest received	93,417	11,588
Interest expense paid	(564)	-
GST received/(paid)	(6,228)	(698)
Management fees paid	(403,934)	(58,062)
Performance fees paid	(773,279)	(64,953)
Withholding tax paid	-	(225)
Custody fees paid	-	(84)
Net cash outflow from operating activities	(99,065,465)	(7,516,889)
Cash flows from financing activities		
Proceeds from applications by unitholders	105,768,033	10,319,047
Payments for redemptions by unitholders	(6,462,151)	(1,670,619)
Net cash inflow from financing activities	99,305,882	8,648,428
Net increase in cash and cash equivalents	240,417	1,131,539
Cash and cash equivalents at the beginning of the half-year	2,801,468	257,060
Cash and cash equivalents at end of the half-year	3,041,885	1,388,599
 Non-cash financing and operating activities	 110,128	 55,479

The above Condensed Statement of Cash Flows should be read in conjunction with the Condensed Notes to the Financial Report.

Condensed Notes to the Financial Report

	Page
1 General information	12
2 Summary of significant accounting policies	12
3 Net gains/(losses) on financial instruments held at fair value through profit or loss	13
4 Net assets attributable to unitholders	13
5 Financial assets held at fair value through profit or loss	14
6 Events subsequent to reporting date	14
7 Contingent assets, liabilities and commitments	14

Condensed Notes to the Financial Report

1. General Information

This financial report covers the Bennelong Ex-20 Australian Equities Fund ("the Fund") as an individual entity. The Fund is a registered managed investment scheme (ARSN 137 843 826) and commenced trading on 2 November 2009.

The Responsible Entity of the Fund is Bennelong Funds Management Ltd (ABN 39 111 214 085) (AFSL 296806) (the "Responsible Entity"). The Responsible Entity's registered office is Bennelong House, Level 2, 9 Queen Street, Melbourne VIC 3000.

The Manager of the Fund is Bennelong Australian Equity Partners Pty Ltd.

The principal activity of the Fund during the half-year was the investment of unitholders' funds as per the objectives stated in the Fund's Product Disclosure Statement and in accordance with the provisions of the Fund's Constitution. There has been no significant change in the nature of this activity during the half-year.

The financial report was authorised for issue by the directors on XXXX, 2012.

2. 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, unless otherwise stated in the following text.

(a) Basis of preparation

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

The condensed 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. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Fund's 2011 annual financial report for the financial year ended 30 June 2011, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

(b) New accounting standards and interpretations

The Fund has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

There are no new and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the Fund.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Fund's accounting policies and has no effect on the amounts reported for the current or prior periods. The new and revised Standards and Interpretations has not had a material impact and not resulted in changes to the Fund's presentation of, or disclosure in, its half-year financial statements.

Condensed Notes to the Financial Report

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

	1 July 2011 to 31 December 2011	1 July 2010 to 31 December 2010
	\$	\$
Financial instruments		
Net unrealised gains/(losses) on financial instruments designated as at fair value through profit or loss	(8,195,067)	2,464,157
Net realised gains/(losses) on financial instruments designated as at fair value through profit or loss	<u>(1,830,565)</u>	<u>24,166</u>
Total net gains/(losses) on financial instruments held at fair value through profit or loss	<u>(10,025,632)</u>	<u>2,488,323</u>

4. Net assets attributable to unitholders

The movement in the number of units and net assets attributable to unitholders during the half-year was as follows:

	1 July 2011 to 31 December 2011	1 July 2010 to 31 December 2010
	Units	Units
Units on issue		
Opening balance	43,502,926	9,001,098
Applications	89,741,585	9,120,703
Redemptions	(5,528,456)	(1,470,380)
Units issued upon reinvestment of distributions	<u>58,138</u>	<u>27,737</u>
Closing balance	<u>127,774,193</u>	<u>16,679,158</u>

As stipulated in the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets in the Fund.

	1 July 2011 to 31 December 2011	1 July 2010 to 31 December 2010
	\$	\$
Net Assets Attributable to Unitholders		
Opening Balance	53,484,382	9,006,454
Applications	105,826,057	10,402,016
Redemptions	(6,469,757)	(1,670,619)
Units issued upon reinvestment of distributions	65,666	33,916
Increase/(Decrease) in net assets attributable to unitholders	<u>(9,714,466)</u>	<u>2,505,560</u>
Closing Balance	<u>143,191,882</u>	<u>20,277,327</u>

Condensed Notes to the Financial Report

5. Financial assets held at fair value through profit or loss

	31 December 2011	30 June 2011
	\$	\$
Designated at fair value through profit or loss		
Listed equity securities	<u>140,492,748</u>	<u>52,288,093</u>
Total financial assets held at fair value through profit or loss	<u>140,492,748</u>	<u>52,288,093</u>

6. Events subsequent to reporting date

No significant events have occurred since the reporting date which would impact on the financial position of the Fund disclosed in the Condensed Statement of Financial Position as at 31 December 2011 or on the results and cash flows of the Fund for the half-year ended on that date.

7. Contingent assets, liabilities and commitments

Deferred Fund Expenses:

In terms of the Fund's constitution, the Responsible Entity is entitled to be reimbursed for all operating and administration expenses that have been incurred on behalf of the Fund. The Fund's Product Disclosure Statement outlines in Section 7 that the Responsible Entity estimates this amount to be 0.05% per annum of the Net Asset Value (NAV) of the Fund. As at 31 December 2011, the Responsible Entity has incurred \$217,193 (30 June 2011: \$200,022) of reimbursable expenses in excess of the amount charged to the Fund. This amount represents expenses that have been incurred by the Responsible Entity on behalf of the Fund, for which the Responsible Entity is entitled, but has deferred reimbursement. Payment of this amount is contingent upon there being significant growth in the Fund's NAV, such that the payment will not result in expenses exceeding the amount set out in the Fund's PDS at the date of payment, the timing of which cannot be reliably estimated at the reporting date. The Responsible Entity is committed to treating unitholders fairly and will only request reimbursement of this amount in the event that the Fund's NAV is sufficient and if the payment does not have any significant adverse impact on unitholders.

There were no other contingencies for the Fund at the reporting date.

Directors' Declaration

In the opinion of the directors of the Responsible Entity:

- (a) the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Fund as at 31 December 2011; and
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

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

Bruce Loveday
Director
Melbourne, XXX 2012

Auditor's Report

Audit report to be inserted in place of this page