

# **Bennelong Ex-20 Australian Equities Fund**

**ARSN 137 843 826**

Condensed Financial Report  
for the half-year ended 31 December 2012

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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

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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 2012.

## 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 to 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 funds 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 2012 \$	Half-year ended 31 December 2011 \$
Net operating profit/(loss) before finance costs attributable to unitholders	<u>40,137,521</u>	<u>(9,145,727)</u>
Distribution payable for the half-year:		
Total	5,066,971	568,739
Cents per unit	<u>1.65</u>	<u>0.45</u>

# Directors' Report

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## 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 2012.

## Matters subsequent to the end of the half-year

No matter or circumstance has arisen since 31 December 2012 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 6 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 2012, the Responsible Entity has incurred \$442,511 (30 June 2012: \$377,922) 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.


# Directors' Report

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## 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.

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

  
Bruce Loveday  
Director  
Melbourne, 5 March 2013

The Board of Directors  
Bennelong Funds Management Limited  
as Responsible Entity for Bennelong Ex-20 Australian Equities Fund  
Level 2, 9 Queen Street  
MELBOURNE VIC 3000

5 March 2013

Dear Directors

### **Independence Declaration – Bennelong Ex-20 Australian Equities 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 Bennelong Funds Management Limited, as the Responsible Entity for Bennelong Ex-20 Australian Equities Fund.

As lead audit partner for the review of the financial statements of Bennelong Ex-20 Australian Equities Fund for the half year ended 31 December 2012, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Neil Brown  
Partner  
Chartered Accountants

## Condensed Statement of Comprehensive Income for the half-year ended 31 December 2012

	Notes	1 July 2012 to 31 December 2012 \$	1 July 2011 to 31 December 2011 \$
<b>Investment income</b>			
Interest income		129,940	101,681
Dividend income		7,606,285	1,737,868
Trust distribution income		-	152,751
Net profit/(loss) on financial instruments held at fair value through profit or loss	3	<u>34,174,948</u>	<u>(10,025,632)</u>
<b>Total net investment income/(loss)</b>		<u>41,911,173</u>	<u>(8,033,332)</u>
<b>Expenses</b>			
Interest expense		-	(564)
Management fees		(1,689,648)	(476,762)
Performance fees		-	(609,976)
Custody fees		<u>(84,004)</u>	<u>(25,093)</u>
<b>Total operating expenses</b>		<u>(1,773,652)</u>	<u>(1,112,395)</u>
<b>Operating Profit/(Loss) attributable to unitholders</b>		<u>40,137,521</u>	<u>(9,145,727)</u>
<b>Finance costs attributable to unitholders</b>			
Distribution to unitholders		(5,066,971)	(568,739)
(Increase)/decrease in net assets attributable to unitholders	4	<u>35,070,550</u>	<u>9,714,466</u>
<b>Profit for the half-year</b>		-	-
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the half – year</b>		<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 2012

	Notes	31 December 2012 \$	30 June 2012 \$
<b>Assets</b>			
Cash and cash equivalents		11,355,731	7,001,617
Dividends receivable		926,511	883,339
Interest receivable		15,792	15,081
GST receivable		25,510	53,594
Applications received but not yet paid		277,663	322,620
Financial assets held at fair value through profit or loss	5	409,003,721	273,897,820
<b>Total assets</b>		<b>421,604,928</b>	<b>282,174,071</b>
<b>Liabilities</b>			
Distribution payable		4,400,519	40,263
Due to brokers – payable for securities purchased		380,436	2,858,193
Management fees payable		329,827	223,399
Performance fees payable		-	132,383
Custody fees payable		58,431	96,074
Redemptions payable		114,259	141,667
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>5,283,472</b>	<b>3,491,979</b>
<b>Net assets attributable to unitholders</b>	4	<b>416,321,456</b>	<b>278,682,092</b>
Liabilities attributable to unitholders		(416,321,456)	(278,682,092)
<b>Net assets</b>		<b>-</b>	<b>-</b>

*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 2012

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Notes	1 July 2012 to 31 December 2012	1 July 2011 to 31 December 2011
	\$	\$
<b>Total equity at the beginning of the half-year</b>	-	-
Profit for the half-year	-	-
Other comprehensive income	-	-
<b>Total comprehensive income</b>	-	-
Transactions with owners in their capacity as owners	-	-
<b>Total equity at the end of the half-year</b>	-	-

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 2012

	1 July 2012 to 31 December 2012	1 July 2011 to 31 December 2011
	\$	\$
<b>Cash flows from operating activities</b>		
Proceeds from sale of financial instruments held at fair value through profit or loss	169,207,730	23,878,610
Purchase of financial instruments held at fair value through profit or loss	(271,180,948)	(123,599,146)
Dividends received	6,127,621	1,745,659
Interest received	129,229	93,417
Interest expense paid	-	(564)
GST received/(paid)	28,084	(6,228)
Management fees paid	(1,583,220)	(403,934)
Performance fees paid	(132,383)	(773,279)
Custody fees paid	(121,647)	-
<b>Net cash outflow from operating activities</b>	<b>(97,525,534)</b>	<b>(99,065,465)</b>
<b>Cash flows from financing activities</b>		
Proceeds from applications by unitholders	122,230,451	105,768,033
Payments for redemptions by unitholders	(20,310,540)	(6,462,151)
Distributions paid	(40,263)	-
<b>Net cash inflow from financing activities</b>	<b>101,879,648</b>	<b>99,305,882</b>
<b>Net increase in cash and cash equivalents</b>	<b>4,354,114</b>	<b>240,417</b>
Cash and cash equivalents at the beginning of the half-year	<b>7,001,617</b>	<b>2,801,468</b>
<b>Cash and cash equivalents at end of the half-year</b>	<b>11,355,731</b>	<b>3,041,885</b>
Non-cash financing and operating activities	<b>2,101,943</b>	<b>110,128</b>

*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

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# Condensed Notes to the Financial Report

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## 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 5 March 2013.

## 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 should be read in conjunction with the most recent annual financial report, as well as all public information on the Fund.

The condensed financial report has been prepared on the basis of historical cost, except for the revaluation of 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 annual financial report for the year ended 30 June 2012, 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 adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period.

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 have 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 2012 to 31 December 2012	1 July 2011 to 31 December 2011
	\$	\$
<b>Financial instruments</b>		
Net unrealised gains/(losses) on financial instruments designated as at fair value through profit or loss	53,962,537	(8,195,067)
Net realised gains/(losses) on financial instruments designated as at fair value through profit or loss	<u>(19,787,589)</u>	<u>(1,830,565)</u>
<b>Total net gains/(losses) on financial instruments held at fair value through profit or loss</b>	<b><u>34,174,948</u></b>	<b><u>(10,025,632)</u></b>

### 4. Net assets attributable to unitholders

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

	1 July 2012 to 31 December 2012	1 July 2011 to 31 December 2011
	Units	Units
<b>Units on issue</b>		
Opening balance	227,508,694	43,502,926
Applications	94,696,060	89,741,585
Redemptions	(15,696,654)	(5,528,456)
Units issued upon reinvestment of distributions	<u>487,101</u>	<u>58,138</u>
<b>Closing balance</b>	<b><u>306,995,201</u></b>	<b><u>127,774,193</u></b>

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 2012 to 31 December 2012	1 July 2011 to 31 December 2011
	\$	\$
<b>Net Assets Attributable to Unitholders</b>		
Opening Balance	278,682,092	53,484,382
Applications	122,185,494	105,826,057
Redemptions	(20,283,132)	(6,469,757)
Units issued upon reinvestment of distributions	666,452	65,666
Increase/(Decrease) in net assets attributable to unitholders	<u>35,070,550</u>	<u>(9,714,466)</u>
<b>Closing Balance</b>	<b><u>416,321,456</u></b>	<b><u>143,191,882</u></b>

# Condensed Notes to the Financial Report

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

	31 December 2012	30 June 2012
	\$	\$
<b>Designated at fair value through profit or loss</b>		
Listed equity securities	<u>409,003,721</u>	<u>273,897,820</u>
<b>Total financial assets held at fair value through profit or loss</b>	<u><b>409,003,721</b></u>	<u><b>273,897,820</b></u>

## 6. Events subsequent to reporting date

No significant events have occurred since the reporting date which could impact on the financial position of the Fund disclosed in the Condensed Statement of Financial Position as at 31 December 2012 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 2012, the Responsible Entity has incurred \$442,511 (30 June 2012: \$377,922) 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.

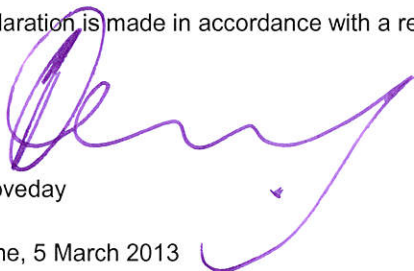
## Directors' Declaration

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In the opinion of the directors of the Responsible Entity:

- (a) The financial report and notes set out on pages 7 - 14 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
  - (ii) giving a true and fair view of the Fund's financial position as at 31 December 2012 and of its performance for the half-year ended on that date;
  - (iii) complying with International Financial Reporting Standards.
- (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, 5 March 2013

## **Independent Auditor's Review Report to the Unitholders of Bennelong EX-20 Australian Equities Fund**

We have reviewed the accompanying half-year financial report of Bennelong Ex-20 Australian Equities Fund (the "Fund"), which comprises the condensed statement of financial position as at 31 December 2012, the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration as set out on pages 7 to 15.

### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the fund are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Bennelong Ex-20's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Bennelong Ex-20 Australian Equities Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Auditor's Independence Declaration*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Bennelong Ex-20 Australian Equities Fund, would be in the same terms if given to the directors as at the time of this auditor's review report.



## *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Bennelong Ex-20 Australian Equities Fund is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Fund's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Neil Brown  
Partner  
Chartered Accountants  
Melbourne, 5 March 2013