



annual review
FINANCIAL STATEMENTS 2011

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Annual Review

DEAR INVESTOR,

WELCOME TO THE ASSYST PORTFOLIO SERVICE ANNUAL REVIEW AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2011. NZ FUNDS MANAGEMENT IS THE COORDINATING MANAGER OF THE ASSYST PORTFOLIO SERVICE. THE VISION OF NZ FUNDS MANAGEMENT'S FOUNDING PRINCIPALS WAS TO BUILD A NEW ZEALAND OWNED COMPANY ENTRUSTED TO MANAGE THE RETIREMENT WEALTH OF NEW ZEALANDERS. AFTER 23 YEARS, THIS REMAINS OUR GUIDING AIM. OVER THE LAST YEAR WE ACHIEVED A NUMBER OF IMPORTANT MILESTONES TOWARD THAT AIM.

NZ Funds Management's KiwiSaver Scheme was launched. NZ Funds KiwiSaver Scheme has at its core a unique LifeCycle asset allocation model, designed to specifically take each clients' age and future contributions into account. Shortly after its launch, it became the first qualitatively reviewed KiwiSaver Scheme in New Zealand.

The review was conducted by Lonsec, a leading Australasian investment manager research organisation. Lonsec's review process involved a thorough examination and assessment of NZ Funds Management's culture, the depth of its investment research approach and the strength of its corporate governance and compliance processes. It also assessed the ability of the NZ Funds Management Portfolios reviewed to achieve their objectives and, where applicable, outperform peers over an appropriate investment timeframe.

We were very pleased with the outcome of this review process. The positive feedback we received regarding the strength of our risk management culture and our research approach was of particular note.

From a research perspective we seek to implement a process that is diligent and thorough with a clear consideration of the needs of the end investor. Furthermore we seek to achieve a competitive advantage over our peers through our people, process and product design. The work undertaken by Lonsec highlighted our achievements to date in these areas.

Also of note during the year was the launch of NZ Funds Private Wealth, with offices in Auckland and Wellington, and the establishment of NZ Funds Institutional.

In respect of NZ Funds Institutional we have, over the last two decades, managed investments for a small number of charitable funds, generally for entities with which we have some personal or corporate connection. We have made the decision to expand the availability of these institutional services to enable a select group

of New Zealand charitable and/or institutional entities to invest alongside us and benefit from the economies of scale, capability and resource which come from managing a much larger pool of capital.

Following several years of unusually high turbulence it is very pleasing to note that over the last year almost 90% of clients chose to stick with their long-term retirement portfolios. Further, since the beginning of the year, we have begun working with a number of new authorised financial advisers and, as a result, a significant number of new individuals, families and trusts.

This year our commentary focuses on the impacts of inflation on those accumulating wealth in preparation for retirement and those relying on their wealth to generate the income they need in retirement.

How New Zealanders invest their retirement capital is a critical determinant of the long-term prosperity of our country. Trying to positively influence the investing decisions of New Zealanders is what shapes the roles we at NZ Funds Management, and the authorised financial advisers we work with, play in our community.

We look forward to reporting to you again next year.

Yours sincerely,



Richard James
PRINCIPAL
CHIEF EXECUTIVE OFFICER



Michael Lang
PRINCIPAL
CHIEF INVESTMENT OFFICER

WHY RISKY IS THE NEW SAFE

With New Zealand's annual inflation rate hitting a 21-year high in June, New Zealanders are justifiably concerned. Rising food and fuel prices in particular have noticeably impacted the cost of living.

But, while much has been written about inflation in recent times, there is little evidence of affirmative action being taken by those who stand to lose the most: New Zealand's baby boomers. When Kathleen Casey-Kirschling filed for Social Security in America at the beginning of 2008, she became the first official American baby boomer to retire, signalling a key landmark in personal retirement preparation across the developed world.

Somewhat fortuitously, New Zealand's baby boomers are for the most part in reasonable financial health – in overall asset terms at least. Their wealth is largely the product of the multi-decade rise of domestic house prices. Eating one's home is however a difficult proposition – practically, emotionally, and financially.

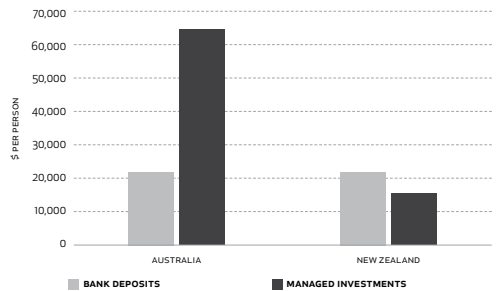
New Zealanders have managed to accumulate wealth despite decades of Government inaction on retirement savings. The lost opportunity as a nation is perhaps best epitomised by the 1993 Todd Task Force, established to consider the issue of retirement saving; they concluded little needed doing other than "enhanced voluntary savings". This is around the time that Australia introduced compulsory superannuation.

Consequently, baby boomers now find themselves in a conundrum. Most have enjoyed the extraordinary rise in house prices which saw New Zealand house prices grow from a multiple of 4.3 times the average income in 1992, to a staggering 9.1 times by 2007. But most are also highly conscious that they are unlikely to see prices rise by a similar magnitude over the next 15 years (New Zealand property prices are 18% overvalued according to The Economist 7th July 2011).

So, as our baby boomers save for retirement and/or downsize their homes to free up retirement capital, the question beckons...how should one invest their retirement savings to protect their wealth and future income from the impacts of inflation?

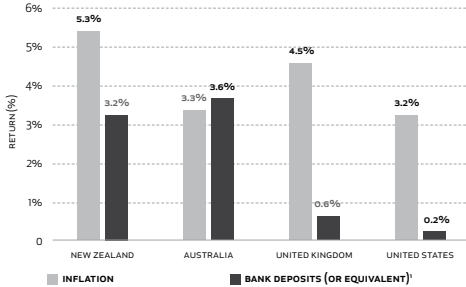
Up until now, the predominant answer has been bank deposits. New Zealand households hold almost \$100 billion in bank deposits, equal to \$22,000 for every man, woman and child.

By comparison, Australians hold a similar amount of bank deposits per head of population. But, as a consequence of almost 20 years of compulsory superannuation, the average citizen of the "lucky country" holds a further \$64,000 in managed investments. This is more than four times the New Zealand current situation where the average person holds just \$15,500 of managed investments.



SOURCE: STATISTICS NZ, AUSTRALIAN BUREAU OF STATISTICS, RESERVE BANK OF NZ, AUSTRALIAN PRUDENTIAL REGULATORY AUTHORITY

Globally, as inflation gathers pace, investors in bank deposits are being forced to grapple with a new challenge: interest rates below the rate of inflation (often referred to as "negative real interest rates"). In the first half of this year the Reserve Bank of New Zealand continued to hold wholesale interest rates at 2.5% despite annual inflation hitting 5.3%. This is a phenomenon that has not occurred in New Zealand for more than two decades. The negative real interest rates which result are the most insidious force undermining retirement savings today.



SOURCE: BLOOMBERG, NZ FUNDS MANAGEMENT CALCULATIONS.

Please note:

- 1) Bank deposit returns are estimates only based on 3-month bank deposits in New Zealand and 3-month cash returns in Australia, the United Kingdom and the United States. Returns are shown after tax, assuming for comparative purposes only, a PIE tax rate of 28%.

Only a modest negative real return can cause significant damage to a long-term investor's wealth. As the graph above shows, bank deposits in New Zealand currently yield around 3.2% (after tax). With inflation running at 5.3% that produces a real return of -2.1% per annum. Assuming that negative real rate of return remained constant over twenty years, \$30,000 of retirement spending dollars produced through bank deposits would buy just \$19,623 worth of goods at the end of that period. Bank deposit holders need to consider how hard it would be to live on less than two thirds of what they do today – which aspects of their standard of living would they cut?

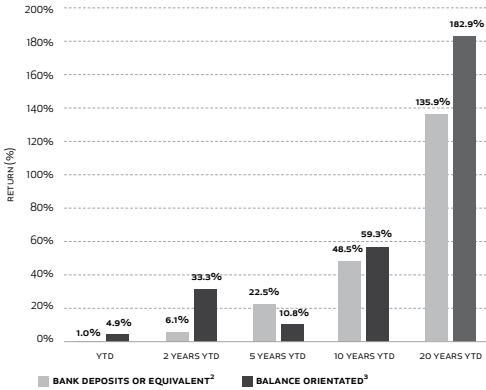
Bank deposits are therefore not riskless investments. They are in fact quite susceptible to inflation risks. Somewhat perversely they are also part of the reason why house prices have kept rising. Bank deposits have been, and continue to be, an important means by which banks fund growth in home mortgages. As we have seen in the past, the availability of easy credit via mortgage lending has been an important factor fuelling house price increases and an accompanying consumer “spend up” as people leverage their newly created home equity. Whilst this may be profitable for the (largely foreign owned) banks, it has a “beggar thy neighbour” feel to it from our perspective.

In contrast, an investment in labour and capital, through ownership of a business (or fractional ownership via a diversified portfolio of shares and corporate bonds) contributes to a cycle of growing business, employment, tax revenues and exports which ultimately benefit the entire nation.

It is therefore little surprise that, over the long term, returns from holding a diversified range of financial assets compare favourably with the corresponding rate of return earned from bank deposits. This has not occurred in every period and certainly not without volatility, as those who have been invested in a diversified portfolio over the last decade will attest, but the long term trend strongly favours a diversified portfolio approach over bank deposits.

The following table demonstrates this point. It compares the returns from bank deposits (or their equivalent) against the returns from a balance orientated asset allocation benchmark. The balance orientated benchmark return is made up of the market returns from a passively held allocation of assets that is indicative of the combination of assets held in a retirement plan designed for clients who anticipate retiring in the short to medium term. Such clients require a combination of assets which provide some capital stability as well as the potential for wealth accumulation – the allocation of assets therefore comprises a balanced mix of income, inflation and growth assets with a tilt towards income and inflation assets. Please note that the benchmark returns are not the actual returns of clients' personalised investment portfolios, nor are they the actual returns of the Portfolios managed by NZ Funds Management.

BALANCE ORIENTATED ASSET ALLOCATION BENCHMARK¹



Please note:

- 1) For comparison purposes all returns are stated after tax, with an assumed PIE tax rate of 28% over the entire period even though the PIE tax regime only started 1 October 2007 and different PIE tax rates have applied since then.
- 2) Bank deposit returns have been estimated using the New Zealand 90-day bank bill index. For bank deposits, no adjustment has been made for assumed investment management fees or advice fees.
- 3) The benchmark returns are based on NZ Funds Management's current opinion of what the indicative asset allocation of the balance orientated retirement plan should be.

There is a long list of reasons why New Zealanders have historically favoured bank deposits as a long-term retirement saving solution. The most forceful is the fear of a permanent loss of capital that may occur from investing in a range of financial assets.

But in thinking about risk it is important to differentiate between the risk of a permanent loss of capital and volatility. Volatility, or the movement of one's portfolio value up and down, is the "price" we pay for the opportunity to grow our capital in excess of what we might achieve from supposedly lower risk investments such as bank deposits. Understanding and accepting an appropriate level of volatility, and having a disciplined approach to savings and investing, dramatically reduces the prospects of incurring permanent capital losses.

Wealth accumulation and retirement income approaches which do not entail a total reliance on the perceived safety of houses and bank deposits are becoming increasingly accessible and reliable for New Zealand baby-boomers. Delivering that alternative through an authorised financial adviser, a personalised retirement plan and professionally managed portfolio, to New Zealanders, is the core of our business.

A COPY OF THE ASSYST PORTFOLIO SERVICE INVESTMENT STATEMENT AND THE NZ FUNDS KIWISAVER SCHEME INVESTMENT STATEMENT IS AVAILABLE ON REQUEST.

Financial Statements



Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of the Portfolios detailed in Note 1

Report on the Financial Statements

We have audited the financial statements of the Portfolios on pages 3 to 46, which comprise the balance sheets of each of the Portfolios as at 31 March 2011, and the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the unitholders and the Manager as a body in accordance with Financial Reporting Act 1993. Our audit has been undertaken so that we might state to the unitholders and the Manager those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Portfolios and the Manager, for our audit work, for this report, or for the opinions we have formed.

Manager's Responsibility for the Financial Statements

The Manager is responsible for the preparation and fair presentation of the financial statements, in accordance with generally accepted accounting practice in New Zealand, and that give a true and fair view of the matters to which they relate, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These auditing standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected, depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we have considered the internal control relevant to the Portfolios' preparation of the financial statements that give a true and fair view of the matters to which they relate 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 Portfolios' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

Other than in our capacity as auditor we have no relationship with, or interest in the Portfolios.

Opinion

In our opinion, the financial statements on pages 3 to 46:

- > comply with generally accepted accounting practice in New Zealand;
- > comply with International Financial Reporting Standards; and
- > give a true and fair view of the financial position of each of the Portfolios as at 31 March 2011 and their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the Financial Reporting Act 1993, we report that:

- > We have obtained all the information and explanations that we have required.
- > In our opinion proper accounting records have been kept by the Portfolios as far as appears from our examination of those records.

The signature logo for Ernst & Young, written in a cursive, handwritten style.

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2011

	NOTE	THE CASH PORTFOLIO		DIVERSIFIED CASH PORTFOLIO		SELECT INCOME PORTFOLIO		GLOBAL INCOME PORTFOLIO		AUSTRALIAN ENHANCED YIELD PORTFOLIO		INFLATION PLUS PORTFOLIO	
		31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000
REVENUE													
Interest Revenue	11	3	1	326	422	6	2	6	-	2	-	37	91
Dividend Revenue		-	-	-	-	-	-	-	-	-	191	3	152
Net Trading Gains/(Losses)	12	193	221	232	-	1,512	1,255	705	554	232	(7)	1,703	1,019
Other Revenue		-	-	-	-	-	-	-	-	-	3	-	-
TOTAL REVENUE		196	222	558	422	1,518	1,257	711	554	234	187	1,743	1,262
EXPENSES													
Audit and Professional Fees	13	4	1	(4)	20	10	(2)	6	2	5	2	20	9
Fees and Reimbursable Expenses	14,18	20	23	56	51	240	304	107	85	74	65	590	508
Sundry Expenses		-	-	1	(2)	1	2	1	3	-	1	2	2
TOTAL EXPENSES		24	24	53	69	251	304	114	90	79	68	612	519
NET PROFIT/(LOSS) BEFORE TAXATION		172	198	505	353	1,267	953	597	464	155	119	1,131	743
Taxation Expense	17	-	-	-	-	-	-	-	-	-	34	-	-
NET PROFIT/(LOSS) AFTER TAXATION		172	198	505	353	1,267	953	597	464	155	85	1,131	743
Other Comprehensive Income		-	-	-	-	-	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS)		172	198	505	353	1,267	953	597	464	155	85	1,131	743

The accompanying notes form part of these financial statements.

DIVERSIFIED HIGH GRADE PROPERTY PORTFOLIO		DEFENSIVE GLOBAL SHARES PORTFOLIO		APS BALANCED GROWTH PORTFOLIO		APS DIVERSIFIED GROWTH PORTFOLIO		APS GROWTH PORTFOLIO		DIVIDEND INCOME PORTFOLIO		DEBT OPPORTUNITIES PORTFOLIO		GLOBAL ABSOLUTE RETURNS PORTFOLIO	
31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000
3	-	40	158	36	98	21	66	7	14	3	4	1	1	-	1
-	-	21	215	1,922	902	2,129	352	665	128	-	-	-	-	-	-
463	268	2,079	550	(4,201)	1,628	(6,557)	4,727	(2,921)	1,825	122	203	224	187	7	25
-	-	-	-	-	2	-	4	2	1	-	-	-	-	-	-
466	268	2,140	923	(2,243)	2,630	(4,407)	5,149	(2,247)	1,968	125	207	225	188	7	26
5	16	21	6	18	19	19	22	11	9	2	2	2	1	1	-
197	87	417	380	1,628	1,463	2,030	1,586	657	541	104	83	57	70	9	3
1	1	1	23	4	2	6	2	2	1	10	-	-	1	-	-
203	104	439	409	1,650	1,484	2,055	1,610	670	551	116	85	59	72	10	3
263	164	1,701	514	(3,893)	1,146	(6,462)	3,539	(2,917)	1,417	9	122	166	116	(3)	23
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
263	164	1,701	514	(3,893)	1,146	(6,462)	3,539	(2,917)	1,417	9	122	166	116	(3)	23
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
263	164	1,701	514	(3,893)	1,146	(6,462)	3,539	(2,917)	1,417	9	122	166	116	(3)	23

Balance Sheet

AS AT 31 MARCH 2011

	NOTE	THE CASH PORTFOLIO		DIVERSIFIED CASH PORTFOLIO		SELECT INCOME PORTFOLIO		GLOBAL INCOME PORTFOLIO		AUSTRALIAN ENHANCED YIELD PORTFOLIO		INFLATION PLUS PORTFOLIO	
		31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000
UNITHOLDERS' FUNDS	10	4,518	6,524	17,928	19,205	22,599	21,870	12,169	9,286	5,522	7,124	29,481	26,222
Represented by:													
ASSETS													
Cash and Cash Equivalents		109	100	474	19,365	762	44	847	6	36	8	495	2,328
Receivables		-	-	14	32	8	-	8	-	-	-	4	-
Trading Portfolio Assets	7	4,424	6,421	17,707	-	21,869	21,892	11,345	9,291	5,494	7,189	29,083	23,940
Derivative Instruments	16	-	-	-	-	-	-	-	-	-	-	-	31
Margin Accounts		-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS		4,533	6,521	18,195	19,397	22,639	21,936	12,200	9,297	5,530	7,197	29,582	26,299
LIABILITIES													
Payables	15,18	15	(3)	267	192	40	66	31	11	8	8	101	77
Derivative Instruments	16	-	-	-	-	-	-	-	-	-	65	-	-
TOTAL LIABILITIES		15	(3)	267	192	40	66	31	11	8	73	101	77
NET ASSETS		4,518	6,524	17,928	19,205	22,599	21,870	12,169	9,286	5,522	7,124	29,481	26,222

For and on behalf of the Manager, New Zealand Funds Management Limited, who authorised the issue of these financial statements on 15 July 2011.



Director



Director



Director

DIVERSIFIED HIGH GRADE PROPERTY PORTFOLIO		DEFENSIVE GLOBAL SHARES PORTFOLIO		APS BALANCED GROWTH PORTFOLIO		APS DIVERSIFIED GROWTH PORTFOLIO		APS GROWTH PORTFOLIO		DIVIDEND INCOME PORTFOLIO		DEBT OPPORTUNITIES PORTFOLIO		GLOBAL ABSOLUTE RETURNS PORTFOLIO	
31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000
10,725	7,809	21,968	19,117	49,469	78,651	82,381	90,274	23,217	31,189	4,217	5,038	2,382	2,592	535	547
563	26	859	10,078	5,147	287	2,681	517	288	23	60	21	16	10	12	10
-	-	52	1	-	-	68	-	1	-	-	-	-	-	-	-
10,206	7,815	21,141	9,042	44,552	78,284	79,953	89,524	23,024	31,037	3,876	5,012	2,370	2,590	525	539
-	-	-	57	99	287	181	449	71	210	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	302	17	-	-	-	-
10,769	7,841	22,052	19,178	49,798	78,858	82,883	90,490	23,384	31,270	4,238	5,050	2,386	2,600	537	549
44	32	84	61	226	207	284	216	77	81	12	12	4	8	2	2
-	-	-	-	103	-	218	-	90	-	9	-	-	-	-	-
44	32	84	61	329	207	502	216	167	81	21	12	4	8	2	2
10,725	7,809	21,968	19,117	49,469	78,651	82,381	90,274	23,217	31,189	4,217	5,038	2,382	2,592	535	547

Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2011

	NOTE	THE CASH PORTFOLIO		DIVERSIFIED CASH PORTFOLIO		SELECT INCOME PORTFOLIO		GLOBAL INCOME PORTFOLIO		AUSTRALIAN ENHANCED YIELD PORTFOLIO		INFLATION PLUS PORTFOLIO	
		31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000
RETAINED EARNINGS													
Opening Retained Earnings/(Deficit)		227	29	733	380	390	(10)	472	8	92	7	(13,601)	(14,344)
Total Comprehensive Income/(Loss)		172	198	505	353	1,267	953	597	464	155	85	1,131	743
Subtotal		399	227	1,238	733	1,657	943	1,069	472	247	92	(12,470)	(13,601)
Distribution to Unitholders		-	-	-	-	-	(553)	-	-	-	-	-	-
Closing Retained Earnings/(Deficit)		399	227	1,238	733	1,657	390	1,069	472	247	92	(12,470)	(13,601)
UNITS ISSUED													
Opening Units Issued		6,297	4,101	18,472	9,734	21,480	21,499	8,814	2,307	7,032	1,644	39,823	28,514
Units Issued		2,133	6,678	17,400	23,830	5,608	9,883	4,251	7,400	1,183	5,899	7,625	16,624
Units Redeemed		(4,311)	(4,482)	(19,182)	(15,092)	(6,146)	(10,413)	(1,965)	(893)	(2,940)	(511)	(5,497)	(5,315)
Distribution Reinvested		-	-	-	-	-	511	-	-	-	-	-	-
Closing Units Issued		4,119	6,297	16,690	18,472	20,942	21,480	11,100	8,814	5,275	7,032	41,951	39,823
TOTAL UNITHOLDERS' FUNDS	10	4,518	6,524	17,928	19,205	22,599	21,870	12,169	9,286	5,522	7,124	29,481	26,222
Comprises:													
Retained Earnings/(Deficit)		399	227	1,238	733	1,657	390	1,069	472	247	92	(12,470)	(13,601)
Units Issued		4,119	6,297	16,690	18,472	20,942	21,480	11,100	8,814	5,275	7,032	41,951	39,823
		4,518	6,524	17,928	19,205	22,599	21,870	12,169	9,286	5,522	7,124	29,481	26,222

The accompanying notes form part of these financial statements.

DIVERSIFIED HIGH GRADE PROPERTY PORTFOLIO		DEFENSIVE GLOBAL SHARES PORTFOLIO		APS BALANCED GROWTH PORTFOLIO		APS DIVERSIFIED GROWTH PORTFOLIO		APS GROWTH PORTFOLIO		DIVIDEND INCOME PORTFOLIO		DEBT OPPORTUNITIES PORTFOLIO		GLOBAL ABSOLUTE RETURNS PORTFOLIO	
31/03/11	31/03/10	31/03/11	31/03/10	31/03/11	31/03/10	31/03/11	31/03/10	31/03/11	31/03/10	31/03/11	31/03/10	31/03/11	31/03/10	31/03/11	31/03/10
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
177	13	(48,008)	(48,522)	864	(282)	3,257	(282)	1,364	(53)	110	(12)	(94)	(210)	24	1
263	164	1,701	514	(3,893)	1,146	(6,462)	3,539	(2,917)	1,417	9	122	166	116	(3)	23
440	177	(46,307)	(48,008)	(3,029)	864	(3,205)	3,257	(1,553)	1,364	119	110	72	(94)	21	24
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
440	177	(46,307)	(48,008)	(3,029)	864	(3,205)	3,257	(1,553)	1,364	119	110	72	(94)	21	24
7,632	2,236	67,125	58,621	77,787	9,644	87,017	9,710	29,825	1,551	4,928	559	2,686	3,623	523	174
4,149	5,972	5,763	12,045	2,924	82,257	16,885	90,184	2,896	37,111	497	5,706	142	444	58	544
(1,496)	(576)	(4,613)	(3,541)	(28,213)	(14,114)	(18,316)	(12,877)	(7,951)	(8,837)	(1,327)	(1,337)	(518)	(1,381)	(67)	(195)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10,285	7,632	68,275	67,125	52,498	77,787	85,586	87,017	24,770	29,825	4,098	4,928	2,310	2,686	514	523
10,725	7,809	21,968	19,117	49,469	78,651	82,381	90,274	23,217	31,189	4,217	5,038	2,382	2,592	535	547
440	177	(46,307)	(48,008)	(3,029)	864	(3,205)	3,257	(1,553)	1,364	119	110	72	(94)	21	24
10,285	7,632	68,275	67,125	52,498	77,787	85,586	87,017	24,770	29,825	4,098	4,928	2,310	2,686	514	523
10,725	7,809	21,968	19,117	49,469	78,651	82,381	90,274	23,217	31,189	4,217	5,038	2,382	2,592	535	547

Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2011

	THE CASH PORTFOLIO		DIVERSIFIED CASH PORTFOLIO		SELECT INCOME PORTFOLIO		GLOBAL INCOME PORTFOLIO		AUSTRALIAN ENHANCED YIELD PORTFOLIO		INFLATION PLUS PORTFOLIO	
	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000
CASH FLOWS FROM OPERATING ACTIVITIES												
Cash was provided from:												
Interest	3	1	358	444	6	2	6	-	2	-	37	91
Other Revenue	-	-	-	-	-	-	-	-	-	3	-	-
Maturity/Sale of Investments	2,590	2,009	3,025	-	2,795	15,040	1,561	6,825	4,762	7,800	10,866	13,063
Cash was applied to:												
Payments to Suppliers	(18)	(29)	(69)	(48)	(251)	(317)	(110)	(82)	(79)	(62)	(610)	(493)
Tax Payments	-	-	-	-	-	-	-	-	-	(34)	-	-
Purchase of Investments	(400)	(4,075)	(20,500)	-	(1,260)	(14,205)	(2,910)	(13,302)	(2,900)	(13,145)	(14,272)	(25,627)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	2,175	(2,094)	(17,186)	396	1,290	520	(1,453)	(6,559)	1,785	(5,438)	(3,979)	(12,966)
CASH FLOWS FROM FINANCING ACTIVITIES												
Cash was provided from:												
Proceeds from Units Issued	2,133	6,716	17,592	23,850	5,581	9,948	4,249	7,455	1,183	5,956	7,640	14,800
Cash was applied to:												
Distribution to Unitholders	-	-	-	-	-	(42)	-	-	-	-	-	-
Payments for Units Redeemed	(4,299)	(4,586)	(19,297)	(14,932)	(6,153)	(10,400)	(1,955)	(893)	(2,940)	(512)	(5,494)	(3,164)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	(2,166)	2,130	(1,705)	8,918	(572)	(494)	2,294	6,562	(1,757)	5,444	2,146	11,636
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD	9	36	(18,891)	9,314	718	26	841	3	28	6	(1,833)	(1,330)
Opening Cash and Cash Equivalents Brought Forward	100	64	19,365	10,051	44	18	6	3	8	2	2,328	3,658
CLOSING CASH AND CASH EQUIVALENTS CARRIED FORWARD	109	100	474	19,365	762	44	847	6	36	8	495	2,328
RECONCILIATION OF NET PROFIT/(LOSS) AFTER TAXATION TO CASH FLOWS FROM OPERATING ACTIVITIES												
Net Profit/(Loss) After Taxation	172	198	505	353	1,267	953	597	464	155	85	1,131	743
Add/(Less) Movements in Working Capital Items:												
Decrease/(Increase) in Receivables	-	-	32	22	-	-	-	-	-	-	-	-
Decrease/(Increase) in Trading Portfolio Assets	1,997	(2,287)	(17,707)	-	23	(420)	(2,054)	(7,031)	1,695	(5,606)	(5,143)	(13,781)
Decrease/(Increase) in Derivative Instruments – Assets	-	-	-	-	-	-	-	-	-	12	31	46
Increase in Margin Accounts	-	-	-	-	-	-	-	-	-	-	-	-
Increase/(Decrease) in Payables	6	(5)	(16)	21	-	(13)	4	8	-	6	2	26
Increase in Derivative Instruments – Liabilities	-	-	-	-	-	-	-	-	(65)	65	-	-
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	2,175	(2,094)	(17,186)	396	1,290	520	(1,453)	(6,559)	1,785	(5,438)	(3,979)	(12,966)

The accompanying notes form part of these financial statements.

DIVERSIFIED HIGH GRADE PROPERTY PORTFOLIO		DEFENSIVE GLOBAL SHARES PORTFOLIO		APS BALANCED GROWTH PORTFOLIO		APS DIVERSIFIED GROWTH PORTFOLIO		APS GROWTH PORTFOLIO		DIVIDEND INCOME PORTFOLIO		DEBT OPPORTUNITIES PORTFOLIO		GLOBAL ABSOLUTE RETURNS PORTFOLIO	
31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000
3	-	41	157	36	98	21	66	7	14	3	4	1	1	-	1
-	-	-	-	-	2	-	4	2	1	-	-	-	-	-	-
1,397	7,355	11,286	10,185	47,099	135,246	33,630	127,640	12,776	64,278	1,267	4,831	571	5,295	56	501
(197)	(90)	(439)	(386)	(1,718)	(1,320)	(2,078)	(1,421)	(686)	(478)	(118)	(91)	(63)	(73)	(10)	(1)
(3,325)	(12,712)	(21,228)	(12,192)	(15,355)	(202,586)	(28,001)	(204,020)	(6,790)	(92,145)	(285)	(9,115)	(127)	(4,291)	(35)	(858)
(2,122)	(5,447)	(10,340)	(2,236)	30,062	(68,560)	3,572	(77,731)	5,309	(28,330)	867	(4,371)	382	932	11	(357)
4,155	6,048	5,726	10,393	2,891	82,357	16,902	79,424	2,895	37,136	500	5,707	142	444	57	551
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(1,496)	(576)	(4,605)	(1,786)	(28,093)	(14,124)	(18,310)	(1,779)	(7,939)	(8,834)	(1,328)	(1,337)	(518)	(1,381)	(66)	(195)
2,659	5,472	1,121	8,607	(25,202)	68,233	(1,408)	77,645	(5,044)	28,302	(828)	4,370	(376)	(937)	(9)	356
537	25	(9,219)	6,371	4,860	(327)	2,164	(86)	265	(28)	39	(1)	6	(5)	2	(1)
26	1	10,078	3,707	287	614	517	603	23	51	21	22	10	15	10	11
563	26	859	10,078	5,147	287	2,681	517	288	23	60	21	16	10	12	10
263	164	1,701	514	(3,893)	1,146	(6,462)	3,539	(2,917)	1,417	9	122	166	116	(3)	23
-	-	1	(1)	-	-	-	-	-	-	-	-	-	-	-	-
(2,391)	(5,625)	(12,099)	(4,168)	33,732	(69,583)	9,571	(81,010)	8,013	(29,610)	1,136	(4,487)	220	817	14	(382)
-	-	57	1,396	188	(287)	268	(449)	139	(210)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	(285)	(17)	-	-	-	-
6	14	-	23	(68)	164	(23)	189	(16)	73	(2)	11	(4)	(1)	-	2
-	-	-	-	103	-	218	-	90	-	9	-	-	-	-	-
(2,122)	(5,447)	(10,340)	(2,236)	30,062	(68,560)	3,572	(77,731)	5,309	(28,330)	867	(4,371)	382	932	11	(357)

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2011

1. REPORTING ENTITIES

The reporting entities are The Cash Portfolio, Diversified Cash Portfolio, Select Income Portfolio, Global Income Portfolio, Australian Enhanced Yield Portfolio, Inflation Plus Portfolio, Diversified High Grade Property Portfolio, Defensive Global Shares Portfolio, APS Balanced Growth Portfolio, APS Diversified Growth Portfolio, APS Growth Portfolio, Dividend Income Portfolio, Debt Opportunities Portfolio and Global Absolute Returns Portfolio ("the Portfolios").

The Portfolios are New Zealand unit trusts. Securities in the Portfolios are currently offered to the public pursuant to a registered prospectus. The securities being offered are units in the Portfolios. These financial statements have been prepared in accordance with the Trust Deeds of the Portfolios, the Unit Trusts Act 1960 and the Financial Reporting Act 1993.

The Diversified Cash Portfolio is no longer a financial institution as defined in amended Appendix E of the New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") 7 *Financial Instruments: Disclosures*. Please refer to note 3(t) *Significant accounting policies* for details.

On 22 December 2010, The New Zealand Guardian Trust Company Limited ceased to be the Trustee of the Inflation Plus Portfolio and Defensive Global Shares Portfolio, and Perpetual Trust Limited was appointed the Trustee of these two Portfolios. As at 31 March 2011, Perpetual Trust Limited is the Trustee of all the Portfolios. The Portfolios are governed by the relevant Trust Deeds with Perpetual Trust Limited. New Zealand Funds Management Limited ("NZ Funds Management") is the Manager.

2. BASIS OF PREPARATION

a) Statement of compliance

The Portfolios' financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice. They comply with NZ IFRS and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. These financial statements also comply with the International Financial Reporting Standards ("IFRS").

b) Going concern

The financial statements have been prepared on a going concern basis. The Manager is not aware of any material uncertainty that may cast significant doubt on the Portfolios' ability to continue as going concerns.

c) Basis of measurement

The financial statements have been prepared on a fair value basis, except assets classified as loans and receivables, and liabilities classified as payables, which are carried at amortised cost.

d) Functional and presentation currency

Items included in the financial statements of each Portfolio are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Portfolios primarily operate in New Zealand, issuing securities predominantly to New Zealand investors and carrying out their day-to-day business activities in New Zealand. The financial statements are prepared in New Zealand Dollars ("NZD"), which is the Portfolios' functional and reporting currency. Where indicated, financial information presented in NZD has been rounded to the nearest thousand.

e) Use of estimates in the preparation of the financial statements

In preparing the financial statements in conformity with NZ IFRS, management is required to make certain estimates, judgements and assumptions that affect reported income, expenses, assets and liabilities. The key judgements required in preparing these financial statements relate to the fair value determination of financial instruments. Please refer to note 3(i) *Significant accounting policies* for details.

3. SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been applied consistently to all periods presented in these financial statements.

a) Classification

The Portfolios adopt the following categories of financial instruments in accordance with accounting standards governing the classification and valuation of financial instruments:

- (i) Financial assets or liabilities at fair value through the profit or loss account (held for trading). These include trading portfolio assets and derivative instruments.
- (ii) Loans and receivables. These include cash and cash equivalents, accrued interest, receivables from other unit trusts and margin accounts.
- (iii) Payables. These represent amounts payable to the Trustee, Manager, unitholders, service providers and other accruals.

b) Recognition

The Portfolios use trade date accounting when recording trading portfolio assets and derivative instruments. The trade date is the date that an entity commits itself to purchase or sell an asset. On the trade date, the Portfolios recognise an asset to be received and the liability to pay for it, derecognise an asset that is sold, and recognise any gain or loss on disposal and a receivable from the buyer for payment. Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date, when title passes.

c) Derecognition

The Portfolios may enter into transactions where they transfer financial assets recognised on their Balance Sheet but retain either all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, the transferred assets are not derecognised from the Balance Sheet. Transfers of financial assets with retention of all or substantially all risk and rewards include securities lending transactions.

For transactions where substantially all the risks and rewards of ownership of a financial asset are neither retained nor transferred, the Portfolios derecognise the financial asset if control over the asset is lost. Any rights and obligations retained in the transfer are recognised separately as financial assets and financial liabilities.

d) Cash and cash equivalents

Cash and cash equivalents comprise deposits and call accounts with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, and are subject to an insignificant risk of changes in value.

e) Receivables

Receivables are stated at their amortised cost less provision for impairment losses.

f) Margin accounts

Margin accounts represent cash deposits held with brokers as collateral against open futures contracts.

g) Translation of foreign currencies

Foreign currency transactions are recorded at the rate of exchange on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the Statement of Comprehensive Income.

h) Trading portfolio assets

Trading portfolio assets consist of investments in unit trusts and/or managed funds. Investments in trading portfolio assets are carried at fair value. Gains and losses realised on disposal or redemption, and unrealised gains and losses from changes in the fair value of trading portfolio assets, are reported as net trading gains/(losses) in the Statement of Comprehensive Income. Interest and dividend revenues on trading portfolio assets are included in interest revenue and dividend revenue, respectively, in the Statement of Comprehensive Income.

i) Determination of fair value – financial instruments

The determination of fair value of financial assets and financial liabilities is based on quoted market prices or dealer price quotation for financial instruments traded in active markets.

For all other financial instruments, fair value is determined using valuation techniques. Valuation techniques include using arm's length market transactions, reference to the current market value of another similar financial instrument, discounted cash flow analysis and valuation models.

Inputs to valuation models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include consideration of various factors used in the inputs to the valuation models. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

j) Derivative instruments and hedging

The Portfolios may use derivative instruments to hedge their direct and indirect exposure to foreign exchange risk, interest rate risk and market risk. The Portfolios may also hold or issue derivative instruments for trading purposes.

Derivative instruments are recognised initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition, derivative instruments are carried at fair value. Gains/(losses) realised on disposal and unrealised gains/(losses) from changes in the fair value of derivatives are reported as net trading gains/(losses) in the Statement of Comprehensive Income.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2011

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Past due and impaired assets

Past due assets are assets that have not been operated by the counterparty within its key terms for at least 90 days. Impaired assets are assets where the present value of expected future cash flows discounted at the original effective interest rate is less than the carrying value. Restructured assets are assets where the terms of the contract have been changed due to the counterparty having difficulty in complying with the original terms of the contract.

If an asset is impaired, the asset is written down to its estimated recoverable amount. The estimated recoverable amount is calculated as the present value of expected future cash flows discounted at the original effective interest rate, and an impairment loss is recognised in the Statement of Comprehensive Income.

l) Offsetting

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

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Portfolios' trading activity.

m) Interest revenue

Interest revenue is recognised using the effective interest method.

n) Dividend revenue

Dividend revenue is recognised on the date the Portfolios' right to receive payment is established, which in the case of quoted securities is the ex-dividend date. In some cases, the Portfolios may receive or choose to receive dividends in the form of additional shares rather than cash. In such cases, the Portfolios recognise the dividend revenue for the amount of the cash dividend alternative, with a corresponding addition in investment.

o) Net trading gains/(losses)

Net trading gains/(losses) comprise gains less losses related to trading portfolio assets and derivative instruments. This includes all realised and unrealised fair value changes and foreign exchange differences

p) Fees and expenses

The Portfolios incur fees and expenses from a range of services they receive from various service providers. Fees and expenses include audit fees, professional fees, management fees, trustee fees, performance fees and other expenses, including reimbursable expenses allowed by the Trust Deeds. Fees are accrued as services are rendered.

Performance fees are accrued daily, and if due are paid to the Manager quarterly.

q) Taxation

As the tax liability arising on income allocated to investors is satisfied by cancellation of units, income tax expense is not recognised in the Portfolios. As a consequence, deferred tax is also not recognised.

r) Goods and services tax (GST)

The Portfolios are not GST registered. Revenues, expenses and assets are recognised gross of GST. Receivables and payables in the Balance Sheet are shown inclusive of GST

s) Changes in accounting policies

There have been no changes to the accounting policies for the year ended 31 March 2011.

t) Early adoption of accounting standards

Appendix E of NZ IFRS 7 *Financial Instruments: Disclosures* has been amended to replace the term "financial institution" with the term "deposit taker", effective 1 April 2011. Earlier application of the amendments is permitted and the Portfolios have taken this option. None of the Portfolios fall within the definition of a deposit taker. On this basis, the disclosure requirements under NZ IFRS 7 Appendix E no longer apply to the Portfolios and the disclosures prepared under the previous version of NZ IFRS 7 Appendix E have been deleted. The deleted notes are "Expected maturity analysis of financial assets and liabilities" which formed part of note 8 (2010: note 9) *Financial instruments and risk management*, and Geographical concentration of Unitholders' Funds which formed part of note 22 (2010: note 23) *Concentration of funding*.

u) New accounting standards not yet adopted

NZ IFRS 9 *Financial Instruments: Recognition and Measurement* will replace NZ IAS 39 *Financial Instruments: Recognition and Measurement* from 1 January 2013. The new standard divides all financial assets that are currently in the scope of NZ IAS 39 *Financial Instruments: Recognition and Measurement* into two classifications: those measured at amortised cost and those measured at fair value. The new standard is not likely to have a significant impact on the measurement and recognition of the amounts compared with the current NZ IAS 39 *Financial Instruments: Recognition and Measurement*.

The International Accounting Standards Board issued three new standards on Consolidations, Joint arrangements and Disclosure of Interests in Other Entities in May 2011: IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosures of Interests in Other Entities*, which will be effective for annual periods beginning on or after 1 January 2013. IFRS 10 replaces the portion of IAS 27 *Consolidated Financial Statements* that addresses the accounting standards for consolidated financial statements. IFRS 10 also establishes a single control model that applies to all entities (including 'special purpose entities' or 'structured entities' as they are now referred to in the new standards). IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC 13 *Jointly-controlled Entities – Non Monetary Contributions by Joint Ventures*. IFRS 12 includes all of the disclosure requirements for subsidiaries, joint arrangements, associates and additional disclosures about interests in structured entities (whether or not consolidated). IFRS 12 also requires disclosure of significant judgements and assumptions an entity has made in determining whether it has control, joint control or significant influence over another entity. The impacts on the Portfolios' financial statements are still to be determined

4. COMMENCEMENT OF BUSINESS

The Cash Portfolio, Diversified Cash Portfolio, Select Income Portfolio, Global Income Portfolio, Australian Enhanced Yield Portfolio, Diversified High Grade Property Portfolio, APS Balanced Growth Portfolio, APS Diversified Growth Portfolio, APS Growth Portfolio, Dividend Income Portfolio, Debt Opportunities Portfolio and Global Absolute Returns Portfolio are governed by the Trust Deed with Perpetual Trust Limited dated 28 February 2008. The Inflation Plus Portfolio and the Defensive Global Shares Portfolio are governed by the Trust Deed dated 8 August 1988 with Perpetual Trust Limited, consequent to the retirement of The New Zealand Guardian Trust Company Limited on 22 December 2010. The Portfolios have either been established as original Portfolios under the Trust Deeds or as additional Portfolios by way of executed Supplemental Trust Deeds. Each Portfolio was established on the date specified below.

	DATE ESTABLISHED	DATE BUSINESS COMMENCED
The Cash Portfolio	9/10/2008	31/10/2008
Diversified Cash Portfolio	28/02/2008	28/02/2008
Select Income Portfolio	4/06/2008	23/07/2008
Global Income Portfolio	9/10/2008	31/10/2008
Australian Enhanced Yield Portfolio	9/10/2008	31/10/2008
Inflation Plus Portfolio	13/05/1999	13/05/1999
Diversified High Grade Property Portfolio	9/10/2008	31/10/2008
Defensive Global Shares Portfolio	13/05/1999	13/05/1999
APS Balanced Growth Portfolio	9/10/2008	31/10/2008
APS Diversified Growth Portfolio	9/10/2008	31/10/2008
APS Growth Portfolio	9/10/2008	31/10/2008
Dividend Income Portfolio	9/10/2008	31/10/2008
Debt Opportunities Portfolio	4/06/2008	23/07/2008
Global Absolute Returns Portfolio	9/10/2008	31/10/2008

There are no new supplemental deeds for the year ended 31 March 2011.

5. AMENDMENT TO TRUST DEEDS

The Trust Deed dated 28 February 2008 was amended on 1 June 2010 to allow for the Manager in its absolute discretion to suspend accepting new applications for units in a Portfolio, for a period of time it considers appropriate; and was amended on 23 December 2010 to remove all reference to the New Zealand Crown Guarantee Scheme ("Crown Guarantee") that applied to the Diversified Cash Portfolio consequent to the expiry of that Crown Guarantee on 12 October 2010.

Subsequent to the retirement of the New Zealand Guardian Trust Company Limited on 22 December 2010 as the Trustee of the Inflation Plus Portfolio and Defensive Global Shares Portfolio, the Trust Deed dated 8 August 1988 was amended to include all amendments required by the new Trustee, Perpetual Trust Limited.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2011

6. PRINCIPAL BUSINESS ACTIVITY

The principal business activity of the Portfolios is to invest in financial instruments.

7. TRADING PORTFOLIO ASSETS

The Portfolios invested some or substantially all of their assets in Global Investment Services Limited ("GISL") and New Zealand Funds Superannuation Limited ("NZFS") trusts (refer to note 18 *Related party*). By contributing different amounts or by holding different percentages of investments in the GISL and NZFS trusts, the returns of the Portfolios can differ.

INVESTMENTS IN TRADING PORTFOLIO ASSETS	31/03/11 \$000	31/03/10 \$000
The Cash Portfolio	4,424	6,421
Diversified Cash Portfolio	17,707	-
Select Income Portfolio	21,869	21,892
Global Income Portfolio	11,345	9,291
Australian Enhanced Yield Portfolio	5,494	7,189
Inflation Plus Portfolio	29,083	23,940
Diversified High Grade Property Portfolio	10,206	7,815
Defensive Global Shares Portfolio	21,141	9,042
APS Balanced Growth Portfolio	44,552	78,284
APS Diversified Growth Portfolio	79,953	89,524
APS Growth Portfolio	23,024	31,037
Dividend Income Portfolio	3,876	5,012
Debt Opportunities Portfolio	2,370	2,590
Global Absolute Returns Portfolio	525	539

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Overview

The principal business activity of the Portfolios is to invest in financial instruments. This section contains information about certain risks arising from the Portfolios' exposure to financial instruments and how they are managed.

The Portfolios' risks discussed below are:

- (i) Market risk – the risk of loss arising from exposure to interest rate risk, currency risk and/or equity price risk.
- (ii) Credit risk – the risk of loss arising from a counterparty failing to meet its contractual obligations.
- (iii) Liquidity risk – the risk that the Portfolios are unable to meet payment obligations when due.

The Portfolios invest some or substantially all of their assets in the GISL and NZFS trusts. This may expose the Portfolios to concentration risk. Please refer to note 18 *Related party*.

The Portfolios and the GISL and NZFS trusts may utilise an active investment management approach. This may expose the Portfolios to active investment management risk. Active investment management risk is the risk of loss arising from investment decisions made by the Manager. The Portfolios may directly or indirectly use leverage and take short positions.

b) Risk management structure

The responsibility for the Portfolios' risk management lies with the Manager, which, at balance date, delegated this to the following individuals and committees:

- (i) Investment Committee Meeting ("ICM") – responsible for formulating and approving investment process, formulating and approving the Portfolios' mandates, identifying and monitoring investment risks, and monitoring investment performance.
- (ii) Advisory Committee – responsible for the compliance with the legislation in relation to the provision of advice under the Financial Advisers Act 2008 and the Financial Services Providers (Registration and Dispute Resolution) Act 2008.
- (iii) Investment Risk Management and Compliance Committee ("IRC") – responsible for monitoring and reporting to ICM matters with regard to compliance of established Portfolios' internal mandates, policies and processes.
- (iv) Offer Committee – responsible for addressing matters arising in the offering of the Portfolios, with particular reference to the requirements of the Securities Act 1978, including its associated regulations and exemptions.

- (v) Operational Risk Committee – responsible for addressing operational matters arising in the Portfolios, and providing direction and guidance to the Audit and Service Risk Committee in their focus on addressing operational risks, within its area of responsibilities.
- (vi) Audit and Service Risk Committee – responsible for addressing issues arising from the Portfolios' operational matters.
- (vii) Portfolio Managers – responsible for identifying and managing investment risks, within the scope of the Portfolios' mandates.

The structure of risk management was changed subsequent to 31 March 2010. As at 31 March 2011, both the Investment Business Group and the Investment Compliance Committee as noted in the annual financial statements as at 31 March 2010 have been renamed as the ICM and IRC. The Business Risk Committee as noted in the 31 March 2010 annual financial statements was terminated, and its responsibilities now lie with the Advisory Committee, the Offer Committee, the Operational Risk Committee, and the Audit and Service Risk Committee.

c) Risk measurement

The Portfolios' risks are measured by:

- (i) Using an assessment of the expected loss likely to arise for a given market movement; and/or
- (ii) Using statistical modelling where the models make use of the probabilities derived from historical experience which may or may not be adjusted for New Zealand Funds Management Limited's active investment management approach; and/or
- (iii) Using practical industry or corporate knowledge.

d) Risk mitigation

The Portfolios' objectives are set out in the Investment Statement. The Portfolios' objectives determine the Portfolios' targeted tolerance for risk. The Portfolios' investment processes and/or mandates determine the policies and processes for mitigating risk.

Where the Manager deems appropriate, mandates may set risk limits and/or restrict Portfolios from investing in certain financial instruments.

The Portfolios may use an active investment management approach to risk mitigation. The aim of this approach is to maintain a balance between the preservation of capital and the pursuit of investment returns, which is appropriate to the investment category in which the Portfolio sits. In order to implement an active investment management strategy, the Manager in its sole discretion may undertake certain actions depending on its view of the prevailing market and economic conditions (and other circumstances). Those actions may include, but are not limited to altering the proportion invested in each asset class, altering the manner in which the Portfolio is exposed to each asset class by investing, directly or indirectly, in derivatives and collective investment vehicles or by applying hedging, taking short positions and using leverage. The active investment management approach and these financial instruments may or may not be successful in mitigating risk.

e) Market risk

Market risk is the risk of loss arising from exposure to interest rate risk, currency risk and/or equity price risk.

Market risk is incurred by the Portfolios through trading activities and the holding of financial instruments. A typical transaction may be exposed to a number of different market risks.

The Portfolios' investments in the GISL and NZFS trusts are treated as equity instruments; hence the Portfolios are exposed to equity price risk. However, the underlying financial instruments of the GISL and NZFS trusts frequently include financial instruments which are not equity instruments. Consequently the Portfolios are likely to be indirectly exposed to a variety of risks other than equity price risk. It is determined that these indirect exposures are captured in the equity price risk disclosure. It is also determined that credit risk arising on equity instrument exposure is captured in the equity price risk disclosure.

In incurring market risk, the Portfolios and the GISL and NZFS trusts may utilise an active investment management approach. This may expose the Portfolios to active investment management risk. Active investment management risk is the risk of loss arising from investment decisions made by the Manager. Additionally, the Portfolios' ability to directly or indirectly use leverage and take short positions may increase these risks.

Concentration of market risk could exist if the Portfolios have significant positions in a single financial instrument, or aggregate positions in several financial instruments. The Portfolios' exposure to investments in the GISL and NZFS trusts are set out in note 18 *Related party*.

Market risk is measured as per (c) and managed as per (d) by the risk management structure specified in (b).

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2011

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(i) Interest rate risk

Interest rate risk is the risk of loss arising from exposure to interest rates.

Interest rate risk is incurred by the Portfolios through trading activities and the holding of financial instruments.

In incurring interest rate risk, the Portfolios and the GISL and NZFS trusts may utilise an active investment management approach. This may expose the Portfolios to active investment management risk. Active investment management risk is the risk of loss arising from investment decisions made by the Manager. Additionally, the Portfolios' ability to directly or indirectly use leverage and take short positions may increase these risks.

Sensitivity to interest rate risk is expressed as the impact on carrying values of a 24-basis point (0.24%) change in interest rates (2010: 0.25%).

Concentration of interest rate risk could exist if the Portfolios have significant positions in a single financial instrument exposed to interest rate risk, or aggregate positions in several financial instruments exposed to interest rate risk.

Interest rate risk is measured as per (c) and managed as per (d) by the risk management structure specified in (b).

DIRECT EXPOSURE OF FINANCIAL INSTRUMENTS TO INTEREST RATE RISK	31/03/11 \$000	31/03/10 \$000
The Cash Portfolio	109	100
Diversified Cash Portfolio	474	19,365
Select Income Portfolio	762	44
Global Income Portfolio	847	6
Australian Enhanced Yield Portfolio	36	8
Inflation Plus Portfolio	495	2,328
Diversified High Grade Property Portfolio	563	26
Defensive Global Shares Portfolio	859	10,078
APS Balanced Growth Portfolio	5,147	287
APS Diversified Growth Portfolio	2,681	517
APS Growth Portfolio	288	23
Dividend Income Portfolio	362	38
Debt Opportunities Portfolio	16	10
Global Absolute Returns Portfolio	12	10

INCREASE/(DECREASE) IN COMPREHENSIVE INCOME AND UNITHOLDERS' FUNDS BASED ON THE ESTIMATED INTEREST INCOME MOVEMENT	\$ IMPACT GIVEN 0.24% INCREASE IN RATES 31/03/11 \$000	\$ IMPACT GIVEN 0.24% DECREASE IN RATES 31/03/11 \$000	\$ IMPACT GIVEN 0.25% INCREASE IN RATES 31/03/10 \$000	\$ IMPACT GIVEN 0.25% DECREASE IN RATES 31/03/10 \$000
	The Cash Portfolio	-	-	-
Diversified Cash Portfolio	1	(1)	48	(48)
Select Income Portfolio	2	(2)	-	-
Global Income Portfolio	2	(2)	-	-
Australian Enhanced Yield Portfolio	-	-	-	-
Inflation Plus Portfolio	1	(1)	6	(6)
Diversified High Grade Property Portfolio	1	(1)	-	-
Defensive Global Shares Portfolio	2	(2)	25	(25)
APS Balanced Growth Portfolio	12	(12)	1	(1)
APS Diversified Growth Portfolio	6	(6)	1	(1)
APS Growth Portfolio	1	(1)	-	-
Dividend Income Portfolio	1	(1)	-	-
Debt Opportunities Portfolio	-	-	-	-
Global Absolute Returns Portfolio	-	-	-	-

Actual trading results are likely to differ from the sensitivity analysis required by NZ IFRS 7 *Financial Instruments: Disclosures* and the differences could be significant.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2011

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(ii) Currency risk

Currency risk is the risk of loss arising from exposure to currency.

Currency risk is incurred by the Portfolios through trading activities and the holding of financial instruments.

In incurring currency risk, the Portfolios and the GISL and NZFS trusts may utilise an active investment management approach. This may expose the Portfolios to active investment management risk. Active investment management risk is the risk of loss arising from investment decisions made by the Manager. Additionally, the Portfolios' ability to directly or indirectly use leverage and take short positions may increase these risks.

	THE CASH PORTFOLIO		DIVERSIFIED CASH PORTFOLIO		SELECT INCOME PORTFOLIO		GLOBAL INCOME PORTFOLIO		AUSTRALIAN ENHANCED YIELD PORTFOLIO		INFLATION PLUS PORTFOLIO	
DIRECT CURRENCY EXPOSURE (IN NZD EQUIVALENT)	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000
Australian Dollars (AUD)	-	-	-	-	-	-	-	-	-	(4,066)	-	1,483
Euros (EUR)	-	-	-	-	-	-	-	-	-	-	-	-
US Dollars (USD)	-	-	-	-	-	-	-	-	-	-	-	-
Japanese Yen (JPY)	-	-	-	-	-	-	-	-	-	-	-	-
Swiss Francs (CHF)	-	-	-	-	-	-	-	-	-	-	-	-
Norwegian Krone (NOK)	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CURRENCY EXPOSURE	-	-	-	-	-	-	-	-	-	(4,066)	-	1,483
Total currency hedging												1,390
NET CURRENCY EXPOSURE - NET TOTAL OF LONG AND (SHORT) CURRENCIES	-	-	-	-	-	-	-	-	-	(4,066)	-	93
\$ impact on Comprehensive Income and Unitholders' Funds given 14% (2010: 14%) increase in exchange rates	-	-	-	-	-	-	-	-	-	(569)	-	13
\$ impact on Comprehensive Income and Unitholders' Funds given 14% (2010: 14%) decrease in exchange rates	-	-	-	-	-	-	-	-	-	569	-	(13)
GROSS CURRENCY EXPOSURE - ABSOLUTE TOTAL OF LONG AND (SHORT) CURRENCIES	-	-	-	-	-	-	-	-	-	(4,066)	-	93
\$ impact on Comprehensive Income and Unitholders' Funds given 14% (2010: 14%) increase in exchange rates	-	-	-	-	-	-	-	-	-	(569)	-	13
\$ impact on Comprehensive Income and Unitholders' Funds given 14% (2010: 14%) decrease in exchange rates	-	-	-	-	-	-	-	-	-	569	-	(13)

Actual trading results are likely to differ from the sensitivity analysis required by NZ IFRS 7 *Financial Instruments: Disclosures* and the differences could be significant.

Sensitivity to currency risk is expressed as the impact on carrying values of a 14% (2010: 14%) change in exchange rates.

Concentration of currency risk could exist if the Portfolios have significant positions in a single financial instrument exposed to currency risk, or aggregate positions in several financial instruments exposed to currency risk.

Currency risk is measured as per (c) and managed as per (d) by the risk management structure specified in (b).

DIVERSIFIED HIGH GRADE PROPERTY PORTFOLIO		DEFENSIVE GLOBAL SHARES PORTFOLIO		APS BALANCED GROWTH PORTFOLIO		APS DIVERSIFIED GROWTH PORTFOLIO		APS GROWTH PORTFOLIO		DIVIDEND INCOME PORTFOLIO		DEBT OPPORTUNITIES PORTFOLIO		GLOBAL ABSOLUTE RETURNS PORTFOLIO	
31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000
-	-	-	2,805	-	-	-	-	-	-	55	-	-	-	-	-
-	-	-	-	300	(3,493)	594	(6,327)	225	(2,814)	-	-	-	-	-	-
-	-	-	-	794	-	4,987	-	2,232	-	(1)	-	-	-	-	-
-	-	-	-	-	(7,803)	-	(12,530)	-	(5,587)	-	-	-	-	-	-
-	-	-	-	321	3,946	626	6,368	242	2,833	-	-	-	-	-	-
-	-	-	-	288	-	618	-	269	-	-	-	-	-	-	-
-	-	-	2,805	1,703	(7,350)	6,825	(12,489)	2,968	(5,568)	54	-	-	-	-	-
-	-	-	2,431	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	374	1,703	(7,350)	6,825	(12,489)	2,968	(5,568)	54	-	-	-	-	-
-	-	-	52	238	(1,029)	956	(1,748)	416	(780)	8	-	-	-	-	-
-	-	-	(52)	(238)	1,029	(956)	1,748	(416)	780	(8)	-	-	-	-	-
-	-	-	374	1,703	15,242	6,825	25,225	2,968	11,234	56	-	-	-	-	-
-	-	-	52	238	2,134	956	3,532	416	1,573	8	-	-	-	-	-
-	-	-	(52)	(238)	(2,134)	(956)	(3,532)	(416)	(1,573)	(8)	-	-	-	-	-

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2011

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(iii) Equity price risk

Equity price risk is the risk of loss arising from exposure to equity risk.

Equity price risk is incurred by the Portfolios through trading activities and the holding of financial instruments.

The Portfolios' investments in GISL and NZFS trusts are treated as equity instruments; hence the Portfolios are exposed to equity price risk. However, the underlying financial instruments of the GISL and NZFS trusts frequently include financial instruments which are not equity instruments. Consequently the Portfolios are likely to be indirectly exposed to a variety of risks other than equity price risk. It is determined that these indirect exposures are captured in the equity price risk disclosure. It is also determined that credit risk arising on equity instrument exposure is captured in the equity price risk disclosure.

In incurring equity price risk, the Portfolios and the GISL and NZFS trusts may utilise an active investment management approach. This may expose the Portfolios to active investment management risk. Active investment management risk is the risk of loss arising from investment decisions made by the Manager. Additionally, the Portfolios' ability to directly or indirectly use leverage and take short positions may increase these risks.

Sensitivity to equity price risk is expressed as the impact on carrying values of a range of changes in equity prices.

Concentration of equity price risk could exist if the Portfolios have significant positions in a single financial instrument exposed to equity price risk, or aggregate positions in several financial instruments exposed to equity price risk. The Portfolios' exposure to investments in the GISL and NZFS trusts are set out in note 18 *Related party*.

Equity price risk is measured as per (c) and managed as per (d) by the risk management structure specified in (b).

EXPOSURE OF FINANCIAL INSTRUMENTS TO EQUITY PRICE RISK	31/03/11 \$000	31/03/10 \$000
The Cash Portfolio	4,424	6,421
Diversified Cash Portfolio	17,707	-
Select Income Portfolio	21,869	21,892
Global Income Portfolio	11,345	9,291
Australian Enhanced Yield Portfolio	5,494	7,189
Inflation Plus Portfolio	29,083	23,940
Diversified High Grade Property Portfolio	10,206	7,815
Defensive Global Shares Portfolio	21,141	9,042
APS Balanced Growth Portfolio	44,552	78,284
APS Diversified Growth Portfolio	79,953	89,524
APS Growth Portfolio	23,024	31,037
Dividend Income Portfolio	3,876	5,012
Debt Opportunities Portfolio	2,370	2,590
Global Absolute Returns Portfolio	525	539

INCREASE/(DECREASE) IN COMPREHENSIVE INCOME AND UNITHOLDERS' FUNDS BASED ON THE ESTIMATED EQUITY PRICE MOVEMENT	CHANGE IN EQUITY PRICE RELATIVE TO EXPOSURE TO EQUITY PRICE RISK	\$IMPACT GIVEN MARKET PRICES INCREASE	\$ IMPACT GIVEN MARKET PRICES DECREASE	CHANGE IN EQUITY PRICE RELATIVE TO EXPOSURE TO EQUITY PRICE RISK	\$ IMPACT GIVEN MARKET PRICES INCREASE	\$ IMPACT GIVEN MARKET PRICES DECREASE
	31/03/11 %	31/03/11 \$000	31/03/11 \$000	31/03/10 %	31/03/10 \$000	31/03/10 \$000
The Cash Portfolio	0.24	11	(11)	0.25	16	(16)
Diversified Cash Portfolio	0.24	42	(42)	-	-	-
Select Income Portfolio	5.57	1,218	(1,218)	5.21	1,141	(1,141)
Global Income Portfolio	5.88	667	(667)	5.21	484	(484)
Australian Enhanced Yield Portfolio	5.88	323	(323)	5.21	375	(375)
Inflation Plus Portfolio	8.41	2,446	(2,446)	8.66	2,073	(2,073)
Diversified High Grade Property Portfolio	20.94	2,137	(2,137)	11.01	860	(860)
Defensive Global Shares Portfolio	11.65	2,463	(2,463)	8.66	783	(783)
APS Balanced Growth Portfolio	16.94	7,547	(7,547)	17.32	13,559	(13,559)
APS Diversified Growth Portfolio	16.94	13,544	(13,544)	17.32	15,506	(15,506)
APS Growth Portfolio	16.94	3,900	(3,900)	17.32	5,376	(5,376)
Dividend Income Portfolio	16.94	657	(657)	17.32	868	(868)
Debt Opportunities Portfolio	25.41	602	(602)	25.99	673	(673)
Global Absolute Returns Portfolio	25.41	133	(133)	25.99	140	(140)

Actual trading results are likely to differ from the sensitivity analysis required by NZ IFRS 7 *Financial Instruments: Disclosures* and the differences could be significant.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2011

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

f) Credit risk

Credit risk is the risk of loss arising from exposure to counterparties.

Credit risk is incurred by the Portfolios through trading activities and the holding of financial instruments. The Portfolios' ability to directly or indirectly use leverage and take short positions may increase these risks.

For risk management purposes, credit risk, arising on equity instruments is captured in the equity price risk exposure.

The following table sets out the calculated credit exposure of the Portfolios. For derivatives, credit exposure takes into account netting agreements with individual counterparties which are shown on the Balance Sheet as assets and liabilities respectively.

The Diversified Cash Portfolio had the benefit of the Crown Guarantee until 12 October 2010, when the Crown Guarantee expired. Therefore, there was no direct credit risk comparative disclosed in the prior year.

Concentration of credit risk could exist if the Portfolios have significant exposure to a single counterparty, or aggregate exposure to several counterparties. For risk management purposes, the Portfolios' credit exposure to investments in the GISL and NZFS trusts set out in note 18 *Related party*, is considered equity price risk and is captured in the equity price risk exposure.

Credit risk is measured as per (c) and managed as per (d) by the risk management structure specified in (b).

	THE CASH PORTFOLIO		DIVERSIFIED CASH PORTFOLIO		SELECT INCOME PORTFOLIO		GLOBAL INCOME PORTFOLIO		AUSTRALIAN ENHANCED YIELD PORTFOLIO		INFLATION PLUS PORTFOLIO	
	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000
DIRECT CREDIT RISK												
<i>Breakdown of credit exposure</i>												
Cash and cash equivalents	109	100	474	-	762	44	847	6	36	8	495	2,328
Receivables	-	-	14	-	8	-	8	-	-	-	4	-
Derivative instruments	-	-	-	-	-	-	-	-	-	-	-	31
Margin accounts	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CREDIT EXPOSURE NET OF PROVISION FOR IMPAIRMENT	109	100	488	-	770	44	855	6	36	8	499	2,359

DIVERSIFIED HIGH GRADE PROPERTY PORTFOLIO		DEFENSIVE GLOBAL SHARES PORTFOLIO		APS BALANCED GROWTH PORTFOLIO		APS DIVERSIFIED GROWTH PORTFOLIO		APS GROWTH PORTFOLIO		DIVIDEND INCOME PORTFOLIO		DEBT OPPORTUNITIES PORTFOLIO		GLOBAL ABSOLUTE RETURNS PORTFOLIO	
31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000
563	26	859	10,078	5,147	287	2,681	517	288	23	60	21	16	10	12	10
-	-	52	1	-	-	68	-	1	-	-	-	-	-	-	-
-	-	-	57	99	287	181	449	71	210	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	302	17	-	-	-	-
563	26	911	10,136	5,246	574	2,930	966	360	233	362	38	16	10	12	10

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2011

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

g) Liquidity risk

Liquidity risk is the risk that the Portfolios are unable to meet payment obligations when due.

Liquidity risk is incurred by the Portfolios through trading activities and the holding of financial instruments.

The Portfolios are exposed to liquidity risk because of the possibility that the Portfolios could be required to pay their liabilities or redeem their units earlier than expected, and/or because the Portfolios' financial instruments are not saleable within a given timeframe, and/or because the Portfolios' financial instruments are not saleable for fair value within a given timeframe. The Portfolios are exposed to unit redemptions on a regular basis. Additionally, the Portfolios' ability to directly or indirectly use leverage and take short positions may increase these risks.

As set out in note 10 *Units on issue*, investors in certain Portfolios are required to give prior notification of an intention to redeem.

Concentration of liquidity risk could exist if the Portfolios have significant positions in a single financial instrument or counterparty, or aggregate positions in several financial instruments or counterparties which become illiquid. The Portfolios' exposure to investments in the GISL and NZFS trusts are set out in note 18 *Related party*.

Liquidity risk is measured as per (c) and managed as per (d) by the risk management structure specified in (b).

	THE CASH PORTFOLIO		DIVERSIFIED CASH PORTFOLIO		SELECT INCOME PORTFOLIO		GLOBAL INCOME PORTFOLIO		AUSTRALIAN ENHANCED YIELD PORTFOLIO		INFLATION PLUS PORTFOLIO	
	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000
CONTRACTUAL MATURITY ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES												
FINANCIAL ASSETS												
<i>On demand</i>												
Cash and cash equivalents	109	100	474	19,365	762	44	847	6	36	8	495	2,328
Receivables	-	-	14	32	8	-	8	-	-	-	4	-
Trading portfolio assets	4,424	6,421	17,707	-	21,869	21,892	11,345	9,291	5,494	7,189	29,083	23,940
Margin accounts	-	-	-	-	-	-	-	-	-	-	-	-
<i>Due within 12 months</i>												
Derivative instruments	-	-	-	-	-	-	-	-	-	-	-	31
Margin accounts	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	4,533	6,521	18,195	19,397	22,639	21,936	12,200	9,297	5,530	7,197	29,582	26,299
FINANCIAL LIABILITIES												
<i>On demand</i>												
Payables	15	(3)	267	192	40	66	31	11	8	8	101	77
<i>Due within 12 months</i>												
Derivative instruments	-	-	-	-	-	-	-	-	-	65	-	-
TOTAL	15	(3)	267	192	40	66	31	11	8	73	101	77

Financial assets

The maturity groupings are based on the earlier of either the remaining period from the end of the reporting period to the contractual maturity date or the expected date by which an asset will be realised.

Financial liabilities

The maturity groupings are based on the earlier of either the remaining period from the end of the reporting period to the contractual maturity date or, where counterparties have a choice of when an amount is to be paid, the earliest period by which a Portfolio can be required to pay.

Derivatives

The Manager considers the contractual maturities of derivatives to be important in understanding the timing of cash flows.

DIVERSIFIED HIGH GRADE PROPERTY PORTFOLIO		DEFENSIVE GLOBAL SHARES PORTFOLIO		APS BALANCED GROWTH PORTFOLIO		APS DIVERSIFIED GROWTH PORTFOLIO		APS GROWTH PORTFOLIO		DIVIDEND INCOME PORTFOLIO		DEBT OPPORTUNITIES PORTFOLIO		GLOBAL ABSOLUTE RETURNS PORTFOLIO	
31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000
563	26	859	10,078	5,147	287	2,681	517	288	23	60	21	16	10	12	10
-	-	52	1	-	-	68	-	1	-	-	-	-	-	-	-
10,206	7,815	21,141	9,042	44,552	78,284	79,953	89,524	23,024	31,037	3,876	5,012	2,370	2,590	525	539
-	-	-	-	-	-	-	-	-	-	272	17	-	-	-	-
-	-	-	57	99	287	181	449	71	210	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	30	17	-	-	-	-
10,769	7,841	22,052	19,178	49,798	78,858	82,883	90,490	23,384	31,270	4,238	5,050	2,386	2,600	537	549
44	32	84	61	226	207	284	216	77	81	12	12	4	8	2	2
-	-	-	-	103	-	218	-	90	-	9	-	-	-	-	-
44	32	84	61	329	207	502	216	167	81	21	12	4	8	2	2

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2011

9. USE OF ESTIMATES AND VALUATION OF FINANCIAL INSTRUMENTS

Fair value basis

Financial assets and liabilities recorded at fair value

Assets in the Portfolios' trading portfolios and derivative instruments are recorded at fair value on the Balance Sheet, with changes in fair value recorded in net trading gains/(losses) in the Statement of Comprehensive Income. Key judgements and the use of estimates affecting this accounting policy relate to how the Portfolios determine fair value for such assets and liabilities.

Although a significant degree of judgement is, in some cases, required in establishing fair values, management believes the fair values recorded in the Balance Sheet and the changes in fair values recorded in the Statement of Comprehensive Income reflect the underlying economics, based on the controls and procedural safeguards that the Portfolios employ.

According to NZ IFRS 7 *Financial Instruments: Disclosures*, a three level hierarchy of disclosures is required for financial instruments measured at fair value. The three levels are defined below:

- (a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 31 March 2011, the Portfolios have direct investments in trading portfolio assets and derivative instruments of which fair values are classified as Level 1 and Level 2.

(a) Level 1 investments

- (i) The volatility index futures are standard futures contracts, which the fair value can be observed from active regulated exchanges.

(b) Level 2 investments

- (i) The Portfolios' trading portfolio assets include investments in unlisted unit trusts which are not quoted in an active market. Investments in these unit trusts are valued based on the Net Asset Value (NAV) per unit calculated by the administrator of these unit trusts and funds on a regular basis.
- (ii) Over-the-counter ("OTC") foreign exchange forward contracts are valued using widely recognised valuation models. The most frequently applied valuation techniques include forward pricing, using present value calculations. The models incorporate various inputs, including foreign exchange spot and forward rates, interest rate differentials and forward points. The inputs into models are market observable and are therefore included within Level 2.

Due to the short-term nature of financial assets and liabilities recorded at amortised cost, it is assumed that the carrying amount of these instruments approximates their fair value.

The following tables show financial instruments recognised at fair value, analysed for those whose fair value is based on Levels 1 and 2:

FAIR VALUE BASIS THE CASH PORTFOLIO	LEVEL 1	31/03/11 LEVEL 2	TOTAL	LEVEL 1	31/03/10 LEVEL 2	TOTAL
	\$000	\$000	\$000	\$000	\$000	\$000
Financial assets designated at fair value through profit or loss:						
(i) Trading portfolio assets						
Unlisted unit trusts	-	4,424	4,424	-	6,421	6,421
(ii) Derivative instruments						
Volatility index futures	-	-	-	-	-	-
Foreign exchange forwards	-	-	-	-	-	-
Financial liabilities designated at fair value through profit or loss:						
(i) Derivative instruments						
Volatility index futures	-	-	-	-	-	-
Foreign exchange forwards	-	-	-	-	-	-

FAIR VALUE BASIS DIVERSIFIED CASH PORTFOLIO	LEVEL 1 \$000	31/03/11 LEVEL 2 \$000	TOTAL \$000	LEVEL 1 \$000	31/03/10 LEVEL 2 \$000	TOTAL \$000
Financial assets designated at fair value through profit or loss:						
(i) Trading portfolio assets						
Unlisted unit trusts	-	17,707	17,707	-	-	-
(ii) Derivative instruments						
Volatility index futures	-	-	-	-	-	-
Foreign exchange forwards	-	-	-	-	-	-
Financial liabilities designated at fair value through profit or loss:						
(i) Derivative instruments						
Volatility index futures	-	-	-	-	-	-
Foreign exchange forwards	-	-	-	-	-	-

FAIR VALUE BASIS SELECT INCOME PORTFOLIO	LEVEL 1 \$000	31/03/11 LEVEL 2 \$000	TOTAL \$000	LEVEL 1 \$000	31/03/10 LEVEL 2 \$000	TOTAL \$000
Financial assets designated at fair value through profit or loss:						
(i) Trading portfolio assets						
Unlisted unit trusts	-	21,869	21,869	-	21,892	21,892
(ii) Derivative instruments						
Volatility index futures	-	-	-	-	-	-
Foreign exchange forwards	-	-	-	-	-	-
Financial liabilities designated at fair value through profit or loss:						
(i) Derivative instruments						
Volatility index futures	-	-	-	-	-	-
Foreign exchange forwards	-	-	-	-	-	-

FAIR VALUE BASIS GLOBAL INCOME PORTFOLIO	LEVEL 1 \$000	31/03/11 LEVEL 2 \$000	TOTAL \$000	LEVEL 1 \$000	31/03/10 LEVEL 2 \$000	TOTAL \$000
Financial assets designated at fair value through profit or loss:						
(i) Trading portfolio assets						
Unlisted unit trusts	-	11,345	11,345	-	9,291	9,291
(ii) Derivative instruments						
Volatility index futures	-	-	-	-	-	-
Foreign exchange forwards	-	-	-	-	-	-
Financial liabilities designated at fair value through profit or loss:						
(i) Derivative instruments						
Volatility index futures	-	-	-	-	-	-
Foreign exchange forwards	-	-	-	-	-	-

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2011

9. USE OF ESTIMATES AND VALUATION OF FINANCIAL INSTRUMENTS (CONTINUED)

FAIR VALUE BASIS	LEVEL 1	31/03/11	TOTAL	LEVEL 1	31/03/10	TOTAL
AUSTRALIAN ENHANCED YIELD PORTFOLIO	\$000	LEVEL 2	\$000	\$000	LEVEL 2	\$000
		\$000	\$000		\$000	\$000
Financial assets designated at fair value through profit or loss:						
(i) Trading portfolio assets						
Unlisted unit trusts	-	5,494	5,494	-	7,189	7,189
(ii) Derivative instruments						
Volatility index futures	-	-	-	-	-	-
Foreign exchange forwards	-	-	-	-	-	-
Financial liabilities designated at fair value through profit or loss:						
(i) Derivative instruments						
Volatility index futures	-	-	-	-	-	-
Foreign exchange forwards	-	-	-	-	65	65
FAIR VALUE BASIS	LEVEL 1	31/03/11	TOTAL	LEVEL 1	31/03/10	TOTAL
INFLATION PLUS PORTFOLIO	\$000	LEVEL 2	\$000	\$000	LEVEL 2	\$000
		\$000	\$000		\$000	\$000
Financial assets designated at fair value through profit or loss:						
(i) Trading portfolio assets						
Unlisted unit trusts	-	29,083	29,083	-	23,940	23,940
(ii) Derivative instruments						
Volatility index futures	-	-	-	-	-	-
Foreign exchange forwards	-	-	-	-	31	31
Financial liabilities designated at fair value through profit or loss:						
(i) Derivative instruments						
Volatility index futures	-	-	-	-	-	-
Foreign exchange forwards	-	-	-	-	-	-
FAIR VALUE BASIS	LEVEL 1	31/03/11	TOTAL	LEVEL 1	31/03/10	TOTAL
DIVERSIFIED HIGH GRADE	\$000	LEVEL 2	\$000	\$000	LEVEL 2	\$000
PROPERTY PORTFOLIO		\$000	\$000		\$000	\$000
Financial assets designated at fair value through profit or loss:						
(i) Trading portfolio assets						
Unlisted unit trusts	-	10,206	10,206	-	7,815	7,815
(ii) Derivative instruments						
Volatility index futures	-	-	-	-	-	-
Foreign exchange forwards	-	-	-	-	-	-
Financial liabilities designated at fair value through profit or loss:						
(i) Derivative instruments						
Volatility index futures	-	-	-	-	-	-
Foreign exchange forwards	-	-	-	-	-	-

FAIR VALUE BASIS	LEVEL 1	31/03/11	TOTAL	LEVEL 1	31/03/10	TOTAL
DEFENSIVE GLOBAL SHARES PORTFOLIO	\$000	LEVEL 2	\$000	\$000	LEVEL 2	\$000
		\$000			\$000	
Financial assets designated at fair value through profit or loss:						
(i) Trading portfolio assets						
Unlisted unit trusts	-	21,141	21,141	-	9,042	9,042
(ii) Derivative instruments						
Volatility index futures	-	-	-	-	-	-
Foreign exchange forwards	-	-	-	-	57	57
Financial liabilities designated at fair value through profit or loss:						
(i) Derivative instruments						
Volatility index futures	-	-	-	-	-	-
Foreign exchange forwards	-	-	-	-	-	-
FAIR VALUE BASIS	LEVEL 1	31/03/11	TOTAL	LEVEL 1	31/03/10	TOTAL
APS BALANCED GROWTH PORTFOLIO	\$000	LEVEL 2	\$000	\$000	LEVEL 2	\$000
		\$000			\$000	
Financial assets designated at fair value through profit or loss:						
(i) Trading portfolio assets						
Unlisted unit trusts	-	44,552	44,552	-	78,284	78,284
(ii) Derivative instruments						
Volatility index futures	-	-	-	-	-	-
Foreign exchange forwards	-	99	99	-	287	287
Financial liabilities designated at fair value through profit or loss:						
(i) Derivative instruments						
Volatility index futures	-	-	-	-	-	-
Foreign exchange forwards	-	103	103	-	-	-
FAIR VALUE BASIS	LEVEL 1	31/03/11	TOTAL	LEVEL 1	31/03/10	TOTAL
APS DIVERSIFIED GROWTH PORTFOLIO	\$000	LEVEL 2	\$000	\$000	LEVEL 2	\$000
		\$000			\$000	
Financial assets designated at fair value through profit or loss:						
(i) Trading portfolio assets						
Unlisted unit trusts	-	79,953	79,953	-	89,524	89,524
(ii) Derivative instruments						
Volatility index futures	-	-	-	-	-	-
Foreign exchange forwards	-	181	181	-	449	449
Financial liabilities designated at fair value through profit or loss:						
(i) Derivative instruments						
Volatility index futures	-	-	-	-	-	-
Foreign exchange forwards	-	218	218	-	-	-

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2011

9. USE OF ESTIMATES AND VALUATION OF FINANCIAL INSTRUMENTS (CONTINUED)

FAIR VALUE BASIS APS GROWTH PORTFOLIO	LEVEL 1 \$000	31/03/11 LEVEL 2 \$000	TOTAL \$000	LEVEL 1 \$000	31/03/10 LEVEL 2 \$000	TOTAL \$000
Financial assets designated at fair value through profit or loss:						
(i) Trading portfolio assets						
Unlisted unit trusts	-	23,024	23,024	-	31,037	31,037
(ii) Derivative instruments						
Volatility index futures	-	-	-	-	-	-
Foreign exchange forwards	-	71	71	-	210	210
Financial liabilities designated at fair value through profit or loss:						
(i) Derivative instruments						
Volatility index futures	-	-	-	-	-	-
Foreign exchange forwards	-	90	90	-	-	-

FAIR VALUE BASIS DIVIDEND INCOME PORTFOLIO	LEVEL 1 \$000	31/03/11 LEVEL 2 \$000	TOTAL \$000	LEVEL 1 \$000	31/03/10 LEVEL 2 \$000	TOTAL \$000
Financial assets designated at fair value through profit or loss:						
(i) Trading portfolio assets						
Unlisted unit trusts	-	3,876	3,876	-	5,012	5,012
(ii) Derivative instruments						
Volatility index futures	-	-	-	-	-	-
Foreign exchange forwards	-	-	-	-	-	-
Financial liabilities designated at fair value through profit or loss:						
(i) Derivative instruments						
Volatility index futures	9	-	9	-	-	-
Foreign exchange forwards	-	-	-	-	-	-

FAIR VALUE BASIS DEBT OPPORTUNITIES PORTFOLIO	LEVEL 1 \$000	31/03/11 LEVEL 2 \$000	TOTAL \$000	LEVEL 1 \$000	31/03/10 LEVEL 2 \$000	TOTAL \$000
Financial assets designated at fair value through profit or loss:						
(i) Trading portfolio assets						
Unlisted unit trusts	-	2,370	2,370	-	2,590	2,590
(ii) Derivative instruments						
Volatility index futures	-	-	-	-	-	-
Foreign exchange forwards	-	-	-	-	-	-
Financial liabilities designated at fair value through profit or loss:						
(i) Derivative instruments						
Volatility index futures	-	-	-	-	-	-
Foreign exchange forwards	-	-	-	-	-	-

FAIR VALUE BASIS GLOBAL ABSOLUTE RETURNS PORTFOLIO	31/03/11			31/03/10		
	LEVEL 1 \$000	LEVEL 2 \$000	TOTAL \$000	LEVEL 1 \$000	LEVEL 2 \$000	TOTAL \$000
Financial assets designated at fair value through profit or loss:						
(i) Trading portfolio assets						
Unlisted unit trusts	-	525	525	-	539	539
(ii) Derivative instruments						
Volatility index futures	-	-	-	-	-	-
Foreign exchange forwards	-	-	-	-	-	-
Financial liabilities designated at fair value through profit or loss:						
(i) Derivative instruments						
Volatility index futures	-	-	-	-	-	-
Foreign exchange forwards	-	-	-	-	-	-

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10. UNITS ON ISSUE

Unitholders' Funds as outlined below are defined as puttable instruments, which are classified as equity, in the context of NZ IAS 32 *Financial Instruments: Presentation*.

Redemptions by investors in The Cash Portfolio and Diversified Cash Portfolio are usually paid within four (4) business days of receipt of notice.

Investors in Select Income Portfolio, Global Income Portfolio, Australian Enhanced Yield Portfolio, Inflation Plus Portfolio, Diversified High Grade Property Portfolio, Defensive Global Shares Portfolio, APS Balanced Growth Portfolio, APS Diversified Growth Portfolio, APS Growth Portfolio, and Dividend Income Portfolio must give 63 days prior notice of an intention to redeem or switch their investment. The 63 day notice period will not apply to units in the Inflation Plus Portfolio and Defensive Global Shares Portfolio that were subscribed to prior to 31 October 2008.

Investors in Debt Opportunities Portfolio must give 91 days prior notice of an intention to redeem or switch their investment. Investors in Global Absolute Returns Portfolio must give 182 days prior notice of an intention to redeem or switch their investment. In addition, subject to the Managers' discretion, redemptions and switches from the Debt Opportunities Portfolio and the Global Absolute Returns Portfolio are only permitted to occur on certain dates set by the Manager from time to time.

Redemptions will then usually be paid within four (4) business days after the expiry of the relevant notice periods.

The Trust Deeds provide for a redemption payment period of up to 20 business days. The Trust Deeds also permit the Manager to prescribe additional limitations, restrictions and prohibitions on withdrawals.

The table below shows the movements of units on issue.

	THE CASH PORTFOLIO		DIVERSIFIED CASH PORTFOLIO		SELECT INCOME PORTFOLIO		GLOBAL INCOME PORTFOLIO		AUSTRALIAN ENHANCED YIELD PORTFOLIO		INFLATION PLUS PORTFOLIO	
	31/03/11 000	31/03/10 000	31/03/11 000	31/03/10 000	31/03/11 000	31/03/10 000	31/03/11 000	31/03/10 000	31/03/11 000	31/03/10 000	31/03/11 000	31/03/10 000
UNITS ON ISSUE												
Units on issue at the beginning of the period	6,208	4,044	17,395	9,357	21,262	21,254	8,595	2,271	6,872	1,617	25,178	14,026
Units issued	2,000	6,485	15,588	21,836	5,246	10,291	3,813	7,180	1,131	5,752	7,237	16,371
Units redeemed	(4,045)	(4,321)	(17,164)	(13,798)	(5,764)	(10,283)	(1,773)	(856)	(2,799)	(497)	(5,213)	(5,219)
UNITS ON ISSUE AT THE END OF THE PERIOD	4,163	6,208	15,819	17,395	20,744	21,262	10,635	8,595	5,204	6,872	27,202	25,178
Represented by												
TOTAL UNITHOLDERS' FUNDS (\$000)	4,518	6,524	17,928	19,205	22,599	21,870	12,169	9,286	5,522	7,124	29,481	26,222

None of the Portfolios have made distributions in the current period.

DIVERSIFIED HIGH GRADE PROPERTY PORTFOLIO		DEFENSIVE GLOBAL SHARES PORTFOLIO		APS BALANCED GROWTH PORTFOLIO		APS DIVERSIFIED GROWTH PORTFOLIO		APS GROWTH PORTFOLIO		DIVIDEND INCOME PORTFOLIO		DEBT OPPORTUNITIES PORTFOLIO		GLOBAL ABSOLUTE RETURNS PORTFOLIO	
31/03/11 000	31/03/10 000	31/03/11 000	31/03/10 000	31/03/11 000	31/03/10 000	31/03/11 000	31/03/10 000	31/03/11 000	31/03/10 000	31/03/11 000	31/03/10 000	31/03/11 000	31/03/10 000	31/03/11 000	31/03/10 000
7,454	2,200	29,490	16,036	77,946	9,681	86,499	9,772	29,776	1,601	4,836	580	2,648	3,628	512	173
3,933	5,815	8,617	19,015	2,997	82,386	17,244	89,338	2,969	36,906	480	5,536	139	465	56	529
(1,423)	(561)	(6,924)	(5,561)	(29,167)	(14,121)	(18,617)	(12,611)	(8,235)	(8,731)	(1,299)	(1,280)	(508)	(1,445)	(63)	(190)
9,964	7,454	31,183	29,490	51,776	77,946	85,126	86,499	24,510	29,776	4,017	4,836	2,279	2,648	505	512
10,725	7,809	21,968	19,117	49,469	78,651	82,381	90,274	23,217	31,189	4,217	5,038	2,382	2,592	535	547

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2011

11. INTEREST REVENUE

	THE CASH PORTFOLIO		DIVERSIFIED CASH PORTFOLIO		SELECT INCOME PORTFOLIO		GLOBAL INCOME PORTFOLIO		AUSTRALIAN ENHANCED YIELD PORTFOLIO		INFLATION PLUS PORTFOLIO	
	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000
<i>Breakdown by asset classes</i>												
Cash and cash equivalents	3	1	326	422	6	2	6	-	2	-	37	91
TOTAL INTEREST REVENUE	3	1	326	422	6	2	6	-	2	-	37	91

12. NET TRADING GAINS/(LOSSES)

	THE CASH PORTFOLIO		DIVERSIFIED CASH PORTFOLIO		SELECT INCOME PORTFOLIO		GLOBAL INCOME PORTFOLIO		AUSTRALIAN ENHANCED YIELD PORTFOLIO		INFLATION PLUS PORTFOLIO	
	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000
Trading portfolio assets – realised	115	46	20	-	253	212	44	50	148	(99)	786	(624)
Derivative instruments – realised	-	-	-	-	-	-	-	(96)	(68)	(66)	39	237
Realised net trading gains/(losses)	115	46	20	-	253	212	44	(46)	80	(165)	825	(387)
Trading portfolio assets – unrealised	78	175	212	-	1,259	1,043	661	600	87	235	909	1,452
Derivative instruments – unrealised	-	-	-	-	-	-	-	-	65	(77)	(31)	(46)
Unrealised net trading gains/(losses)	78	175	212	-	1,259	1,043	661	600	152	158	878	1,406
TOTAL NET TRADING GAINS/(LOSSES)	193	221	232	-	1,512	1,255	705	554	232	(7)	1,703	1,019

13. AUDIT AND PROFESSIONAL FEES

	THE CASH PORTFOLIO		DIVERSIFIED CASH PORTFOLIO		SELECT INCOME PORTFOLIO		GLOBAL INCOME PORTFOLIO		AUSTRALIAN ENHANCED YIELD PORTFOLIO		INFLATION PLUS PORTFOLIO	
	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000
<i>Fees to auditors:</i>												
Audit fees	3	2	9	4	10	5	4	2	3	1	12	6
Other professional fees	1	(1)	(13)	16	-	(7)	2	-	2	1	8	3
TOTAL AUDIT AND PROFESSIONAL FEES	4	1	(4)	20	10	(2)	6	2	5	2	20	9

Audit fees are accrued daily.

DIVERSIFIED HIGH GRADE PROPERTY PORTFOLIO		DEFENSIVE GLOBAL SHARES PORTFOLIO		APS BALANCED GROWTH PORTFOLIO		APS DIVERSIFIED GROWTH PORTFOLIO		APS GROWTH PORTFOLIO		DIVIDEND INCOME PORTFOLIO		DEBT OPPORTUNITIES PORTFOLIO		GLOBAL ABSOLUTE RETURNS PORTFOLIO	
31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000
3	-	40	158	36	98	21	66	7	14	3	4	1	1	-	1
3	-	40	158	36	98	21	66	7	14	3	4	1	1	-	1

DIVERSIFIED HIGH GRADE PROPERTY PORTFOLIO		DEFENSIVE GLOBAL SHARES PORTFOLIO		APS BALANCED GROWTH PORTFOLIO		APS DIVERSIFIED GROWTH PORTFOLIO		APS GROWTH PORTFOLIO		DIVIDEND INCOME PORTFOLIO		DEBT OPPORTUNITIES PORTFOLIO		GLOBAL ABSOLUTE RETURNS PORTFOLIO	
31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000
17	81	603	(721)	772	(457)	(3,805)	1,229	(1,024)	637	50	30	33	107	2	9
-	-	67	(139)	(890)	(256)	(1,500)	(377)	(612)	(290)	(150)	(22)	-	-	-	-
17	81	670	(860)	(118)	(713)	(5,305)	852	(1,636)	347	(100)	8	33	107	2	9
446	187	1,466	1,683	(3,792)	2,054	(767)	3,426	(1,056)	1,268	209	195	191	80	5	16
-	-	(57)	(273)	(291)	287	(485)	449	(229)	210	13	-	-	-	-	-
446	187	1,409	1,410	(4,083)	2,341	(1,252)	3,875	(1,285)	1,478	222	195	191	80	5	16
463	268	2,079	550	(4,201)	1,628	(6,557)	4,727	(2,921)	1,825	122	203	224	187	7	25

DIVERSIFIED HIGH GRADE PROPERTY PORTFOLIO		DEFENSIVE GLOBAL SHARES PORTFOLIO		APS BALANCED GROWTH PORTFOLIO		APS DIVERSIFIED GROWTH PORTFOLIO		APS GROWTH PORTFOLIO		DIVIDEND INCOME PORTFOLIO		DEBT OPPORTUNITIES PORTFOLIO		GLOBAL ABSOLUTE RETURNS PORTFOLIO	
31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000
4	1	9	4	11	10	11	11	11	5	2	1	1	1	1	-
1	15	12	2	7	9	8	11	-	4	-	1	1	-	-	-
5	16	21	6	18	19	19	22	11	9	2	2	2	1	1	-

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14. FEES AND REIMBURSABLE EXPENSES

	THE CASH PORTFOLIO		DIVERSIFIED CASH PORTFOLIO		SELECT INCOME PORTFOLIO		GLOBAL INCOME PORTFOLIO		AUSTRALIAN ENHANCED YIELD PORTFOLIO		INFLATION PLUS PORTFOLIO	
	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000
Trustee fees	2	3	7	6	8	8	4	3	2	2	25	25
Management fees and reimbursable expenses	18	20	49	45	232	296	103	82	72	63	565	483
TOTAL FEES AND REIMBURSABLE EXPENSES	20	23	56	51	240	304	107	85	74	65	590	508

15. PAYABLES

	THE CASH PORTFOLIO		DIVERSIFIED CASH PORTFOLIO		SELECT INCOME PORTFOLIO		GLOBAL INCOME PORTFOLIO		AUSTRALIAN ENHANCED YIELD PORTFOLIO		INFLATION PLUS PORTFOLIO	
	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000
Management fees and reimbursable expenses payables (rebates receivable)	1	(6)	2	5	20	19	10	8	5	6	50	46
Trustee fees payable	-	-	1	1	1	1	-	-	-	-	1	2
Redemptions payable/unapplied money	12	-	258	167	12	38	16	-	-	-	41	19
Accruals	2	3	6	19	7	8	5	3	3	2	9	10
TOTAL PAYABLES	15	(3)	267	192	40	66	31	11	8	8	101	77

16. DERIVATIVE INSTRUMENTS

Overview

A derivative is a financial instrument, the value of which is derived from the value of another financial instrument, an index, or some other variables. Typically, the underlying instrument is a share, commodity, bond price, currency, or an index value of an exchange or interest rate.

The majority of derivative contracts are negotiated as an amount (notional), maturity and price between the Manager and their counterparties, which are major banks offering professional financial services (over-the-counter contracts). The rest of the derivative contracts are standardised in terms of their amounts and settlement dates, and are bought and sold on regulated markets (exchange-traded contracts).

The notional amount of a derivative is generally the quantity of the underlying instrument on which the derivative contract is based, and is the basis upon which changes in the value of the contract are measured. The amount disclosed as notional is the combined absolute total of long and short position contracts. It provides an indication of the underlying volume of business transacted by the Portfolios, but does not provide any measure of risk.

Derivative instruments are carried at fair value, based on quoted market prices for exchange traded contracts or valuation techniques, applying market observable inputs for over-the-counter ("OTC") contracts.

Types of derivative instruments

Forwards are contractual obligations to buy or sell financial instruments on a future date at a specified price. Foreign exchange forward contracts are tailor-made agreements that are entered into between counterparties on the OTC market in order to hedge against foreign currency movement. Futures, on the other hand, are standardised contracts purchased in regulated exchanges with major exchange-traded indices as the underlying securities.

DIVERSIFIED HIGH GRADE PROPERTY PORTFOLIO		DEFENSIVE GLOBAL SHARES PORTFOLIO		APS BALANCED GROWTH PORTFOLIO		APS DIVERSIFIED GROWTH PORTFOLIO		APS GROWTH PORTFOLIO		DIVIDEND INCOME PORTFOLIO		DEBT OPPORTUNITIES PORTFOLIO		GLOBAL ABSOLUTE RETURNS PORTFOLIO	
31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000
3	2	18	19	23	21	28	23	9	8	2	1	1	1	-	-
194	85	399	361	1,605	1,442	2,002	1,563	648	533	102	82	56	69	9	3
197	87	417	380	1,628	1,463	2,030	1,586	657	541	104	83	57	70	9	3

DIVERSIFIED HIGH GRADE PROPERTY PORTFOLIO		DEFENSIVE GLOBAL SHARES PORTFOLIO		APS BALANCED GROWTH PORTFOLIO		APS DIVERSIFIED GROWTH PORTFOLIO		APS GROWTH PORTFOLIO		DIVIDEND INCOME PORTFOLIO		DEBT OPPORTUNITIES PORTFOLIO		GLOBAL ABSOLUTE RETURNS PORTFOLIO	
31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000
18	14	37	37	103	163	171	185	49	65	8	10	2	5	1	1
-	-	1	2	2	2	3	3	1	1	-	-	-	-	-	-
22	16	39	16	110	23	99	8	18	6	2	-	-	-	-	-
4	2	7	6	11	19	11	20	9	9	2	2	2	3	1	1
44	32	84	61	226	207	284	216	77	81	12	12	4	8	2	2

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17. TAXATION

Portfolio investment regime

All the Portfolios were Portfolio Investment Entities ("PIEs") either from 1 October 2007 or from the date of their commencement, whichever was later. For the period of these accounts, all the Portfolios have maintained their status as PIEs.

Formation losses

The Inflation Plus Portfolio and Defensive Global Shares Portfolio had formation losses available in the 2011 financial year. The formation losses for these Portfolios were spread over 1,095 days (commencing 1 October 2007 and ending on 30 September 2010), and are used to reduce taxable income. Any formation losses remaining on 1 October 2010 can be fully offset against any taxable income arising. Unused daily formation losses are rolled forward to subsequent days.

The opening and closing balances of formation losses, and losses used during the year are detailed below.

FORMATION LOSSES	OPENING BALANCE 01/04/10 \$000	LOSSES USED \$000	CLOSING BALANCE 31/03/11 \$000	OPENING BALANCE 01/04/09 \$000	LOSSES USED \$000	CLOSING BALANCE 31/03/10 \$000
Inflation Plus Portfolio	11,634	(4,608)	7,026	14,141	(2,507)	11,634
Defensive Global Shares Portfolio	36,771	(8,456)	28,315	41,342	(4,571)	36,771

Income tax expense and deferred tax

Income tax expense is not recognised in the Portfolios, as the tax liability arising on income allocated to investors is satisfied by cancellation of units or transference to investors. As a consequence, deferred tax is also not recognised.

Rated unitholders' tax assets and liabilities

For the 31 March quarter, the following net amounts were due to be paid to/(rebated by) Inland Revenue in respect to investors with a Prescribed Investor Rate greater than zero.

RATED UNITHOLDERS' TAX ASSETS/(LIABILITIES)	31/03/11 \$000	31/03/10 \$000
The Cash Portfolio	4	5
Diversified Cash Portfolio	15	13
Select Income Portfolio	10	24
Global Income Portfolio	19	30
Australian Enhanced Yield Portfolio	1	-
Inflation Plus Portfolio	(128)	(89)
Diversified High Grade Property Portfolio	(7)	(18)
Defensive Global Shares Portfolio	(312)	(55)
APS Balanced Growth Portfolio	(16)	(141)
APS Diversified Growth Portfolio	(20)	(191)
APS Growth Portfolio	(14)	(70)
Dividend Income Portfolio	(6)	(10)
Debt Opportunities Portfolio	2	8
Global Absolute Returns Portfolio	-	(3)

18. RELATED PARTY

New Zealand Funds Management Limited ("NZ Funds Management") is the Manager, Issuer and Promoter of the Portfolios contained in this report. New Zealand Administration Services Limited is the Administration Manager and is a wholly owned subsidiary of NZ Funds Management.

Both NZ Funds Management and the Administration Manager are ultimately owned by interests associated with the senior management of NZ Funds Management. The senior management includes the 15 Principals of NZ Funds Management.

The Portfolios contained in this report may invest into New Zealand unit trusts ("NZFS trusts") managed by NZ Funds Management, of which New Zealand Funds Superannuation Limited is the Trustee, and Australian unit trusts ("GISL trusts") where NZ Funds Management is the investment manager, of which Global Investment Services Limited is the Trustee. New Zealand Funds Superannuation Limited is a wholly owned subsidiary of NZ Funds Management. Global Investment Services Limited is owned by interests associated with the senior management of NZ Funds Management.

The gross value of investment transactions (including reinvested distributions) in the GISL trusts for the year ended 31 March 2011 and 31 March 2010 and the balance of investments as at those dates are detailed in Table 1 as follows:

	PURCHASES		REDEMPTIONS		BALANCE OF INVESTMENTS	
	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000
The Cash Portfolio	-	-	-	-	-	-
Diversified Cash Portfolio	-	-	-	-	-	-
Select Income Portfolio	-	-	-	-	-	-
Global Income Portfolio	-	-	-	-	-	-
Australian Enhanced Yield Portfolio	-	-	-	-	-	-
Inflation Plus Portfolio	7,033	8,459	(2,157)	(9,245)	7,660	2,385
Diversified High Grade Property Portfolio	-	-	-	-	-	-
Defensive Global Shares Portfolio	12,071	12,407	(5,542)	(9,203)	14,447	6,237
APS Balanced Growth Portfolio	9,307	130,152	(10,975)	(115,022)	17,121	23,900
APS Diversified Growth Portfolio	19,645	134,929	(13,645)	(117,132)	28,391	29,735
APS Growth Portfolio	5,335	64,683	(3,899)	(57,457)	8,758	10,366
Dividend Income Portfolio	-	4,160	-	(4,180)	-	-
Debt Opportunities Portfolio	-	-	-	-	-	-
Global Absolute Returns Portfolio	-	-	-	-	-	-

The gross value of investment transactions in the NZFS trusts for the year ended 31 March 2011 and 31 March 2010 and the balance of investments as at those dates are detailed in Table 2 as follows:

	PURCHASES		REDEMPTIONS		BALANCE OF INVESTMENTS	
	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000
The Cash Portfolio	-	-	-	-	-	-
Diversified Cash Portfolio	20,500	-	(3,025)	-	17,707	-
Select Income Portfolio	1,260	14,205	(2,795)	(15,040)	21,869	21,892
Global Income Portfolio	2,910	13,302	(1,550)	(6,920)	11,345	9,291
Australian Enhanced Yield Portfolio	2,900	9,552	(4,800)	(3,894)	5,494	7,189
Inflation Plus Portfolio	7,241	16,776	(7,150)	(3,531)	21,423	20,072
Diversified High Grade Property Portfolio	3,325	12,712	(1,366)	(7,355)	10,206	7,815
Defensive Global Shares Portfolio	9,177	-	(2,800)	-	6,694	-
APS Balanced Growth Portfolio	7,970	73,337	(37,014)	(20,480)	27,430	54,384
APS Diversified Growth Portfolio	10,485	69,443	(21,484)	(10,886)	51,562	59,789
APS Growth Portfolio	2,120	27,590	(9,490)	(7,112)	14,266	20,671
Dividend Income Portfolio	-	4,956	(1,395)	(675)	3,876	5,012
Debt Opportunities Portfolio	127	3,423	(490)	(1,738)	2,370	2,590
Global Absolute Returns Portfolio	35	858	(55)	(501)	525	539

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18. RELATED PARTY (CONTINUED)

During the year, the Portfolios incurred management fees (including performance fees if any) and expense reimbursements in accordance with the Trust Deeds, which were payable to NZ Funds Management. The management fees, expense reimbursements and Manager rebates incurred during the financial year, and the amounts outstanding as at 31 March 2011 are payable on normal trading terms. These are detailed in Table 3 below.

Where a Portfolio, during the period for which The New Zealand Guardian Trust Company Limited was the Trustee, invested in GISL trusts or NZFS trusts, it was the practice of NZ Funds Management to rebate any fees and expense reimbursements charged to these underlying trusts to eliminate double charging of fees and expenses.

TABLE 3	THE CASH PORTFOLIO		DIVERSIFIED CASH PORTFOLIO		SELECT INCOME PORTFOLIO		GLOBAL INCOME PORTFOLIO		AUSTRALIAN ENHANCED YIELD PORTFOLIO		INFLATION PLUS PORTFOLIO	
	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000
Management fees incurred	16	21	24	26	179	236	83	67	57	53	495	400
Expense reimbursements incurred	7	6	25	19	53	60	20	15	15	10	162	154
Manager rebates incurred	-	-	-	-	-	-	-	-	-	-	(92)	(71)
Net amounts payable to Manager as at Balance Date	2	2	2	5	20	19	10	8	5	6	50	46

The APS Balanced Growth Portfolio, APS Diversified Growth Portfolio, APS Growth Portfolio and Debt Opportunities Portfolio may be charged a performance fee by the Manager if the annual performance target is met for the financial year. As described in note 3(p), *Significant accounting policies*, performance fees (if any) are accrued in the Portfolio daily and paid to the Manager quarterly during the financial year. If the annual performance target is not achieved at the end of the financial year, the Portfolio is due a refund from the Manager for the performance fees paid during the financial year. Performance fees incurred during the year, payable to/receivable from the Manager as at balance date are shown below. The figures in Table 3a are extracted from Table 3 above.

TABLE 3A	APS BALANCED GROWTH PORTFOLIO		APS DIVERSIFIED GROWTH PORTFOLIO		APS GROWTH PORTFOLIO		DEBT OPPORTUNITIES PORTFOLIO	
	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000
Performance fees incurred	-	-	-	-	-	-	-	-
Performance fees payable to Manager as at Balance Date	-	-	-	-	-	-	-	-
Performance fees refundable from Manager as at Balance Date	-	-	-	-	-	-	2	-

No related party debts were forgiven or written off during the year (2010: nil).

The Portfolios do not employ key management personnel. Management services are provided by NZ Funds Management. The following is a summary of significant investment transactions in the Portfolios by key management personnel employed by NZ Funds Management:

TABLE 4	BALANCE OF HOLDINGS		NET PURCHASES (REDEMPTIONS)	
	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000
Defensive Global Shares Portfolio	196	169	12	20

DIVERSIFIED HIGH GRADE PROPERTY PORTFOLIO		DEFENSIVE GLOBAL SHARES PORTFOLIO		APS BALANCED GROWTH PORTFOLIO		APS DIVERSIFIED GROWTH PORTFOLIO		APS GROWTH PORTFOLIO		DIVIDEND INCOME PORTFOLIO		DEBT OPPORTUNITIES PORTFOLIO		GLOBAL ABSOLUTE RETURNS PORTFOLIO	
31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000
165	61	361	292	1,165	1,005	1,449	1,101	464	377	79	63	45	56	8	2
29	24	109	112	440	437	553	462	184	156	23	19	11	13	1	1
-	-	(71)	(43)	-	-	-	-	-	-	-	-	-	-	-	-
18	14	37	37	103	163	171	185	49	65	8	10	2	5	1	1

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19. TRUSTEES

Perpetual Trust Limited is the Trustee of The Cash Portfolio, Diversified Cash Portfolio, Select Income Portfolio, Global Income Portfolio, Australian Enhanced Yield Portfolio, Inflation Plus Portfolio, Diversified High Grade Property Portfolio, Defensive Global Shares Portfolio, APS Balanced Growth Portfolio, APS Diversified Growth Portfolio, APS Growth Portfolio, Dividend Income Portfolio, Debt Opportunities Portfolio and Global Absolute Returns Portfolio. On 22 December 2010, The New Zealand Guardian Trust Company Limited retired as the Trustee of the Inflation Plus Portfolio and the Defensive Global Shares Portfolio, and Perpetual Trust Limited was appointed the Trustee. The trustee fees incurred and outstanding as at 31 March 2011 and 31 March 2010 are as follows:

	TRUSTEE FEES			
	INCURRED		PAYABLE	
	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000
The Cash Portfolio	2	3	-	-
Diversified Cash Portfolio	7	6	1	1
Select Income Portfolio	8	8	1	1
Global Income Portfolio	4	3	-	-
Australian Enhanced Yield Portfolio	2	2	-	-
Inflation Plus Portfolio	25	25	1	2
Diversified High Grade Property Portfolio	3	2	-	-
Defensive Global Shares Portfolio	18	19	1	2
APS Balanced Growth Portfolio	23	21	2	2
APS Diversified Growth Portfolio	28	23	3	3
APS Growth Portfolio	9	8	1	1
Dividend Income Portfolio	2	1	-	-
Debt Opportunities Portfolio	1	1	-	-
Global Absolute Returns Portfolio	-	-	-	-

20. GUARANTEES

During the year, guarantees were executed by the Perpetual Trust Limited in its capacity as the Trustee of the APS Balanced Growth Portfolio, APS Diversified Growth Portfolio and APS Growth Portfolio and NZ Funds Management in its capacity as the Manager of the respective Portfolios, in favour of Citibank, N.A. and Citigroup Global Markets Limited, guaranteeing the liabilities and obligations of these Portfolios' respective investments in certain GISL Trusts. Note 7 *Trading portfolio assets* and note 8 *Financial instrument and risk management* include the underlying financial instruments which are the subject of the guarantees.

21. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

No significant capital commitments or contingent liabilities exist as at 31 March 2011 (31 March 2010: Nil) for any of the Portfolios.

22. CONCENTRATION OF FUNDING

The Portfolios are funded by the issue of units to unitholders, predominantly in New Zealand. The following types of entities have the following interests in Unitholders' Funds:

	INDIVIDUALS		OTHER INVESTORS	
	31/03/11 \$000	31/03/10 \$000	31/03/11 \$000	31/03/10 \$000
The Cash Portfolio	1,193	1,752	3,325	4,772
Diversified Cash Portfolio	5,616	6,437	12,312	12,768
Select Income Portfolio	8,521	7,995	14,078	13,875
Global Income Portfolio	4,120	2,852	8,049	6,434
Australian Enhanced Yield Portfolio	1,767	2,255	3,755	4,869
Inflation Plus Portfolio	10,619	9,132	18,862	17,090
Diversified High Grade Property Portfolio	3,642	2,719	7,083	5,090
Defensive Global Shares Portfolio	7,918	6,515	14,050	12,602
APS Balanced Growth Portfolio	18,962	29,116	30,507	49,535
APS Diversified Growth Portfolio	27,648	30,206	54,733	60,068
APS Growth Portfolio	8,525	11,823	14,692	19,366
Dividend Income Portfolio	1,286	1,578	2,931	3,460
Debt Opportunities Portfolio	688	849	1,694	1,743
Global Absolute Returns Portfolio	123	120	412	427

Other investors comprise companies, trusts, partnerships and estates.

All units issued in each Portfolio are ranked equally with respect to any voting rights and rights to surpluses and distributions.

Directory

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