

**van Eyk Blueprint Alternatives Plus**

ARSN 121 722 521

**ANNUAL REPORT**

**For the year ended 30 June 2011**

| <b>Contents</b>                                | <b>Page</b> |
|--|-------------|
| Corporate directory                            | 2           |
| Directors' report                              | 3           |
| Auditor's independence declaration             | 7           |
| Statement of Comprehensive Income              | 8           |
| Balance sheet                                  | 9           |
| Statement of Changes in Equity                 | 10          |
| Statement of Cash flows                        | 11          |
| Notes to the financial statements              | 12          |
| Directors' declaration                         | 29          |
| Independent auditors report to the unitholders | 30          |
| Corporate Governance Statement                 | 31          |
| Unit holder information                        | 33          |

# Corporate Directory

## Directors

John Corr **B Comm**

Alastair Davidson **B.Sc Economics (Hons) CA**

Richard Matthews **B.Sc B.A. B.Ec MPA, Grad Dip App Fin**

Simon Lindsay **B. BUS**

Ian Steuart Roe **BSc MAppFin**

## Company Secretary

Richard Matthews **B.Sc B.A. B.Ec MPA, Grad Dip App Fin**

## Principal Registered Office in Australia

Level 2, 350 George Street

Sydney, NSW 2000

(02) 9080 2377

## Share register

Boardroom Limited

Level 7, 207

Kent Street Sydney ,

NSW, Australia 2000

## Auditor

PwC

Darling Park Tower 2

201 Sussex Street

Sydney NSW 1171

## Solicitors

Baker & McKenzie

Level 27, AMP Centre

50 Bridge Street

Sydney NSW 2000

## Stock exchange listings

van Eyk Blueprint Alternatives Plus units are listed on the Australian Securities Exchange (ASX)

## Website address

[www.aurorafunds.com.au](http://www.aurorafunds.com.au)

## Directors' report

The directors of Aurora Funds Management Limited (ABN 69 092 626 885), the responsible entity of van Eyk Blueprint Alternatives Plus ("the Trust"), present their report together with the financial statements of the Trust and the auditors report, for the year ended 30 June 2011.

### Principal activities

The principal activities of the Trust during the financial year were continuing its investment in unlisted trust in accordance with the provision of the Trust Constitution and the current Product Disclosure Statement.

The Trust did not have any employees during the year.

### Directors

The following persons held office as directors of Aurora Funds Management Limited during the year or since the end of the year and up to the date of this report:

Alastair Davidson  
 Richard Matthews  
 Simon Lindsay  
 John Corr (appointed 9 July 2010)  
 Steuart Roe (appointed 9 July 2010)  
 Oliver Morgan (resigned 9 July 2010)  
 Anthony Jones (resigned 9 July 2010)

### Review and results of operations

During the year, the Trust continued to invest in accordance with target asset allocations as set out in the governing documents of the Trust and in accordance with the provisions of the Trust Constitution.

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

|  | 30 June<br>2011<br>\$'000 | 30 June<br>2010<br>\$'000 |
|--|---------------------------|---------------------------|
| Operating profit/(loss) before finance costs attributable to unitholders | 16,325                    | 9,373                     |
| Distribution paid and payable  | 10,420                    | 9,690                     |
| Distribution (cents per unit) 31 December                                | 1.00                      | 2.30                      |
| Final Distribution (cents per unit) 30 June                              | 63.65                     | 45.00                     |

### Financial Position

#### *Net Tangible Assets per unit as disclosed to the ASX*

Net Tangible Assets per unit as disclosed to the ASX (excluding distribution, but not accumulated imputation credits) are shown as follows:

|                    | 30 June<br>2011<br>\$ | 30 June<br>2010<br>\$ |
|--------------------|-----------------------|-----------------------|
| At 30 June         | 8.009                 | 7.195                 |
| High during period | 8.240                 | 7.872                 |
| Low during period  | 7.195                 | 7.298                 |

### Significant changes in state of affairs

Aurora Funds Management Limited has been acquired on 9 July 2010 by Aurora Funds Limited (an ASX listed entity). In the opinion of the directors, there were no other significant changes in the state of affairs of the Trust that occurred during the financial year.

## Directors' report (continued)

### Matters subsequent to the end of the financial year

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

- i. the operations of the Trust in future financial years, or
- ii the results of those operations in future financial years, or
- iii the state of affairs of the Trust in future financial years.

### Likely developments and expected results of operations

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

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

Further information on likely developments in the operation of the Trust and the expected results of those operations have not been included in this report because the responsible entity believes it would be likely to result in unreasonable prejudice to the Trust.

### Indemnity and insurance of Aurora Funds Management Limited

Aurora Funds Management Limited is entitled to recover the cost of insurance from the assets of the Trust, as capped by the cost recovery. No insurance premiums are paid for out of the assets of the Trust in relation to insurance cover provided to the auditors of the Trust. So long as the officers of Aurora Funds Management Limited act in accordance with the Scheme Constitution and the Corporations Act, the officers remain indemnified out of the assets of the Trust against any losses incurred while acting on behalf of the Trust. The auditors of the Trust are in no way indemnified out of the assets of the Trust.

### Indemnity of auditors

The auditors of the Trust are in no way indemnified out of the assets of the Trust.

### Fees paid to and interests held in the Trust by the responsible entity or its associates

Fees paid to the responsible entity and its associates out of Trust property during the year are disclosed in note 14 to the financial statements.

No fees were paid out of Trust property to the directors of the responsible entity during the year.

The number of interests in the Trust held by the responsible entity or its associates as at the end of the financial year are disclosed in note 14 to the financial statements.

### Interests in the Trust

The movement in units on issue in the Trust during the period is disclosed in Note 7 of the financial statements.

The value of the Trust assets and liabilities is disclosed on the balance sheet and derived using the basis set out in note 2 to the financial statements.

The units on issue in the Trust during the period is set out below:

|                                 | 30 June<br>2011<br>No.'000 | 30 June<br>2010<br>No.'000 |
|---------------------------------|----------------------------|----------------------------|
| <b>Units on issue</b>           | <b>16,044</b>              | 20,488                     |
| <b>Value of assets</b>          |                            |                            |
| <b>Net Value of Fund assets</b> | <b>\$118,095,088</b>       | \$147,417,229              |

The net value of the Trust assets and liabilities is disclosed on the Statement of Financial Position and derived using the accounting basis set out in Note 2 of the financial statements. The Trust issues and redeems units at the prevailing net tangible asset at the end of each calendar month. The total number of units issued and redeemed during the year is disclosed in Note 8.

## Directors' report (continued)

### Environmental regulation

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

### Information on Directors

#### Directors

The following persons were directors during the year and were directors of the Responsible Entity during the whole or part of the period and up to the date of this report.

**John Corr** **B Comm**, *Executive Director, Chief Investment Officer, Age 48*

John is the Managing Director and founder of Fortitude Capital Pty Ltd. John has over 24 years experience in the financial markets. Prior to establishing Fortitude Capital, he was a director at Citigroup Global Markets Australia. He worked in proprietary trading for eight years, trading local and overseas equities and equity derivatives, and was responsible for the management and development of a team of equity proprietary traders. John is responsible for the overall portfolio and risk management of Fortitude's various investment funds.

**Alastair Davidson** **B.Sc Economics (Hons) CA**, *Executive Director, Head of Institutional Business, Age 53*

Alastair is a founding director of Aurora Funds Management Limited. He has over 27 years experience in senior executive roles in the United Kingdom, United States and Australian banking and financial services industries.

Prior to Aurora Funds Management Limited, Alastair was the Head of Investment Banking at Challenger International Limited. There, he was instrumental in developing investment products including hedge funds, hybrids, fixed interest, and venture capital. Previous to that he was co-head of the structured product group at Salomon Smith Barney (County NatWest) in Sydney, and specialised in equity derivative based investment products. Alastair is also a director of the ASX-listed company, Biotech Capital Limited.

**Simon Lindsay** **B. BUS**, *Executive Director, Head of Distribution, Age 40*

Simon is a founding director of AFML and is responsible for the Australian and New Zealand distribution of Aurora Funds Management Limited's products. He brings to the Company over 17 years experience in financial services, and has an extensive knowledge of the Australian financial planning market from his previous business development experience at both Challenger International Limited and Ord Minnett Limited.

**Richard Matthews** **B.Sc B.A. B.Ec MPA, Grad Dip App Fin**, *Executive Director, Chief Operating Officer and Company Secretary, Age 42*

Richard is a founding director of A FML. He has over 17 years experience in investment analysis, investment banking, and funds management. He is responsible for product establishment and administration, business administration, and compliance. Richard was formerly Senior Manager of Investment Banking (Equity Capital Markets) at Challenger International Limited, and an Associate Director of Challenger Beston Limited. He has significant experience in establishing and administering listed and unlisted investment schemes, equity capital market issues, equity swaps, and other specialised corporate structured products.

**Ian Steuart Roe** **BSc MAppFin**, *Chairman and Managing Director, Age 44*

Prior to founding Sandringham Capital Pty Limited in 2005, Steuart was Executive Director and Head of Equity Risk Management Products for UBS in Australasia. His responsibilities included the origination, structuring and distribution of equity derivative and cash products to corporate, financial intermediaries and retail clients. From 1992 to 2001 he worked for Citigroup (formerly Salomon Smith Barney and County NatWest) holding numerous roles including, director and Head of Corporate and Retail Equity Derivative Products, Head of Equity Risk Management, Associate Director and Portfolio Manager Structured investments.

### Summary of Investment Management Agreement

The Investment Management Agreement ("IMA") with van Eyk Research Pty Ltd (ABN 99 010664632) , a corporate authorized representative of van Eyk Financial Group Pty Ltd (ABN 28 149 670 078, AFSL 402146, authorized representative number 408625), is dated 20 September 2006 and appointed van Eyk Research for an initial period of 10 years. The IMA can be terminated in certain circumstances including (among other things) if van Eyk Research goes into liquidation or fails to provide adequate professional resources to execute the IMA. Further details are available in the current Product Disclosure Statement.

### Fees Paid to the Responsible Entity and Investment Manager

Fees paid to the Responsible Entity and Investment Manager out of the Trust assets during the year are as follows:

|                          | Year Ended<br>30 June<br>2011<br>\$ | Year Ended<br>30 June<br>2010<br>\$ |
|--------------------------|-------------------------------------|-------------------------------------|
| Responsible Entity's Fee | 366,601                             | 364,109                             |

### Interests Held by the Responsible Entity and Directors

There were 205 (2010: 205) units of the Trust held by the Responsible Entity or its associates or by Directors at the date of this report.

### Remuneration report

The responsible entity of van Eyk Blueprint Alternatives Plus is Aurora Funds Management Limited. Key management personnel are the executive directors of Aurora Funds Management Limited. The key management remuneration disclosures required under AASB 124 are provided in the financial statements of the responsible entity.

### Proceedings on behalf of Trust

No person has applied for leave of Court to bring proceedings on behalf of the Trust or intervene in any proceedings to which the Trust is a party for the purpose of taking responsibility on behalf of the Trust for all or any part of those proceedings. The Trust was not a party to any such proceedings during the year.

### Rounding of amounts to the nearest thousand dollars

The Trust is an entity of a kind referred to in Class Order 98/0100 (as amended) issued by ASIC relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

### Auditors' independence declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is provided on page 6 once the audit has been completed.

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



Stuart Roe

Director

23 September 2011



## Auditor's Independence Declaration

As lead auditor for the audit of van Eyk Blueprint Alternatives Plus for the year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of van Eyk Blueprint Alternatives Plus during the period.

A handwritten signature in black ink, appearing to read 'AJW', with a long horizontal stroke extending to the right.

Andrew J Wilson  
Partner  
PricewaterhouseCoopers

Sydney  
23 September 2011



## Statement of Comprehensive Income

|   | Note | Year ended<br>30 June 2011<br>\$'000 | Year ended<br>30 June 2010<br>\$'000 |
|---|------|--------------------------------------|--------------------------------------|
| <b>Investment income</b>  |      |                                      |                                      |
| Interest income from financial assets not held at fair value through profit or loss   |      | 86                                   | 46                                   |
| Dividend and distribution income  |      | 12,947                               | 11,984                               |
| Net gains/(losses) on financial instruments held at fair value through profit or loss | 5    | 5,839                                | (312)                                |
| Other operating income  |      | -                                    | -                                    |
| <b>Total net investment income/(loss)</b>   |      | <b>18,872</b>                        | <b>11,718</b>                        |
| <b>Expenses</b>   |      |                                      |                                      |
| Management fees   | 14   | 367                                  | 364                                  |
| Administration costs  |      | -                                    | 1                                    |
| Finance cost  |      | 2,180                                | 1,980                                |
| <b>Total operating expenses</b>   |      | <b>2,547</b>                         | <b>2,345</b>                         |
| <b>Operating profit/(loss)</b>  |      | <b>16,325</b>                        | <b>9,373</b>                         |
| <b>Finance costs attributable to unitholders</b>                                      |      |                                      |                                      |
| Distributions to unit holders   | 8    | (10,420)                             | (9,690)                              |
| (Increase)/decrease in net assets attributable to unitholders                         | 7    | (5,905)                              | 317                                  |
| <b>Profit/(loss) for the year</b>   |      |                                      |                                      |
| Other Comprehensive Income  |      | -                                    | -                                    |
| <b>Total Comprehensive Income</b>   |      | <b>-</b>                             | <b>-</b>                             |

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

**Balance Sheet**

|  | Note | As at<br>30 June 2011<br>\$'000 | As at<br>30 June 2010<br>\$'000 |
|--|------|---------------------------------|---------------------------------|
| <b>ASSETS</b>  |      |                                 |                                 |
| Cash & cash equivalents  | 9    | 1,023                           | 952                             |
| Receivables  | 10   | 19,538                          | 10,339                          |
| Financial assets held at fair value through profit and loss                  | 11   | 147,031                         | 178,210                         |
| <b>Total assets</b>  |      | <b>167,592</b>                  | <b>189,501</b>                  |
| <b>LIABILITIES</b>   |      |                                 |                                 |
| Bank overdrafts  | 12   | 31,419                          | 32,419                          |
| Distributions payable  |      | 10,218                          | 9,225                           |
| Other payables   | 13   | 7,860                           | 440                             |
| <b>Total liabilities (excluding net assets attributable to unit holders)</b> |      | <b>49,497</b>                   | <b>42,084</b>                   |
| <b>Net assets attributable to unit holders - Liabilities</b>                 | 7    | <b>118,095</b>                  | <b>147,417</b>                  |

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

**Statement of Changes in Equity**

|  | Note | As at<br>30 June 2011<br>\$'000 | As at<br>30 June 2010<br>\$'000 |
|--|------|---------------------------------|---------------------------------|
| <b>Total equity at the beginning of the financial year</b>           |      |                                 |                                 |
| Profit/(loss) for the year   |      | -                               | -                               |
| Other comprehensive income   |      | -                               | -                               |
| <b>Total comprehensive income</b>                                    |      | -                               | -                               |
| Transactions with equity holders in their capacity as equity holders |      | -                               | -                               |
| <b>Total equity at the end of the financial year</b>                 |      | -                               | -                               |

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

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

## Statement of Cash Flows

|   | Note  | Year ended<br>30 June 2011<br>\$'000 | Year ended<br>30 June 2010<br>\$'000 |
|---|-------|--------------------------------------|--------------------------------------|
| <b>Cash flows from operating activities</b>   |       |                                      |                                      |
| Proceeds from sale of financial instruments held at fair value through profit or loss |       | 30,100                               | -                                    |
| Purchase of financial instruments held at fair value through profit or loss           |       | (1,340)                              | (40,971)                             |
| Distributions received  |       | 11,997                               | 6,180                                |
| Interest received   |       | 86                                   | 46                                   |
| Other income  |       | 8                                    | -                                    |
| Payment of expenses   |       | <u>(2,536)</u>                       | <u>(2,269)</u>                       |
| <b>Net cash inflow/(outflow) from operating activities</b>                            | 15    | <u>38,315</u>                        | <u>(37,014)</u>                      |
| <b>Cash flows from financing activities</b>   |       |                                      |                                      |
| Proceeds from applications by unitholders   |       | 1,340                                | 44,949                               |
| Payments for redemptions by unitholders   |       | (30,181)                             | -                                    |
| Distributions paid  |       | <u>(8,404)</u>                       | <u>(4,099)</u>                       |
| <b>Net cash inflow/(outflow) from financing activities</b>                            |       | <u>(37,245)</u>                      | <u>40,850</u>                        |
| <b>Net increase / (decrease) in cash and cash equivalents</b>                         |       | <b>1,070</b>                         | <b>3,836</b>                         |
| Cash and cash equivalents at beginning of the year                                    | 15    | (31,466)                             | (35,302)                             |
| <b>Cash and cash equivalents at the end of the year</b>                               |       | <b>(30,396)</b>                      | <b>(31,466)</b>                      |
| <b>Non- cash financing activities</b>   | 15(c) | <u>                    </u>          | <u>                    </u>          |

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

## Notes to the financial statements

| Contents  | Page |
|---|------|
| 1 General information   | 13   |
| 2 Summary of significant accounting policies  | 13   |
| 3 Financial risk management   | 17   |
| 4 Segment information   | 22   |
| 5 Net gains/(losses) on financial instruments held at fair value through profit or loss   | 22   |
| 6 Remuneration of auditors  | 23   |
| 7 Net assets attributable to unitholders  | 23   |
| 8 Distributions to unitholders  | 24   |
| 9 Cash and cash equivalents   | 25   |
| 10 Receivables  | 25   |
| 11 Financial assets held at fair value through profit or loss                             | 25   |
| 12 Bank overdraft   | 25   |
| 13 Other payables   | 26   |
| 14 Related party transactions   | 26   |
| 15 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities | 28   |
| 16 Events occurring after the reporting period  | 28   |
| 17 Commitment   | 28   |
| 18 Contingent assets and liabilities and commitments                                      | 28   |

## 1 General information

These financial statements cover van Eyk Blueprint Alternatives Plus ("the Trust") as an individual entity. The Trust commenced operations on 13 December 2006 and was admitted to the Australian Securities Exchange ("ASX") on 19 December 2006, and is domiciled in Australia.

The responsible entity of the Trust is Aurora Funds Management Limited (the "responsible entity"). The responsible entity's registered office is Level 2, 350 George Street, Sydney, NSW 2000. The financial statements are presented in the Australian currency.

It is recommended that these financial statements are considered together with the current product disclosure document and in accordance with the provisions of the governing documents of the Trust, and any public announcements made by the Trust during the year ended 30 June 2011 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and ASX listing rules.

The principal activities of the Trust during the financial year were continuing its investment strategy, in accordance with the provision of the Trust Constitution and the Product Disclosure Statement.

The financial statements were authorised for issue by the directors on 23 September 2011. The directors of the responsible entity have the power to amend and reissue the financial statements.

## 2 Summary of significant accounting policies

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

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001 in Australia.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The balance sheet is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders. The amount expected to be recovered or settled within twelve months after the end of each reporting period cannot be reliably determined.

#### *Compliance with International Financial Reporting Standards*

The financial statements of the Trust also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### (b) Financial instruments

#### *(i) Classification*

The Trust's investments are classified as at fair value through profit or loss. They comprise Financial instruments at fair value through profit or loss upon initial recognition. These include financial assets that are not held for trading purposes and which may be sold. This is an investments in an unlisted trust.

#### *(ii) Recognition/derecognition*

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

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

## 2 Summary of significant accounting policies (continued)

### (b) Financial instruments (continued)

#### *(iii) Measurement*

Financial assets and liabilities held at fair value through the profit or loss.

Further details on how the fair values of financial instruments are determined are disclosed in note 3(e).

### (c) Net assets attributable to unit holders

Units are redeemable at the unitholders' option and are classified as financial liabilities as the Trust is required to distribute its taxable income. The units can be put back to the Trust at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting period if unitholders exercised their right to redeem units in the Trust.

### (d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in the balance sheet.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Trust's main income generating activity.

### (e) Investment income

Interest income on deposits held at call with banks is recognised as the interest accrues daily during each interest period and is payable in arrears on each interest payment date. Interest is accrued at the reporting date from the time of last payment.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense. The Trust currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in profit or loss.

Dividends declared on securities sold short are recorded as a dividend expense on the ex-dividend date.

Trust distributions are recognised on an entitlements basis.

### (f) Expenses

All expenses, including responsible entity's fees and custodian fees, are recognised in Statement of comprehensive income on an accruals basis.

### (g) Income tax

Under current legislation, the Trust is not subject to income tax as unitholders are presently entitled to the income of the Trust. The benefit of imputation credits paid is passed on to unitholders.

### (h) Distributions

In accordance with the Trust Constitution, the Trust distributes income adjusted for amounts determined by the responsible entity, to unitholders by cash or reinvestment. The distributions are recognised in statement of comprehensive income as finance costs attributable to unitholders.

## 2 Summary of significant accounting policies (continued)

### (i) Increase/decrease in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in statement of comprehensive income as finance costs.

### (j) Foreign currency translation

#### (i) Functional and presentation currency

Items included in the Trusts financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Trust competes for funds and is regulated. The Australian dollar is also the Trusts presentation currency.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the Statement of Comprehensive Income on a net basis within net gains / (losses) on financial instruments held at fair value through profit or loss.

### (k) Receivables

Receivables may include amounts for interest, trust distributions and securities sold where settlement has not yet occurred. Trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in note 2(f) above. Amounts are generally received within 30 days of being recorded as receivables.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

### (l) Trade and other payables

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

Payables include liabilities and accrued expenses owing by the Trust which are unpaid as at the end of the reporting period.

The distribution amount payable to unitholders as at the end of each reporting period is recognised separately in the balance sheet when unitholders are presently entitled to the distributable income under the Trust Constitution.

### (m) Applications and redemptions

Applications received for units in the Trust are recorded net of any entry fees payable prior to the issue of units in the Trust. Redemptions from the Trust are recorded gross of any exit fees payable after the cancellation of units redeemed.

Unit redemption prices are determined by reference to the net assets of the Trust divided by the number of units on issue.



## 2 Summary of significant accounting policies (continued)

### (n) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Trust by third parties such as custodial services and investment management fees have been passed onto the Trust. The Trust qualifies for Reduced Input Tax Credits (RITC) at a rate of 75%; hence investment management fees, custodial fees and other expenses have been recognised in profit or loss net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the balance sheet. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

### (o) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The directors' assessment of the impact of these new standards (to the extent relevant to the Trust) and interpretations is set out below:

### (p) New accounting standards and interpretations (continued)

(i) AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010 Amendment to Australia Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. AASB 9 permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not traded. The Trust has not yet decided when to adopt AASB 9. Management does not expect this will have a significant impact on the Trust's financial statements as the Trust does not hold any available-for-sale investments.

(ii) Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011)

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Trust will apply the amended standard from 1 July 2011. The amendments will not have any effect on the Trust's financial statements.

(iii) Amendments to AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective for annual reporting periods beginning on or after 1 July 2010 / 1 January 2011)

In June 2010, the AASB made a number of amendments to Australian Accounting Standards as a result of the IASB's annual improvements project. The Trust does not expect that any adjustments will be necessary as the result of applying the revised rules.

(iv) IFRS 13 was released in May 2011. The AASB is expected to issue an equivalent Australian standard shortly. IFRS 13 explains how to measure fair value and aims to enhance fair value disclosures. The fund has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The fund does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

### (q) Rounding of amounts

The Trust is an entity of the kind referred to in Class Order 98/0100 (as amended), issued by ASIC, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest dollar in accordance with that Class Order, unless otherwise indicated.

## 2 Summary of significant accounting policies (continued)

### (r) Use of Estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over-the-counter derivatives or unquoted securities, are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the responsible entity, independent of the area that created them.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain other financial instruments, including amounts due from/to brokers and payables, the carrying amounts approximate fair value due to the short-term nature of these financial instruments.

### (s) Comparative Figures

Where necessary, comparative figures have been reclassified to conform with changes in presentation in these financial statements.

## 3 Financial risk management

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

The Trust's overall risk management program focuses on ensuring compliance with the Trust's Product Disclosure Statement and seeks to maximise the returns derived for the level of risk to which the Trust is exposed. The principal financial instruments comprise equity securities and cash, the purpose of which is to generate a return on the amounts owed to unit holders. The Responsible Entity reviews and agrees the risk management policies employed by the investment manager to manage these risks. There have been no changes to the exposure risks and the objectives, policies and processes for managing risks during the year. Each of the risks are discussed in more detail below:

### (a) Market risk

#### (i) Price Risk

The Trust is a feeder fund which invests into the unlisted van Eyk Blueprint Alternatives Fund (ARSN 112 183 249, the 'Master Fund'). The price of the unlisted Investment in the future is uncertain. Investments are classified in the balance sheet as at fair value through profit or loss. All securities investments present a risk of loss of capital. Price risk is the risk that the value of the Trust's investment portfolio will fluctuate as a result of changes in market prices. This risk is managed by the Responsible Entity through ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits. Market price risk analysis is conducted regularly by the investment manager on a total portfolio basis, which includes the effect of derivatives.

A sensitivity analysis of 10 per cent has been selected as this is considered reasonable given the current level of market price fluctuation. A 10 per cent increase in market price would increase the market value of the total portfolio at 30 June 2011 by \$14,721,546 (2010 - \$17,820,925). A 10% decrease in market price would decrease the market value of the total portfolio by \$14,721,546 (2010 - \$17,820,925).

#### (ii) Foreign exchange risk

Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates. The Trust has no direct exposure to foreign exchange risk.

### 3 Financial risk management (continued)

#### (iii) Cash flow and fair value interest rate risk

The Trust is exposed to cash flow interest rate on financial instruments with variable interest rates.

The Trust's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its balance sheet and cash flows. The risk is measured using sensitivity analysis. The only financial asset held by the Trust subject to interest rate risk is the cash with the bank.

The Trust has direct exposure to interest rate changes on the valuation and cash flows of its interest bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain companies in which the Trust invests and impact on the valuation of certain assets that use interest rates as input in their valuation model. Therefore, the sensitivity analysis may not fully indicate the total effect on the Trust's net assets attributable to unitholders of future movements in interest rates.

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

|   | Floating<br>interest rate<br>\$'000 | Fixed interest<br>rate<br>\$'000 | Non-interest<br>bearing<br>\$'000 | Total<br>\$'000 |
|---|-------------------------------------|----------------------------------|-----------------------------------|-----------------|
| <b>30 June 2011</b>   |                                     |                                  |                                   |                 |
| <b>Financial assets</b>   |                                     |                                  |                                   |                 |
| Cash and cash equivalents                                       | 1,023                               | -                                | -                                 | 1,023           |
| Receivables   | -                                   | -                                | 19,538                            | 19,538          |
| Financial assets held at fair value through profit or loss      | -                                   | -                                | 147,031                           | 147,031         |
| <b>Financial liabilities</b>                                    |                                     |                                  |                                   |                 |
| Payables  | -                                   | -                                | (18,078)                          | (18,078)        |
| Financial liabilities held at fair value through profit or loss | (31,419)                            | -                                | -                                 | (31,419)        |
| Net exposure  | (30,396)                            | -                                | 148,491                           | 118,095         |
| <b>30 June 2010</b>   |                                     |                                  |                                   |                 |
| <b>Financial assets</b>   |                                     |                                  |                                   |                 |
| Cash and cash equivalents                                       | 952                                 | -                                | -                                 | 952             |
| Receivables   | -                                   | -                                | 10,339                            | 10,339          |
| Financial assets held at fair value through profit or loss      | -                                   | -                                | 178,210                           | 178,210         |
| <b>Financial liabilities</b>                                    |                                     |                                  |                                   |                 |
| Payables  | -                                   | -                                | (9,665)                           | (9,665)         |
| Financial liabilities held at fair value through profit or loss | (32,419)                            | -                                | -                                 | (32,419)        |
| Net exposure  | (31,467)                            | -                                | 178,884                           | 147,417         |

### 3 Financial risk management (continued)

#### (b) Summarised sensitivity analysis

The following table summarises the sensitivity of the Trust's operating profit and net assets attributable to unitholders price risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in foreign exchange rates and historical correlation of the Trust's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the Trust invests. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

|              | Price risk  |        | Interest rate risk |         |
|--------------|---|--------|--------------------|---------|
|              | Impact on operating profit/Net assets attributable to unitholders |        |                    |         |
|              | -10.0%  | 10.0%  | +100 bps           | -100bps |
|              | \$'000  | \$'000 | \$'000             | \$'000  |
| 30 June 2011 | (14,703)  | 14,703 | (308)              | 308     |
| 30 June 2010 | (17,820)  | 17,820 | (318)              | 318     |

In determining the impact of an increase/decrease in net assets attributable to unitholders arising from market risk, the responsible entity has considered prior period and expected future movements of the portfolio information in order to determine a reasonably possible shift in assumptions.

#### (c) Credit risk

The Trust is exposed to counterparty credit risk on cash and cash equivalents and amounts due from other receivables.

Concentrations of credit risk are minimized primarily by:

- ensuring counterparties, together with the respective credit limits, are approved,
- ensuring that transactions are undertaken with a large number of counterparties, and
- ensuring that the majority of transactions are undertaken on recognized exchanges.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date. This relates also to financial assets carried at amortised cost, as they have a short-term to maturity.

The Trust has entered into a lending agreement with the Commonwealth Bank of Australia (Credit rating of AA). Some of the Trust's assets are pledged as collateral for amounts drawn under the overdraft facility.

There were no significant concentrations of credit risk to counterparties at 30 June 2011. The Trust only has a material credit risk exposure to the bank that holds the Trust's cash assets at 30 June 2011.

| Cash at Bank and short term bank deposits | 2011  | 2010 |
|---|-------|------|
| AA  | 1,023 | 952  |
| Total                                     | 1,023 | 952  |

#### (i) Settlement of securities transactions

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment. Payment is made once purchase on the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

#### (ii) Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of AA or higher.

In accordance with the Trust's policy, the investment manager monitors the Trust's credit position on a daily basis, and the Board of Directors reviews it on a quarterly basis.

### 3 Financial risk management (continued)

#### (c) Credit risk (continued)

##### (iii) Other

The Trust has entered into a lending agreement with the Commonwealth Bank of Australia (AA credit rating). Some of the Trust's assets are pledged as collateral for amounts drawn under the overdraft facility. The Trust is not materially exposed to credit risk on other financial assets.

The maximum exposure to credit risk at the end of each reporting period is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

#### (d) Liquidity risk

Liquidity risk is the risk that the Trust may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. Investments in unlisted unit trusts expose the Trust to the risk that the responsible entity or manager of those trusts may be unwilling or unable to fulfil the redemption requests within the timeframe requested by the Trust.

The investment manager has the responsibility to manage the financial liabilities of the Trust which includes settling trade liabilities, upcoming distributions and monthly redemptions.

The risk management guidelines adopted by the investment manager are designed to minimise liquidity and cash flow risk through:

- ensuring that there is no significant exposure to illiquid or thinly traded financial instruments, and
- applying limits to ensure there is no concentration of liquidity risk to a particular counterparty or market.

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

|   | Less than 1<br>month | 1 to 3<br>months | Over 3<br>months to 1<br>year | Total          |
|---|----------------------|------------------|-------------------------------|----------------|
|   | \$'000               | \$'000           | \$'000                        | \$'000         |
| <b>30 June 2011</b>   |                      |                  |                               |                |
| <b>Liabilities</b>  |                      |                  |                               |                |
| Distributions payable   | -                    | 10,218           | -                             | 10,218         |
| Bank Overdraft  | 31,419               | -                | -                             | 31,419         |
| Payables  | 7,860                | -                | -                             | 7,860          |
| Net assets attributable to unitholders                              | 118,095              | -                | -                             | 118,095        |
| <b>Contractual cash flows (excluding gross settled derivatives)</b> | <b>157,374</b>       | <b>10,218</b>    | <b>-</b>                      | <b>167,592</b> |
| <b>30 June 2010</b>   |                      |                  |                               |                |
| <b>Liabilities</b>  |                      |                  |                               |                |
| Distributions payable   | 9,225                | -                | -                             | 9,225          |
| Bank Overdraft  | -                    | -                | 32,419                        | 32,419         |
| Payables  | 440                  | -                | -                             | 440            |
| Net assets attributable to unitholders                              | 147,417              | -                | -                             | 147,417        |
| <b>Contractual cash flows (excluding gross settled derivatives)</b> | <b>157,082</b>       | <b>-</b>         | <b>32,419</b>                 | <b>189,501</b> |

### 3 Financial risk management (continued)

#### (e) Fair value estimation

The carrying amounts of the Trust's assets and liabilities at the end of each reporting period approximate their fair values.

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

##### (i) Fair value in an active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The Trust values its investments in accordance with the accounting policies set out in note 2. For the majority of its investments, the Trust relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Trust is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. When the Trust holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

##### (ii) Fair value in an inactive or unquoted market

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

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Trust for similar financial instruments.

#### (f) Fair value hierarchy

##### (i) Classification of financial assets and financial liabilities

The Trust classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels: Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2). Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes observable requires significant judgment by the responsible entity. The responsible entity considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The tables below set out the Trust's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2011 and 30 June 2010.

### 3 Financial risk management (continued)

#### (f) Fair value hierarchy (continued)

##### (i) Classification of financial assets and financial liabilities(continued)

| As at 30 June 2011  | Level 1<br>\$'000 | Level 2<br>\$'000 | Level 3<br>\$'000 | Total<br>\$'000 |
|---|-------------------|-------------------|-------------------|-----------------|
| <b>Financial assets</b>                                       |                   |                   |                   |                 |
| <b>Financial assets at fair value through profit or loss:</b> |                   |                   |                   |                 |
| Unlisted unit trusts  | -                 | 147,031           | -                 | 147,031         |
| <b>Total</b>  | -                 | 147,031           | -                 | 147,031         |
| <b>Financial liabilities</b>                                  | -                 | -                 | -                 | -               |
| <br>  |                   |                   |                   |                 |
| As at 30 June 2010  | Level 1<br>\$'000 | Level 2<br>\$'000 | Level 3<br>\$'000 | Total<br>\$'000 |
| <b>Financial assets</b>                                       |                   |                   |                   |                 |
| <b>Financial assets at fair value through profit or loss:</b> |                   |                   |                   |                 |
| Unlisted unit trusts  | -                 | 178,210           | -                 | 178,210         |
| <b>Total</b>  | -                 | 178,210           | -                 | 178,210         |
| <b>Financial liabilities</b>                                  | -                 | -                 | -                 | -               |

### 4 Segment information

The Trust is organized into one main business segment which operates solely in the business of investment management within Australia. While the Trust operates from Australia only (the geographical segment), the Trust may have indirect asset exposures in different countries and across different industries.

The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of Directors

### 5 Net gain/(loss) on financial instruments held at fair value through profit or loss

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

|  | Year ended<br>30 June 2011<br>\$'000 | Year ended<br>30 June 2010<br>\$'000 |
|--|--------------------------------------|--------------------------------------|
| <b>Financial assets</b>  |                                      |                                      |
| Net gain/(loss) on financial assets designated as at fair value through profit or loss   | 5,839                                | (312)                                |
| Net realised gain/(loss) on financial assets at fair value through profit or loss        | (5,664)                              | -                                    |
| Net unrealised gain/(loss) on financial assets held at fair value through profit or loss | 11,503                               | (312)                                |
| Net gain/(loss) on financial assets held at fair value through profit or loss            | 5,839                                | (312)                                |

## 6 Remuneration of auditors

The audit fee was born by the Responsible Entity of the Trust. The Responsible Entity received a total fee of a certain percentage to receive the expenses paid on behalf of the Trust. There were no fees paid directly to the auditors by the Trust.

## 7 Net assets attributable to unitholders

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

|   | 30 June<br>2011<br>Number '000 | 30 June<br>2010<br>Number '000 | 30 June<br>2011<br>\$'000 | 30 June<br>2010<br>\$'000 |
|---|--------------------------------|--------------------------------|---------------------------|---------------------------|
| Opening balance   | 20,488                         | 14,516                         | 147,417                   | 102,785                   |
| Applications  | 185                            | 5,972                          | 1,340                     | 44,949                    |
| Redemptions   | (4,772)                        | -                              | (37,590)                  | -                         |
| Units issued upon reinvestment of distributions               | 142                            | -                              | 1,023                     | -                         |
| Increase/(decrease) in net assets attributable to unitholders | -                              | -                              | 5,905                     | (317)                     |
| Closing balance   | <u>16,044</u>                  | <u>20,488</u>                  | <u>118,095</u>            | <u>147,417</u>            |

As stipulated within the Trust Constitution, each unit represents a right to an individual share in the Trust and does not extend to a right to the underlying assets of the Trust. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Trust.

**The following rights and benefits are attached to the units on issue:**

### Voting

Voting is by a show of hands, unless a poll is demanded. The Corporations Act governs who can demand a poll and the value of each vote required to pass a resolution. The chair of the meeting has no casting vote.

### Transfer

The Unit holders may transfer units using any form acceptable to the manager.

### Distributions

The Trust will distribute all its distributable income each year to Unit holders.

### Distributions Re-investment Plan

The Trust has established a Distribution Re-investment Plan (DRIP) for all distributions. The DRIP enables Unit holders to re-invest all or part of the distributions payable on their Units in additional units.

Eligible members may elect to participate in the DRIP in respect of all or part of their units in the Trust that will comprise that members DRIP units. The issuer may in its absolute discretion accept or refuse any application to participate. The net cost of investing at that time will be the Net Asset Value per Unit for the units on the record date or such other amount as the responsible entity may determine being not less than the Net Asset Value per Unit. All units allocated and issued under DRIP will rank equally in all respects with existing units.

### Redemptions

An investor may ask to exit the Trust at any time. When an investor exits the Trust, the investment manager redeems the investor's relevant units. Units can only be redeemed at the exit price. Subject to the Corporations Act and the listing rules if the listing rules apply, while the manager is not obliged to give effect to a redemption request, it may redeem some or all of the units which are the subject of the request.

### Winding up

After paying or making allowances for all the anticipated liabilities, subject to the rights and obligations attaching to any class, the net proceeds must be distributed pro rata to investors according to the number of units they hold at termination.



## 7 Net assets attributable to unitholders (continued)

### Capital risk management

The Trust considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Trust is subject to daily applications and redemptions at the discretion of unitholders.

The capital of the Trust is managed by an external manager, van Eyk Research Pty Ltd (ABN 99 010 664 632, AFSL 237917), who is mandated to invest the Trust's capital according to the investment mandate as described in the current Product Disclosure Statement. The capital that is managed includes amounts owed to unit holders as above and any bank overdraft that may be drawn down to purchase investments. The maximum that may be drawn is 30% of the net tangible assets of the Trust at any time.

There are no externally imposed capital requirements, though the Australian Securities Exchange may delist the Trust if Net Tangible Assets falls below \$15 million.

The gearing ratios of the Trust, the ratio of debt to unit holders funds, are as follows:

|                   | Year ended<br>30 June 2011<br>\$'000 | Year ended<br>30 June 2010<br>\$'000 |
|-------------------|--------------------------------------|--------------------------------------|
| Bank overdraft    | 31,419                               | 32,419                               |
| Unit holders fund | 118,095                              | 147,417                              |
| Total capital     | 149,698                              | 179,836                              |
| Gearing ratio     | 20.99%                               | 18.03%                               |

## 8 Distributions to unit holders

The distributions for the year were as follows:

|                       | 30 June<br>2011<br>\$'000 | 30 June<br>2011<br>CPU | 30 June<br>2010<br>\$'000 | 30 June<br>2010<br>CPU |
|-----------------------|---------------------------|------------------------|---------------------------|------------------------|
| Distributions paid    | 208                       | 1.00                   | 465                       | 2.30                   |
| Distributions payable | 10,212                    | 63.65                  | 9,225                     | 45.00                  |
|                       | <u>10,420</u>             | <u>64.65</u>           | <u>9,690</u>              | <u>47.30</u>           |

## 9 Cash & cash equivalents

|              | As at<br>30 June 2011<br>\$'000 | As at<br>30 June 2010<br>\$'000 |
|--------------|---------------------------------|---------------------------------|
| Cash at bank | 1,023                           | 952                             |
| Total        | <u>1,023</u>                    | <u>952</u>                      |

## 10 Receivables

|                          | As at<br>30 June 2011<br>\$'000 | As at<br>30 June 2010<br>\$'000 |
|--------------------------|---------------------------------|---------------------------------|
| Distributions receivable | 11,278                          | 10,327                          |
| Redemptions receivable   | 8,256                           | -                               |
| GST recoverable          | 4                               | 12                              |
| Total                    | <u>19,538</u>                   | <u>10,339</u>                   |

## 11 Financial assets held at fair value through profit and loss

|   | As at<br>30 June 2011<br>Fair Value<br>\$'000 | As at<br>30 June 2010<br>Fair Value<br>\$'000 |
|---|---|---|
| <b>Held at fair value through profit or loss</b>                        |   |   |
| van Eyk Blueprint Alternatives Fund                                     | 147,031                                       | 178,210                                       |
| <b>Total financial assets held at fair value through profit or loss</b> | <u>147,031</u>                                | <u>178,210</u>                                |

## 12 Bank overdraft

|                                  | 2011<br>\$'000 | 2010<br>\$'000 |
|----------------------------------|----------------|----------------|
| <b>Secured</b>                   |                |                |
| Bank overdrafts                  | 31,419         | 32,419         |
| Total Secured current borrowings | <u>31,419</u>  | <u>32,419</u>  |

The Trust has a loan agreement with the Commonwealth Bank of Australia (Credit rating of AA), and some of the Trust's assets will be pledged as collateral for amounts drawn under the overdraft facility.

### Undrawn borrowing facilities

The Trust can draw up to \$35 million on the overdraft facility to the extent that certain leverage ratios remain in place.

### 13 Other payables

|                                | As at<br>30 June 2011<br>\$'000 | As at<br>30 June 2010<br>\$'000 |
|--------------------------------|---------------------------------|---------------------------------|
| Redemption payable             | 7,409                           | -                               |
| Interest payable               | 365                             | 370                             |
| Responsible entity fee payable | 86                              | 70                              |
| Total                          | <u>7,860</u>                    | <u>440</u>                      |

### 14 Related party transactions

#### Responsible entity

The responsible entity of van Eyk Blueprint Alternatives Plus is Aurora Funds Management Limited.

#### Key management personnel

##### Directors

The names of persons who were executives or directors of Aurora Funds Management Limited at any time during the financial period were as follows:

Alastair Davidson  
 Richard Matthews  
 Simon Lindsay  
 John Corr (appointed 9 July 2010)  
 Steuart Roe (appointed 9 July 2010)  
 Oliver Morgan (resigned 9 July 2010)  
 Anthony Jones (resigned 9 July 2010)

There were no other persons with responsibility for planning, directing and controlling the activities of the Trust, directly or indirectly during the financial year.

#### Key management personnel compensation

Key management personnel are paid by Aurora Funds Management Limited. Payments made from the Trust to Aurora Funds Management Limited do not include any amounts directly attributable to the compensation of key management personnel.

#### Key management personnel loan disclosures

The Trust has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

#### Other transactions within the Trust

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Trust during the financial year and there were no material contracts involving key management personnel's interests existing at year end.

## 14 Related party transactions (continued)

### Responsible entity's/manager's fees and other transactions

For the year ended 30 June 2011, in accordance with the Trust's Constitution, the responsible entity is entitled to receive a total fee of 0.205% (inclusive GST, net of RITC) per annum, calculated by reference to the average daily net assets (excluding net assets attributable to unitholders) of the Trust.

All expenses in connection with the preparation of accounting records and the maintenance of the unit register are reimbursed in accordance with the Trust Constitution.

The transactions during the year and amounts payable at year end between the Trust and the responsible entity were as follows:

|  | 30 June 2011   | 30 June 2010   |
|--|----------------|----------------|
|  | \$             | \$             |
| Management fees for the year paid by the Fund to the responsible entity                | <u>366,601</u> | <u>364,109</u> |
| Aggregate amounts payable to the responsible entity at the end of the reporting period | <u>85,558</u>  | <u>69,665</u>  |

### Related party unit holdings

As at the date of this report the direct/indirect interests of the Directors of the consolidated entity in the Trusts were as follows:

#### 2011

| Unitholder       | No. of units held opening | No. of units held closing | Fair value of investment | Interest held | No. of units acquired | No. of units disposed | Distributions paid/ payable by the Fund |
|------------------|---------------------------|---------------------------|--------------------------|---------------|-----------------------|-----------------------|---|
| Richard Matthews | 205                       | 205                       | 1,642                    | 0.0010%       | -                     | -                     | 2                                       |

#### 2010

| Unitholder       | No. of units held opening | No. of units held closing | Fair value of investment | Interest held | No. of units acquired | No. of units disposed | Distributions paid/ payable by the Fund |
|------------------|---------------------------|---------------------------|--------------------------|---------------|-----------------------|-----------------------|---|
| Richard Matthews | 205                       | 205                       | 1,475                    | 0.0010%       | -                     | -                     | 97                                      |

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

(a) The cash balances are reconciled to cash as shown in the statement of cash flows at the end of the year as follows:

|                          | As at<br>30 June 2011 | As at<br>30 June 2010 |
|--------------------------|-----------------------|-----------------------|
|                          | \$000                 | \$000                 |
| Cash and cash equivalent | 1,023                 | 952                   |
| Bank overdrafts          | <u>(31,419)</u>       | <u>(32,419)</u>       |
|                          | <u>(30,396)</u>       | <u>(31,467)</u>       |

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

|   | Year ended<br>30 June 2011 | Year ended<br>30 June 2010 |
|---|----------------------------|----------------------------|
|   | \$'000                     | \$'000                     |
| Profit/(loss) for the year  | -                          | -                          |
| Distributions to unit holders   | 10,420                     | 9,690                      |
| Increase/(decrease) in net assets attributable to unitholders                         | 5,905                      | (317)                      |
| Proceeds from sale of financial instruments held at fair value through profit or loss | 38,356                     | -                          |
| Purchase of financial instruments held at fair value through profit or loss           | (1,340)                    | (40,659)                   |
| Net (gains)/losses on financial instruments held at fair value through profit or loss | (5,839)                    | -                          |
| Net change in receivables and other assets  | (9,198)                    | (5,815)                    |
| Net change in payables and other liabilities  | 11                         | 86                         |
| <b>Net cash inflow from operating activities</b>                                      | <u>38,315</u>              | <u>(37,015)</u>            |

(c) Non-cash financing activities

During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan  
 As described in note 2(i), income not distributed is included in net assets attributable to unitholders. The change in this amount each year (as reported in (b) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable.

|  |              |          |
|--|--------------|----------|
|  | <u>1,023</u> | <u>-</u> |
|--|--------------|----------|

## 16 Events occurring after the reporting period

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

## 17 Commitments

There were no commitments for expenditure at 30 June 2011 (2010 – nil).

## 18 Contingent assets and liabilities

There were no contingent assets and liabilities at 30 June 2011 (2010 – nil).

## Directors' declaration

In the opinion of the directors of the responsible entity:

- (a) the audited financial statements and notes set out on pages 8 to 28 are in accordance with the Corporations Act 2001, including:
  - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
  - (ii) giving a true and fair view of the Trust's financial position as at 30 June 2011 and of its performance for the financial year ended on that date,
- (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable, and
- (c) Note 2(a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

A handwritten signature in black ink that reads "Stuart Roe". The signature is written in a cursive, flowing style.

Steuart Roe

Director

Sydney, NSW

23 September 2011



## Independent auditor's report to the members of van Eyk Blueprint Alternatives Plus

### Report on the financial report

We have audited the accompanying financial report of van Eyk Blueprint Alternatives Plus (the Trust), which comprises the balance sheet as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

#### *Directors' responsibility for the financial report*

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

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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Independent auditor's report to the members of  
van Eyk Blueprint Alternatives Plus (continued)

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

*Independence*

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

*Auditor's opinion*

In our opinion:

- (a) the financial report of van Eyk Blueprint Alternatives Plus is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Trust's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the Trust's financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in cursive script that reads 'Andrew J Wilson'.

Andrew J Wilson  
Partner

Sydney  
23 September 2011



## Corporate Governance Statement

### Corporate Structure

The Aurora van Eyk Blueprint Alternatives Plus (the "Trust") is a registered Managed investment scheme under the Corporations Act 2001, and Aurora Funds Management Limited ("Aurora") is the Responsible Entity of the Trust.

A Responsible Entity (the "RE") of a scheme must perform the duties detailed in the Constitution of the Trust and those regulated by the Corporations Act. The duties of the RE include, amongst other things:

- Acting honestly
- Exercising a duty of care and diligence
- Act in the best interest of unit holders
- Treat unit holders equally where they hold the same class
- Treat unit holders fairly where they hold different classes
- Make sure the Trust property is valued at regular intervals
- Ensure that all payments from the Trust are in accordance with the Constitution
- Report any breaches that may have a material adverse impact on the interests of unit holders
- Make sure that information acquired through being the RE is not used to gain advantage for the RE or used to harm the interests of unit holders.

### The Board

The Board of Aurora Funds Management Limited is responsible for ensuring that the best corporate governance standards are applied. The names of the directors are set out in the Director's Report above. None of the directors are independent as all have an equity interest, either directly or indirectly, in the shares of Aurora. These directors each have a number of years of experience in the funds management industry, the duties of the RE and in the Trust. The independence obligations of the Board are fulfilled by the Compliance Committee, which is detailed below.

The RE has an established code of conduct which covers Directors and staff, and is available at Aurora's website at [www.aurorafunds.com.au](http://www.aurorafunds.com.au). This code of conduct, together with the Compliance Committee Charter, also covers Aurora's compliance with legal obligations and the interest of other stakeholders.

In addition, the RE operates the Trust as a scheme under the Corporations Act and therefore the RE must comply with the Compliance Plan lodged with ASIC prior to units in the Trust being issued. The Corporate Governance of the Trust is regulated by the Compliance Committee, which must have a majority of independent members. The Compliance Committee operate under a Compliance Committee charter, and is responsible for monitoring the RE's compliance with the Compliance Plan and reporting any breaches to the Board of the RE and ASIC. It is also responsible for reviewing the operations on the RE.

### The Compliance Committee

The Compliance Committee for the RE comprises:

- Mr Richard Matthews (internal member)
- Mr David Lewis (external)
- Mr Mark Hancock (external)

Mr David Lewis is a qualified actuary and has over 39 years experience in financial services, predominantly in administration and consulting to fund management companies. David serves on the compliance committees of a number of Responsible Entities.

Mr Mark Hancock is a qualified actuary and has over 27 years experience in the securities and funds management industry. Mark has significant applied research experience in Australian Equity markets accumulated from a variety of roles over a period of some 19 years. He was previously an equity portfolio manager with NRMA and MMI Insurance.

The external members of the Compliance Committee are nominated and remunerated by the RE. The committee is convened and serviced by Aurora's COO, Richard Matthews. The Compliance Committee Charter is available at Aurora's website [www.aurorafunds.com.au](http://www.aurorafunds.com.au).

The Chair of the Compliance Committee rotates amongst the three members. Meetings are held quarterly and all members have access

- to the books and records and any other relevant information on the Trust and the RE, including all the staff of the RE
- The auditors of the RE
- The auditors of the Trust and
- The auditor of the Compliance Plan

## Financial Reporting

The auditor of the Compliance Plan must be different from the auditor of the RE and the Trust and both report independently to the Compliance Committee. The CEO and COO provide written sign off to the board and the compliance committee on the veracity of the financial reporting systems and the risk management procedures outlined below.

The RE Board reviews the results of the of the external audit process of the Trust and the Compliance Plan to ensure:

- That the Compliance Plan and Trust auditor are appropriately qualified, and legally eligible to act at all times
- That the terms of their appointment are appropriate and accord with the Corporations Act
- That the auditors have access to all relevant information as required
- That the auditors conduct all enquiries and provide all reports as required by the Corporations Act

The external auditors are invited to attend board and compliance meetings where financial reports and compliance plan audits are discussed.

## Public Disclosure

The Board believes that market sensitive information should be released as quickly as possible and has policies in place to ensure that the Trust meets its disclosure obligations under the ASX Listing Rules.

## Rights of Unit holders

The Constitution of the Trust and the Corporations Act governs the rights of unit holders, including their rights to the income and assets of the Trust. The RE is not required to hold an annual general meeting of unitholders; however a meeting may be called by unit holders with at least 5% of the votes that may be cast on a resolution or by 100 unit holders who are entitled to vote.

The RE runs an extensive website that provides all publically available information to unit holders that ensures compliance with the general principles of "good reporting" and compliance with our statutory obligations, under Corporations Act, ASIC, and ASX regulations.

## Risk Management and Oversight

The RE manages risks in the Trust through the following methods:

- Appointment of an appropriately qualified external asset manager, reviewed quarterly
- Appointment of appropriately qualified service providers, such as registry, administration and custody
- Compliance with all of ASIC's and ASX's policies and guidelines
- Recording and reporting complaints by unit holders

The Compliance Committee meets and reviews all external service providers on a quarterly basis. The board of the RE reviews the management contracts of external managers and investment advisers, which are publically available contracts. Key terms are disclosed in the current Product Disclosure Statement which is available at [www.aurorafunds.com.au](http://www.aurorafunds.com.au), as well as summarized in this Annual Report.

## Corporate Governance Practices of Aurora and the Trust

The Trust and Aurora have complied with all the Corporate Governance Principles as at 30 June 2011, except where stated below.

*Recommendation 8.1: Process for the performance evaluation of the board and compliance committee members*

Aurora does not have a formal process to evaluate the performance of board or compliance committee members. All executive directors and staff are required to complete a minimum amount of continuing professional development each year, which is reviewed by the board each year.

## Unit holder Information

The following unit holder information set out below was applicable as at 23 August 2011.

| Distribution of holdings | Number of unit holders |
|--------------------------|------------------------|
| 1 – 1,000                | 157                    |
| 1001 – 5,000             | 34                     |
| 5001 – 10,000            | 10                     |
| 10,001 – 100,000         | 3                      |
| 100,001 and over         | 4                      |
| Total                    | <hr/> 208              |

## Top 20 Unit holders

The names of the largest twenty unit holders in the Trust as at 23 August 2011 are listed below:

| Name   | Number held       | Percentage of total |
|--|-------------------|---------------------|
| BOND STREET CUSTODIANS LIMITED <VAN EYK BLUEPRINT BAL A/C>                     | 9,882,115         | 61.596              |
| SUNCORP PORTFOLIO SERVICES LTD ATF OPTIMUM POOLED SUPERANNUATION TRUST         | 2,477,341         | 15.441              |
| BOND STREET CUSTODIANS LIMITED <VAN EYK BLUE HI GROWTH A/C>                    | 2,393,654         | 14.920              |
| BOND STREET CUSTODIANS LIMITED <VAN EYK BLUE CAP STABLE A/C>                   | 1,002,397         | 6.248               |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED                                      | 31,067            | 0.194               |
| JAKAJAMINA PTY LTD <JC LEA FAMILY A/C>   | 24,329            | 0.152               |
| MOREGRAND PTY LTD <MOREGRAND SUPER FUND A/C>                                   | 12,960            | 0.081               |
| MS DORA MIGNONE <SUPER FUND A/C>   | 10,000            | 0.062               |
| PA & LM INVESTMENTS PTY LTD <CARTER SUPER FUND A/C>                            | 10,000            | 0.062               |
| MR MICHAEL EDWARD SEXTON & MRS KATHERINE MARY SEXTON <SEPTIMUS SUPER FUND A/C> | 10,000            | 0.062               |
| SHAKIM PTY LTD <THE WRIGHT SUPER FUND A/C>                                     | 10,000            | 0.062               |
| C J OGROWSKY SUPERANNUATION FUND PTY LTD <CJ OGROWSKY SUPER FUND A/C>          | 8,000             | 0.050               |
| CLICKIA PTY LTD <C & IW MILNE SUPER FUND A/C>                                  | 8,000             | 0.050               |
| MR JOHN CROMPTON & MRS ANNEMARIE CROMPTON <CROMPTON SUPER FUND A/C>            | 7,500             | 0.047               |
| AR & SD DOWNING SUPERANNUATION FUND PTY LTD <AR & SD DOWNING S/FUND A/C>       | 6,445             | 0.040               |
| BOND STREET CUSTODIANS LIMITED <BUCHAN - I44176 A/C>                           | 6,000             | 0.037               |
| JULIE DAVIES PTY LTD <JULIE DAVIES PERSONAL SF A/C>                            | 5,920             | 0.037               |
| MR NATHAN REUBEN ACKARIE   | 5,000             | 0.031               |
| GLASCO SUPER PTY LTD <JORDAN SALES S/F A/C>                                    | 5,000             | 0.031               |
| MR GEOFFREY JAMES HANSELL & MRS YVONNE LUCIA HANSELL <THE GRETEL S/F A/C>      | 4,955             | 0.031               |
| <b>Total</b>   | <b>15,920,683</b> | <b>99.234</b>       |

This information is summarised from registry information received by the Responsible Entity.