

Wholesale Diversified High Growth Fund

ARSN 095 735 961

Annual financial report – 30 June 2008



Official Partner 2008-2012

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Directors' report

30 June 2008

Directors' report

The Directors of National Mutual Funds Management Limited (a wholly owned subsidiary of AXA Asia Pacific Holdings Limited), the 'Responsible Entity' of the Wholesale Diversified High Growth Fund, present their report together with the financial report of the Wholesale Diversified High Growth Fund (the 'Fund') for the year ended 30 June 2008. In order to comply with provisions of the **Corporations Act 2001**, the Directors report as follows:

Principal activities

The principal activity of the Fund is to invest funds in accordance with its investment objectives and guidelines as set out in the current Product Disclosure Statement and in accordance with the provisions of the Fund Constitution.

Review and results of operations

The Fund maintains its investment strategy to enhance long-term returns.

The investment policy of the Fund continues to be that detailed in the current Product Disclosure Statement and in accordance with the provisions of the Fund Constitution.

Results

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

	Year ended	
	30 June 2008	30 June 2007
	\$	\$
Operating (loss)/profit before finance costs attributable to unit holders	(349,458)	532,075

Distributions

	Year ended	
	30 June 2008	30 June 2007
	\$	\$
Distribution paid and payable	323,644	680,199

The key differences between unit pricing and Financial Reporting have been outlined below:

	Year ended	
	30 June 2008	30 June 2007
	\$	\$
Net assets for unit pricing purposes	1,036,118	2,283,573
Adjustment for changes in valuation of financial assets held at fair value	(1,795)	(3,366)
Reclassification of net assets attributable to unit holders to liabilities	(1,034,323)	(2,280,207)
Net assets for financial reporting purposes	-	-

The Fund invests in a diverse range of asset classes shares, fixed interest securities, cash and property securities and the exposure to these asset classes is achieved through investing in unlisted managed investment schemes.

There were no significant changes in the nature of the Fund's activities during the year.

Directors

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

D S Craine
 E A Foley
 N Filipovic (resigned 24 April 2008)
 W J Lee
 I C Campbell
 G L Dickson

Directors' report

30 June 2008

Subsequent events

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

Significant changes in state of affairs

During the financial year, there were no significant changes in the state of affairs of the Fund other than that referred to in the financial statements or notes thereto.

Future developments

The Fund will continue to be managed in accordance with its investment objectives and guidelines as set out in the current Product Disclosure Statement and in accordance with the provisions of the Constitution. Future results will accordingly depend on the performance of the markets to which the Fund is exposed.

Options granted

No options were:

- (i) Granted over unissued units in the Fund during or since the end of the financial year; or
- (ii) Granted to the Responsible Entity.

No unissued units in the Fund were under option as at the date on which this report is made.

No units were issued in the Fund during or since the end of the financial year as a result of the exercise of an option over unissued units in the Fund.

Indemnification and insurance of officers and auditors

During or since the end of the financial year, the Responsible Entity has not indemnified or made a relevant agreement to indemnify an officer of the Responsible Entity or auditor of the Fund or of any related corporate body against a liability incurred by an officer of the Responsible Entity or auditor of the Fund. In addition, the Responsible Entity has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer of the Responsible Entity or auditor of the Fund.

Fund information in the financial report

Fees paid to the Responsible Entity and its associates out of Fund property during the year are disclosed in Note 11 of the financial statements.

The number of units in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 11 of the financial statements.

The number of interests in the Fund issued during the financial year, withdrawals from the Fund during the financial year, and the number of interests in the Fund at the end of the financial year are disclosed in Note 7(a) of the financial statements.

The value of the Fund's assets as at the end of the financial year is disclosed in the balance sheet as 'Total Assets' and the basis of valuation is included in Note 1 to the financial statements.

Independence declaration by Auditor

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

Signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the Directors



Elizabeth Foley
Director
Melbourne
9 September 2008

Auditor's independence declaration

30 June 2008

Deloitte

The Board of Directors
National Mutual Funds Management Limited
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8 September 2008

Dear Board Members

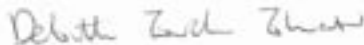
Wholesale Diversified High Growth Fund

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of National Mutual Funds Management Limited, as Responsible Entity of the Wholesale Diversified High Growth Fund.

As lead audit partner for the audit of the financial statements of the Wholesale Diversified High Growth Fund for the financial year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



S C Woodhouse
Partner
Chartered Accountants

Member of
Deloitte Touche Tohmatsu

Liability limited by a scheme approved under Professional Standards Legislation.

Independent auditor's report

30 June 2008

Deloitte.

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Independent Auditor's Report to the unitholders of the Wholesale Diversified High Growth Fund

We have audited the accompanying financial report of the Wholesale Diversified High Growth Fund (the "Fund"), which comprises the balance sheet as at 30 June 2008, and the income statement, cash flow statement and statement of recognised income and expense for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration as set out on pages 8 to 28.

Directors' Responsibility for the Financial Report

The directors of National Mutual Funds Management Limited (the "Responsible Entity") are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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.

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of National Mutual Funds Management Limited on 8 September 2008 would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion:

- (a) the financial report of the Wholesale Diversified High Growth Fund is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the fund's financial position as at 30 June 2008 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 financial report also complies with International Financial Reporting Standards as disclosed in Note 1.



DELOITTE TOUCHE TOHMATSU



S C Woodhouse
Partner
Chartered Accountants
16 September 2008

Member of
Deloitte Touche Tohmatsu

Wholesale Diversified High Growth Fund
Directors' declaration

30 June 2008

The financial statements and the notes thereto of the Wholesale Diversified High Growth Fund (the 'Fund') for the financial year ended 30 June 2008 have been prepared by National Mutual Funds Management Limited (the 'Responsible Entity') in accordance with the Corporations Act 2001.

The Directors of the Responsible Entity declare that:

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

Signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Directors



Elizabeth Foley
Director
Melbourne
9 September 2008

Income statement

For the year ended 30 June 2008

	Notes	Year ended	
		30 June 2008 \$	30 June 2007 \$
Investment income			
Interest income		537	153
Distribution income	11	118,389	279,058
Net (losses)/gains on financial instruments held at fair value through profit or loss	5	(466,891)	255,141
Management fee rebate	8,11	10,369	10,258
Total investment (loss)/income		(337,596)	544,610
Expenses			
Auditor's remuneration	9	10,822	11,430
Borrowing costs		–	15
Other operating expenses		1,040	1,090
Total operating expenses		11,862	12,535
Operating (loss)/profit		(349,458)	532,075
Finance costs attributable to unit holders			
Distributions	6	(323,644)	(680,199)
Decrease in net assets attributable to unit holders	7	673,102	148,124
Profit for the year		–	–

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

Balance sheet

As at 30 June 2008

	Notes	As at	
		30 June 2008 \$	30 June 2007 \$
Assets			
Cash and cash equivalents		27,700	78,815
Due from brokers – receivable for securities sold		–	321,000
Receivables	3	93,666	233,131
Financial assets held at fair value through profit or loss	2,11	1,229,484	2,295,158
Total assets		1,350,850	2,928,104
Liabilities (excluding net assets attributable to unit holders)			
Payables	4	16,427	8,274
Distributions payable	6	300,100	639,623
Total liabilities (excluding net assets attributable to unit holders)		316,527	647,897
Net assets attributable to unit holders – liability	7	1,034,323	2,280,207
Net assets		–	–

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

Statement of recognised income and expense

For the year ended 30 June 2008

	Year ended	
	30 June 2008	30 June 2007
	\$	\$
Profit for the year	–	–
Total recognised income and expense for the year	–	–

The above statement of recognised income and expense should be read in conjunction with the accompanying notes.

Cash flow statement

For the year ended 30 June 2008

	Notes	Year ended	
		30 June 2008 \$	30 June 2007 \$
Cash flows from operating activities			
Interest received		537	153
Management fees rebate received		11,007	9,521
Payment of other expenses		(3,709)	(13,717)
Net cash provided by/(used in) operating activities	13(a)	7,835	(4,043)
Cash flows from investing activities			
Proceeds from sale of investments		1,221,000	1,122,092
Payment for purchase of investments		(44,001)	–
Net cash provided by investing activities		1,176,999	1,122,092
Cash flows from financing activities			
Proceeds from applications by unit holders		5,000	3,485
Payments for redemptions by unit holders		(577,782)	(817,553)
Distributions paid		(663,167)	(294,859)
Net cash used in financing activities		(1,235,949)	(1,108,927)
Net (decrease)/increase in cash and cash equivalents		(51,115)	9,122
Cash and cash equivalents at the beginning of the year		78,815	69,693
Cash and cash equivalents held at the end of the year	13(b)	27,700	78,815
Non-cash financing and investing activities	13(c)		

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

Notes to the financial statements

30 June 2008

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Notes to the financial statements

30 June 2008

1 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

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements and interpretations of the Australian Accounting Standards Board and the Corporations Act 2001 in Australia.

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

In the application of AIFRS management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of AIFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Compliance with International Financial Reporting Standards (IFRS)

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards. Compliance with AIFRS ensures that the financial report of the Fund, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

Adoption of new and revised accounting standards

In the current year, the Fund has adopted all the new and revised Standards, and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below. The Fund has also adopted the following Standards as listed below which only impacted on the Fund's financial statements with respect to disclosure:

- AASB 101 'Presentation of Financial Statements (revised October 2006)'
- AASB 7 'Financial Instruments: Disclosures'

(b) Financial instruments

(i) Classification

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

- Financial instruments designated at fair value through profit or loss upon initial recognition
These are investments in unlisted managed investment schemes.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Responsible Entity to evaluate the information about these financial assets and financial liabilities on a fair value basis together with other related financial information.

(ii) Recognition/derecognition

The Fund 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 cashflows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

(iii) Measurement

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

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

- Fair value in an inactive or unquoted market
Investments in unlisted managed investment schemes are recorded at fair value represented by the redemption value per unit as reported by the managers of such funds.

(iv) Offsetting financial instruments

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

(c) Net assets attributable to unit holders

Units are redeemable at the unit holders' option and are therefore classified as financial liabilities. The units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the balance sheet date if unit holders exercised their right to put the units back to the Fund.

(d) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, or other short-term highly liquid investments net of outstanding bank overdrafts.

(e) Investment income

Interest income is recognised on a time proportionate basis taking into account the effective yield on the financial assets.

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 and points paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Distributions from unlisted managed investment schemes are recognised as of the date the unit value is quoted ex-distribution.

(f) Income tax

Under current income tax legislation the Fund is not liable to pay income tax as the net income of the Fund is assessable in the hands of the beneficiaries (the unit holders) who are 'presently entitled' to the income of the Fund. There is no income of the Fund to which the unit holders are not presently entitled and additionally, the Fund Constitution requires the distribution of the full amount of the net income of the Fund to the unit holders each period.

As a result, deferred taxes have not been recognised in the financial statements in relation to differences between the carrying amounts of assets and liabilities and their respective tax bases, including taxes on capital gains which could arise in the event of a sale of investments for the amount at which they are stated in the financial statements. In the event that taxable gains are realised by the Fund, these gains would be included in the taxable income that is assessable in the hands of the unit holders as noted above.

Realised capital losses are not distributed to unit holders but are retained in the Fund to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unit holders.

Notes to the financial statements

30 June 2008

(g) Expenses

All expenses are recognised in the income statement on an accruals basis.

(h) Distributions

In accordance with the Fund Constitution, the Fund fully distributes its realised distributable (taxable) income to unit holders by cash or reinvestment. The distributions are recognised in the income statement as finance costs attributable to unit holders.

Distributions to unit holders comprise the taxable income of the Fund. The distributions are payable at the end of June and December each year.

(i) Applications and redemptions

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

The application and redemption prices are determined as the net asset value of the Fund per the Constitution adjusted for the estimated transaction costs, divided by the number of units on issue on the date of the application or redemption.

(j) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as management fees, custody fees and other expenses are recognised net of the amount of goods and services tax (GST) recoverable from the Australian Tax Office (ATO) as the Fund qualifies for Reduced Input Tax Credit (RITC) at a rate of 75 per cent.

Accounts payable and accrued expenses are stated with the amount of GST included. The net amount of GST recoverable from the ATO is included as a current asset or liability in the Balance Sheet. Cash flows are included in the cash flows statement on a gross basis.

The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(k) Increase/decrease in net assets attributable to unit holders

Non-distributable income is transferred directly to net assets attributable to unit holders. This balance represents unrealised gains and losses due to the change in fair value of investments. These gains and losses have been recognised in the Income Statement in either the current or a previous period, and have not been distributed to unit holders.

Once the gains and losses have been realised these items are distributed to unit holders. Income recognition differences consist of accrued income not yet assessable, expenses provided or accrued which are not yet deductible, net capital losses and tax free or tax deferred income.

(l) Receivables

Receivables are recorded at amortised cost less impairment and may include amounts for distributions, interest and securities sold where settlement has not yet occurred. Distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment. Amounts are generally received within 30 days of being recorded as receivables.

(m) Payables

Trade payables and other accounts payable are recognised when the Fund becomes obliged to make future payments resulting from the purchase of goods and services.

(n) Provisions

Provisions are recognised when the Fund has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(o) Segment reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

(p) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The Directors' assessment of the impact of these new standards (to the extent relevant to the Fund) and interpretations is set below:

(i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8

AASB 8 and AASB 2007-3 are applicable to annual reporting periods beginning on or after 1 January 2009. The Fund has not adopted these standards early. Application of these standards will not affect any of the amounts recognised in the financial statements, but may affect the segment disclosures provided in Note 10.

(ii) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101

AASB 101 (Revised) is applicable to annual reporting period beginning on or after 1 January 2009. The Fund has not adopted this standard early. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity but will not affect any of the amounts recognised in the financial statements. If the Fund makes a prior period adjustment or re-classifies items in the financial statement, it will need to disclose a third balance sheet (statement of financial position), this one being at the beginning of the comparative period.

(iii) AASB 132 Financial Instruments: Presentation and AASB 2008-2 Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations Arising on Liquidation (Revised AASB 132)

Revised AASB 132 is applicable for reporting periods beginning on or after 1 January 2009. The Fund has not adopted this standard early. Application of this standard will not affect any of the amounts recognised in the financial statements as the Fund is obligated to distribute all of its taxable income in accordance with the Fund's Constitution. Accordingly, there will be no change to classification of unit holders' funds as a liability and therefore no impact on profit or loss and equity.

2 Financial assets held at fair value through profit or loss

	Note	As at	
		30 June 2008 \$	30 June 2007 \$
Designated at fair value through profit or loss			
Unlisted managed investment schemes	11	1,229,484	2,295,158
Total designated at fair value through profit or loss		1,229,484	2,295,158
Total financial assets held at fair value through profit or loss		1,229,484	2,295,158

3 Receivables

	As at	
	30 June 2008 \$	30 June 2007 \$
Distribution receivable	92,751	231,578
Management fees rebate receivable	915	1,553
	93,666	233,131

The Fund's receivables are categorised as Loans and Receivables.

Notes to the financial statements

30 June 2008

4 Payables

	As at	
	30 June 2008	30 June 2007
	\$	\$
Other unsecured payables & accrued expenses	16,427	8,274
	16,427	8,274

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

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

	Year ended	
	30 June 2008	30 June 2007
	\$	\$
Financial assets		
Net (loss)/gain on financial assets designated as at fair value through profit or loss	(466,891)	255,141
Net (losses)/gains on financial assets held at fair value through profit or loss	(466,891)	255,141
Total net (losses)/gains on financial instruments held at fair value through profit or loss	(466,891)	255,141

6 Distributions to unit holders

	Year ended	
	30 June 2008	30 June 2007
	\$	\$
Distributions paid	23,544	40,576
Distributions payable	300,100	639,623
	323,644	680,199

7 Net assets attributable to unit holders

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

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

(a) Units on issue

	As at			
	30 June 2008 No.	30 June 2007 No.	30 June 2008 \$	30 June 2007 \$
Opening balance	2,461,349	3,190,316	2,574,378	3,106,371
Applications	5,579	3,058	5,000	3,485
Redemptions	(656,437)	(741,320)	(511,807)	(544,921)
Units issued upon reinvestment of distributions	–	9,295	–	9,443
Closing balance	1,810,491	2,461,349	2,067,571	2,574,378

(b) Movement in undistributed income attributable to unit holders

	As at	
	30 June 2008	30 June 2007
	\$	\$
Opening balance	(294,171)	126,585
Net assets redeemed	(65,975)	(272,632)
Decrease in net assets attributable to unit holders	(673,102)	(148,124)
Closing balance	(1,033,248)	(294,171)

	As at	
	30 June 2008	30 June 2007
	\$	\$
Total net assets attributable to unit holders	1,034,323	2,280,207

8 Management fees

In accordance with the Constitution and the Product Disclosure Statement dated 11 March 2004, the ongoing management fee payable to the Responsible Entity is 0.85% (2007: 0.85%) per annum of the net asset value of the Fund and it is assessed daily and payable on a monthly basis.

In accordance with the Product Disclosure Statement, the MER of the Fund is capped at an annual equivalent of 0.90% (2007: 0.90%). To the extent that the MER cap would be exceeded, the Responsible Entity has waived its management fees to ensure the MER remains below the cap. This has resulted in a management fee rebate in the current year.

9 Auditor's remuneration

During the year the following fees were paid or payable for services provided by the auditor of the Fund:

	Year ending	
	30 June 2008	30 June 2007
	\$	\$
Auditing the financial report	9,000	7,917
Other audit services	1,822	3,513
	10,822	11,430

The auditor of the Wholesale Diversified High Growth Fund is Deloitte Touche Tohmatsu.

10 Segment information

Business segments

The Fund operates solely in the business of financial investment and derives income from unlisted managed investment schemes and cash and cash equivalents.

Geographical segments

The Fund operates solely in Australia and derives income both from within and outside Australia. Overseas income is derived from holdings in the Wholesale Global Equity Growth Fund, the Wholesale Global Fixed Income Fund and the Wholesale Global Equity Value Fund.

Notes to the financial statements

30 June 2008

11 Related party transactions

Responsible Entity

The Responsible Entity of the Wholesale Diversified High Growth Fund is National Mutual Funds Management Limited. The Responsible Entity is a wholly owned subsidiary of AXA Asia Pacific Holdings Limited whose ultimate parent entity is AXA S.A., a company incorporated in France. Accordingly transactions with entities related to AXA Asia Pacific Holdings Limited are disclosed below.

Key management personnel

Key management personnel includes persons who were Directors of National Mutual Funds Management Limited at any time during the financial year as follows:

D S Craine
E A Foley
N Filipovic (resigned 24 April 2008)
W J Lee
I C Campbell
G L Dickson

Key management personnel compensation

Key management personnel are paid by a related party of the Responsible Entity. Payments made from the Fund to the Responsible Entity do not include

any amounts directly attributable to compensation of key management personnel.

Other key management personnel

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

Holdings of units

During or since the end of the financial year, none of the related parties, the key management personnel and/or their related entities held units in the Fund, either directly, indirectly or beneficially (2007: Nil).

The Responsible Entity and its associates did not hold any units in the Fund during the year.

Transactions with related parties

Transactions with related parties are conducted on normal commercial terms and conditions.

Management fee rebates of \$10,369 (2007: \$10,258), calculated in accordance with Note 8 were received or receivable from the Responsible Entity in respect of the year ended 30 June 2008.

No amounts were paid by the Fund directly to the key management personnel of the National Mutual Funds Management Limited.

Investments

The Fund held investments in the following funds which are also managed by the Responsible Entity or its related parties:

	Fair value of investment		Interest held		Distributions received / receivable	
	2008 \$	2007 \$	2008 %	2007 %	2008 \$	2007 \$
Wholesale Cash Management Trust	96	1,056	–	0.00	49	63
Wholesale Australian Fixed Income Fund	107,998	202,465	0.15	0.23	7,451	11,285
Wholesale Global Equity – Growth Fund	209,821	410,436	0.02	0.03	1,623	1,285
Wholesale Global Fixed Income Fund	66,446	116,997	0.01	0.02	5,397	12,529
Wholesale Australian Diversified Property Securities Fund	113,748	219,377	0.03	0.03	21,262	49,218
Wholesale Global Equity – Value Fund	209,507	384,508	0.01	0.01	4,772	29,941
Wholesale Australian Equity – Value Fund	258,575	506,077	0.06	0.11	34,850	62,479
Wholesale Australian Equity – Growth Fund	263,293	454,242	0.65	0.77	42,984	112,258
Total	1,229,484	2,295,158			118,389	279,058

Distributions received/receivable include an amount of \$92,751 (2007: \$231,578) which remains unpaid at the reporting date.

12 Financial risk management

Management of financial instruments

The investments of the Fund (other than cash held for meeting daily administrative expenses), are managed by National Mutual Funds Management Limited, the Responsible Entity.

State Street Australia Limited acts as master custodian on behalf of the Responsible Entity and, as such, provides services including physical custody and safekeeping of assets, settlement of trades, collection of dividends and accounting for investment transactions.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 1 to the financial statements.

Capital risk management

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

The Investment Manager aims to ensure that there is sufficient capital for possible redemptions by unit holders by maintaining a minimum of its total investments in cash and cash equivalents.

The Fund's overall investment strategy remains unchanged from the prior year.

Categories of financial instruments

The categories of financial instruments are financial assets held at fair value through profit or loss which is disclosed in Note 2 and loans and receivables which is disclosed in Note 3.

Financial risk management objectives

The Fund is exposed to a variety of financial risks as a result of its activities. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Fund's risk management and investment policies, approved by the Responsible

Entity, seek to minimise the potential adverse effects of these risks on the Fund's financial performance.

The Fund's investment mandate is to invest in unlisted managed investment schemes and cash and cash equivalents.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: market prices (price risk), foreign exchange (currency risk) and market interest rates (interest rate risk). There has been no change in the period to the Fund's exposure to market risks or the manner in which it manages and measures the risk.

The Fund is exposed to currency risk, interest risk and price risk indirectly via its investments in unlisted managed investment schemes. The impact of possible changes in market risk on operating profit and net assets attributable to unit holders will depend on the particular asset allocations of these managed investment schemes.

(i) Price risk

The Fund is exposed to the price risk in relation to its units in the unlisted managed investment schemes as prices in the future are uncertain. The units in the unlisted managed investment schemes are classified on the balance sheet as at fair value through profit or loss.

Price risk is the risk that the total value of investments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The Responsible Entity monitors the performance of the unlisted managed investment schemes and reviews audited annual financial statements of the unlisted managed investment schemes in order to assess the unlisted managed investment schemes' compliance with its Product Disclosure Statement.

The price risk disclosures have been prepared on the basis of the Fund's direct investment and not on a look-through basis for investments held indirectly through unlisted managed investment schemes. Consequently, the disclosure of price risk in the note may not represent the true price risk profile of the Fund where the Fund has significant investments in unlisted managed investment schemes which also have exposure to the price risk.

Notes to the financial statements

30 June 2008

(ii) Foreign exchange risk

The Fund does not have any direct exposure to foreign exchange risk based on the Fund's direct investment in the unlisted managed investment schemes, which issues units denominated in Australian dollars. However, the unlisted managed investment schemes may hold investments denominated in foreign currencies in accordance with the unlisted managed investment schemes' Product Disclosure Statement. The Responsible Entity monitors the performance of the unlisted managed investment schemes and reviews audited annual financial statements of the unlisted managed investment schemes in order to assess the unlisted managed investment schemes' compliance with its Product Disclosure Statement.

The foreign exchange risk disclosures have been prepared on the basis of the Fund's direct investment and not on a look-through basis for investments held indirectly through unlisted managed investment schemes. Consequently, the

disclosure of foreign exchange risk in the note may not represent the true foreign exchange risk profile of the Fund where the Fund has significant investments in unlisted managed investment schemes which also have exposure to the foreign exchange risk.

(iii) Interest rate risk

The majority of the Fund's directly held financial assets are non-interest bearing securities that have no exposure to interest rate movement and therefore have minimal exposure to interest rate risk.

The interest rate risk disclosures have been prepared on the basis of the Fund's direct investment and not on a look-through basis for investments held indirectly through unlisted managed investment schemes. Consequently, the disclosure of interest rate risk in the note may not represent the true interest rate risk profile of the Fund where the Fund has significant investments in unlisted managed investment schemes which also have exposure to the interest rate markets.

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

30 June 2008	Floating interest rate \$	Fixed interest rate				Non-interest bearing \$	Total \$
		3 months or less \$	4 to 12 months \$	1 to 5 years \$	Over 5 years \$		
Assets							
Cash and cash equivalents	27,700	-	-	-	-	-	27,700
Receivables	-	-	-	-	-	93,666	93,666
Financial assets held at fair value through profit or loss	-	-	-	-	-	1,229,484	1,229,484
Total assets	27,700	-	-	-	-	1,323,150	1,350,850
Liabilities (excluding net assets attributable to unit holders)							
Payables	-	-	-	-	-	16,427	16,427
Distributions payable	-	-	-	-	-	300,100	300,100
Total liabilities (excluding net assets attributable to unit holders)	-	-	-	-	-	316,527	316,527
Net assets attributable to unit holders – liability	-	-	-	-	-	1,036,119	1,034,323

30 June 2007	Floating interest rate \$	Fixed interest rate				Non-interest bearing \$	Total \$
		3 months or less \$	4 to 12 months \$	1 to 5 years \$	Over 5 years \$		
Assets							
Cash and cash equivalents	78,815	–	–	–	–	–	78,815
Receivables	–	–	–	–	–	554,131	554,131
Financial assets held at fair value through profit or loss	–	–	–	–	–	2,295,158	2,295,158
Total assets	78,815	–	–	–	–	2,849,289	2,928,104
Liabilities (excluding net assets attributable to unit holders)							
Payables	–	–	–	–	–	8,274	8,274
Distributions payable	–	–	–	–	–	639,623	639,623
Total liabilities (excluding net assets attributable to unit holders)	–	–	–	–	–	647,897	647,897
Net assets attributable to unit holders – liability	–	–	–	–	–	2,280,207	2,280,207

An analysis of financial liabilities by maturities is provided in Note 12(c).

The majority of the Fund's directly held financial assets are non-interest bearing securities that have no exposure to interest rate movement and therefore have minimal exposure to interest rate risk. As a result, there are little to no sensitivities to interest rate risk.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Fund. The Fund is exposed to the credit risk in relation to its unit in the unlisted managed investment schemes.

Credit risk arises from the unlisted managed investment schemes' ability to realise its investments to meet any redemptions made by the Fund. The risk is measured by reference to the available net assets in the unlisted managed investment schemes. The Fund's policy is to only invest in funds managed by a responsible entity included on the Board's approved responsible entities listing. Approval is determined based on a number of factors, including historical performance and documented risk management procedures. Compliance with the Fund's policy is reported to the Board on an exceptions basis.

The Fund does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The table below shows the maximum exposure to credit risk at the reporting date. It is the opinion of the Responsible Entity that the carrying amounts of these financial assets represent the maximum credit risk exposure at the balance sheet date.

	As at	
	30 June 2008 \$	30 June 2007 \$
Cash and cash equivalents	27,700	78,815
Receivables	93,666	554,131
Financial assets held at fair value through profit or loss	1,229,484	2,295,158
Total	1,350,850	2,928,104

None of these assets are impaired nor past due but not impaired.

Notes to the financial statements

30 June 2008

(c) Liquidity risk

The Fund's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities. Unit holders are able to withdraw their units at any time and the fund is therefore exposed to the liquidity risk of meeting unit holders' withdrawals at any time.

The Fund invests in unlisted managed investment schemes traded over the counter, or which are not traded in an organised market and which generally may be illiquid. As a result, there is a risk that the Fund may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirement.

The Fund's liquidity risk is managed in accordance with the Fund's investment strategy. The Fund manages liquidity risk by maintaining adequate banking facilities and through the continuous monitoring of forecast and actual cash flows. The Fund's overall strategy for liquidity risk management remains unchanged from 2007.

The following tables summarises the maturity profile of the Fund's financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the fund can be required to pay.

At 30 June 2008	Due on demand \$	Less than 3 months \$	3 months to 1 year \$	1–5 years \$	5+ years \$
Payables	16,427	–	–	–	–
Distribution payable	–	300,100	–	–	–
Net assets attributable to unit holders – liability	1,034,323	–	–	–	–
Total financial liabilities	1,050,750	300,100	–	–	–

At 30 June 2007	Due on demand \$	Less than 3 months \$	3 months to 1 year \$	1–5 years \$	5+ years \$
Payables	8,274	–	–	–	–
Distribution payable	–	639,623	–	–	–
Net assets attributable to unit holders – liability	2,280,207	–	–	–	–
Total financial liabilities	2,288,481	639,623	–	–	–

(d) Fair value of financial assets and financial liabilities

The Fund's financial assets and financial liabilities included in the balance sheet are carried at amounts that approximate fair value. The fair value of financial assets and financial liabilities has been determined in accordance with Note 1.

13 Notes to the cash flow statement

	Notes	Year ended	
		30 June 2008 \$	30 June 2007 \$
(a) Reconciliation of profit to net cash provided by/(used in) operating activities			
Profit for the year		–	–
Decrease in net assets attributable to unit holders	7	(673,102)	(148,124)
Distributions to unit holders	6	323,644	680,199
Net losses/(gains) on financial instruments held at fair value through profit or loss	13(c)	466,891	(255,141)
Distribution income reinvested		(257,216)	(260,904)
Net change in receivables		139,465	(18,154)
Net change in payables		8,153	(1,919)
Net cash provided by/(used in) operating activities		7,835	(4,043)
(b) Components of cash and cash equivalents			
Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the balance sheet as follows:			
Cash at bank		27,700	78,815
(c) Non-cash financing and investing activities			
Distribution received from investments reinvested in unlisted managed investment schemes.	13(a)	257,216	260,904
Income distributions reinvested by unit holders for additional units in the Fund		–	9,443

14 Reclassification to presentation

Certain prior year amounts have been re-classified to conform to the presentation in the 30 June 2008 financial statements.

15 Additional information

National Mutual Funds Management Limited, a public company incorporated and operating in Australia, is the Responsible Entity of the Wholesale Diversified High Growth Fund.

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