

inveST Funds
Annual report - for the year ended 30 June 2011

Contents

	Page
Directors' report	2
Statement of Financial Position	6
Statement of Comprehensive Income	8
Statement of Changes in Net Assets Attributable to Unitholders	10
Statement of Cash Flows	12
Notes to the financial statements	14
Directors' declaration	41
Independent Audit Report	42

Directors' report

The Directors of State Trustees Limited (ABN 68 064 593 148), the Responsible Entity of the invest Funds, present their report together with the financial report of invest Funds, for the year ended 30 June 2011.

The invest Funds consist of 5 separate funds:

invest Diversified Income Fund (Common Fund No 4)

ARSN 134 653 482

invest Australian Equity Fund (Common Fund No 3)

ARSN 134 653 286

invest Property Fund (Common Fund No 5)

ARSN 134 653 624

invest Balanced Fund (Common Fund No 12)

ARSN 134 653 857

invest International Equity Fund (Common Fund No 11)

ARSN 134 653 768

Directors

The names of the Directors of the Responsible Entity, State Trustees Limited, in office during the financial year and until the date of this report are:

Jullie A Elliott (Chairman)

Anthony G Fitzgerald (Managing Director)

Paula Allen

Joshua Bornstein

Annette W Broadfoot

Patrick M Burroughs

Robert Guttmann

Dr Irene Irvine

The Directors were in office from the beginning of the financial year until the date of this report, unless otherwise stated.

Principal activities

The principal activity of the invest Funds during the year was to invest funds in accordance with target asset allocations as set out in the current product disclosure statement and in accordance with the provisions of each Fund's Constitution.

There has been no significant change in the nature of this activity during the year.

Directors' report (continued)

Review and results of operations

During the year, the Funds invested in accordance with target asset allocations as set out in the governing documents of the Funds.

Results and distributions

The results and distributions of each Fund were as follows:

	invest Diversified Income Fund		invest Australian Equity Fund		invest Property Fund	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	\$	\$	\$	\$	\$	\$
Net profit/(loss) attributable to unitholders before finance costs	<u>10,149,930</u>	<u>14,165,549</u>	<u>5,386,150</u>	<u>4,797,573</u>	<u>2,451,007</u>	<u>3,082,161</u>
Distributions						
Distribution paid and payable	<u>11,922,067</u>	<u>9,989,717</u>	<u>2,135,713</u>	<u>2,099,746</u>	<u>1,745,431</u>	<u>704,400</u>
Distribution (cents per unit)*	<u>5.96</u>	<u>5.39</u>	<u>3.43</u>	<u>3.62</u>	<u>7.16</u>	<u>3.37</u>
	invest Balanced Fund		invest International Equity Fund			
	30 June 2011	30 June 2010	30 June 2011	30 June 2010		
	\$	\$	\$	\$		
Net profit/(loss) attributable to unitholders before finance costs	<u>2,968,100</u>	<u>3,035,182</u>	<u>3,985,133</u>	<u>2,100,479</u>		
Distributions						
Distribution paid and payable	<u>2,336,383</u>	<u>1,459,678</u>	<u>4,106,583</u>	<u>2,004,368</u>		
Distribution (cents per unit)*	<u>8.26</u>	<u>5.14</u>	<u>12.14</u>	<u>7.07</u>		

* Refer to Note 9 for Distribution Information.

Indirect Cost Ratio

The Indirect Cost Ratio is the ratio of the invest Fund's management costs over the invest Fund's net assets attributable for the year, expressed as a percentage.

Management costs include management fees and other expenses or reimbursements deducted in relation to the invest Funds, but do not include transactional and operational costs such as brokerage. Management costs are not paid directly by the unitholders of the Funds.

Directors' report (continued)

The ICR's for the invest Funds are listed below:

	30 June 2011 %	30 June 2010 %
invest Diversified Income Fund	1.26	1.21
invest Australian Equity Fund	1.75	1.72
invest Property Fund	1.54	1.48
invest Balanced Fund	1.68	1.69
invest International Equity Fund	1.86	1.83

Unit redemption prices

Unit redemption prices (quoted ex-distribution) are shown as follows:

	2011 \$	2010 \$	2009 \$	2008 \$	2007 \$
At 30 June					
invest Diversified Income Fund *	0.99	1.00	0.97	100.32	101.93
invest Australian Equity Fund	0.99	0.93	0.87	1.41	1.82
invest Property Fund *	1.04	1.00	0.87	79.02	127.10
invest Balanced Fund	1.10	1.08	1.01		
invest International Equity Fund	1.03	1.02	0.99		

*Units of the invest Diversified Income Fund and invest Property Fund were converted to \$1 per unit on 1 January 2009.

The invest Funds have taken advantage of Class Order 04/1575 that enables the asset and liability values of the invest Funds for unit pricing purposes to be calculated under pre 2005 Australian GAAP.

Fees paid to and interests held in the invest Funds by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of invest Funds' property during the year are disclosed in Note 12 of the financial statements.

No fees were paid out of invest Funds' property to the directors of the Responsible Entity during the year.

The interests in the Funds held by the Responsible Entity and its associates at the end of the year are disclosed in Note 12 of the financial statements.

Units on issue

The movement in units on issue in the invest Funds during the year is disclosed in the Statement of Changes in Net Assets Attributable to Unitholders.

Fund assets

The value of the Funds' assets as at the end of the financial year is disclosed in the Statement of Financial Position as "Total Assets" and the basis of valuation is included in Note 2 to the financial statements.

Significant changes in the state of affairs

There has been no matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the invest Funds operations in future financial years, the results of those operations or the invest Funds state of affairs in future financial years.

Likely developments and expected results of operations

The investment strategy of the invest Funds will be maintained in accordance with the invest Funds' Constitution and investment objectives as detailed in the most recent Product Disclosure Statement.

Directors' report (continued)

Events occurring after balance date

Since 30 June 2011, other than the current market volatility there have been no other matters or circumstances not otherwise dealt with in the financial report that have significantly affected or may significantly affect the Funds.

Indemnification and insurance of officers and auditors

The inveST Fund Constitutions requires it to indemnify all current and former officers of the Responsible Entity (but not including auditors) out of the property of the Responsible Entity, against any liability properly incurred by it in relation to the inveST Funds (including any liability incurred because of a delegate or agent). This indemnity is in addition to any indemnity under law. It continues to apply after the manager retires or is removed as responsible entity. The manager's rights to indemnification are available only in respect to the proper performance of its duties.

No insurance premiums are paid for out of the assets of the inveST Funds in regards to insurance cover provided to either the officers of State Trustees Limited or the auditors of the inveST Funds. So long as the officers of State Trustees Limited act in accordance with the inveST Funds' Constitution and the Law, the officers remain indemnified out of the assets of the inveST Funds against losses incurred while acting on behalf of the inveST Funds. The auditors of the inveST Funds are in no way indemnified out of the assets of the inveST Funds.

Environmental regulation

The operations of the inveST Funds are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law. There have been no known significant breaches of any other environmental requirements applicable to the inveST Funds.

Auditors' independence declaration

An independence declaration has been provided to the Directors of State Trustees Limited by the auditor of the Funds, the Auditor General, and is attached to the Directors' Report.

Signed in accordance with a resolution of the Directors.



J A Elliott
Chairman



A G Fitzgerald
Managing Director

Melbourne
24 August 2011

AUDITOR-GENERAL'S INDEPENDENCE DECLARATION

To the Members of State Trustees Limited as Trustee and Manager, and the Unitholders of invest Diversified Income Fund, invest Australian Equity Fund, invest Property Fund, invest Balanced Fund and invest International Equity Fund

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General, an independent officer of parliament, is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised.

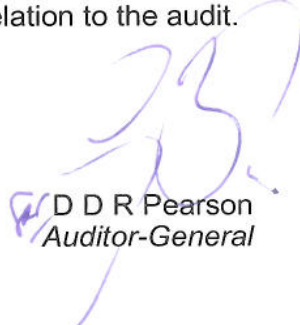
Under the *Audit Act 1994*, the Auditor-General is the auditor of each public authority and for the purposes of conducting an audit has access to all documents and property, and may report to parliament any matters which the Auditor-General considers appropriate.

Independence Declaration

As auditor for the invest Funds 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 auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

MELBOURNE
26 August 2011



D D R Pearson
Auditor-General

Statement of Financial Position

		invest Diversified Income Fund		invest Australian Equity Fund		invest Property Fund	
	Notes	30 June 2011 \$	30 June 2010 \$	30 June 2011 \$	30 June 2010 \$	30 June 2011 \$	30 June 2010 \$
Assets							
Cash and cash equivalents		994,843	183,831	332,864	140,410	114,247	186,245
Receivables	3	7,607,091	5,637,388	1,121,723	1,076,219	1,396,180	291,354
Financial assets at fair value through profit or loss	4	<u>201,100,393</u>	<u>182,591,092</u>	<u>62,232,788</u>	<u>54,395,201</u>	<u>25,295,527</u>	<u>20,913,962</u>
Total assets		<u>209,702,327</u>	<u>188,412,311</u>	<u>63,687,375</u>	<u>55,611,830</u>	<u>26,805,954</u>	<u>21,391,561</u>
Liabilities							
Payables	5	220,148	206,187	84,152	84,076	58,238	53,440
Distributions payable	9	<u>8,114,942</u>	<u>5,441,619</u>	<u>1,149,787</u>	<u>1,297,871</u>	<u>1,289,880</u>	<u>216,942</u>
Total liabilities		<u>8,335,090</u>	<u>5,647,806</u>	<u>1,233,939</u>	<u>1,381,947</u>	<u>1,348,118</u>	<u>270,382</u>
Net assets attributable to unitholders	6	<u>201,367,237</u>	<u>182,764,505</u>	<u>62,453,436</u>	<u>54,229,883</u>	<u>25,457,836</u>	<u>21,121,179</u>
Represented by:							
Net assets attributable to unitholders (calculated in accordance with redemption requirements)		201,532,178	183,134,484	62,620,610	54,377,842	25,482,315	21,142,758
Adjustment mid-market prices to bid/offer market prices		<u>(164,941)</u>	<u>(369,979)</u>	<u>(167,174)</u>	<u>(147,959)</u>	<u>(24,479)</u>	<u>(21,579)</u>
Net assets attributable to unitholders (calculated in accordance with IFRS)		<u>201,367,237</u>	<u>182,764,505</u>	<u>62,453,436</u>	<u>54,229,883</u>	<u>25,457,836</u>	<u>21,121,179</u>

The above Statement(s) of Financial Position should be read in conjunction with the accompanying notes.

Statement of Financial Position (continued)

		invest Balanced Fund		invest International Equity Fund	
	Notes	30 June 2011 \$	30 June 2010 \$	30 June 2011 \$	30 June 2010 \$
Assets					
Cash and cash equivalents		273,623	182,212	308,256	125,229
Receivables	3	1,621,393	896,177	3,554,889	1,226,881
Financial assets at fair value through profit or loss	4	<u>31,259,173</u>	<u>30,482,584</u>	<u>35,019,202</u>	<u>29,487,915</u>
Total assets		<u>33,154,189</u>	<u>31,560,973</u>	<u>38,882,347</u>	<u>30,840,025</u>
Liabilities					
Payables	5	59,180	62,032	60,491	60,195
Distributions payable	9	<u>1,997,512</u>	<u>1,030,002</u>	<u>4,106,583</u>	<u>1,965,656</u>
Total liabilities		<u>2,056,692</u>	<u>1,092,034</u>	<u>4,167,074</u>	<u>2,025,851</u>
Net assets attributable to unitholders	6	<u>31,097,497</u>	<u>30,468,939</u>	<u>34,715,273</u>	<u>28,814,174</u>
Represented by:					
Net assets attributable to unitholders (calculated in accordance with redemption requirements)		31,158,391	30,540,258	34,809,298	28,892,970
Adjustment mid-market prices to bid/offer market prices		<u>(60,894)</u>	<u>(71,319)</u>	<u>(94,025)</u>	<u>(78,796)</u>
Net assets attributable to unitholders (calculated in accordance with IFRS)		<u>31,097,497</u>	<u>30,468,939</u>	<u>34,715,273</u>	<u>28,814,174</u>

The above Statement(s) of Financial Position should be read in conjunction with the accompanying notes.

Statement of Comprehensive Income

	Notes	invest Diversified Income Fund		invest Australian Equity Fund		invest Property Fund	
		30 June 2011 \$	30 June 2010 \$	30 June 2011 \$	30 June 2010 \$	30 June 2011 \$	30 June 2010 \$
Income							
Trust distributions		12,713,154	11,442,974	2,429,415	2,171,600	2,035,139	923,496
Interest revenue		40,124	104,534	7,702	14,625	6,109	5,350
Change in fair value of financial assets and liabilities at fair value through profit or loss	7	(1,085,334)	4,042,827	3,465,267	3,093,016	675,973	2,371,793
Other operating income		555,028	535,102	182,428	165,944	71,927	62,962
Total income		12,222,972	16,125,437	6,084,812	5,445,185	2,789,148	3,363,601
Expense							
Responsible Entity's fees	12	1,990,393	1,884,173	640,347	589,874	257,492	216,764
Custody fees		22,704	29,421	20,761	29,303	24,669	19,681
Auditor's remuneration	8	22,464	22,511	22,464	22,511	22,464	22,511
Transaction costs		11,915	6,804	4,610	5,924	3,960	3,795
Other general expenses		25,566	16,979	10,480	-	29,556	18,689
Total expenses		2,073,042	1,959,888	698,662	647,612	338,141	281,440
Net profit/(loss) before finance costs		10,149,930	14,165,549	5,386,150	4,797,573	2,451,007	3,082,161
Finance costs							
Distributions to unitholders	9	11,922,067	9,989,717	2,135,713	2,099,746	1,745,431	704,400
Net profit/(loss) for the period		(1,772,137)	4,175,832	3,250,437	2,697,827	705,576	2,377,761
Change in net assets attributable to unitholders		(1,772,137)	4,175,832	3,250,437	2,697,827	705,576	2,377,761

The above Statement(s) of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Comprehensive Income (continued)

		invest Balanced Fund		invest International Equity Fund	
	Notes	30 June 2011 \$	30 June 2010 \$	30 June 2011 \$	30 June 2010 \$
Income					
Trust distributions		2,156,501	1,538,284	3,515,101	1,417,569
Interest revenue		4,604	9,597	7,877	7,466
Change in fair value of financial assets and liabilities at fair value through profit or loss	7	1,095,313	1,779,369	762,795	927,944
Other operating income		<u>114,645</u>	<u>105,403</u>	<u>123,541</u>	<u>111,738</u>
Total income		<u>3,371,063</u>	<u>3,432,653</u>	<u>4,409,314</u>	<u>2,464,717</u>
Expense					
Responsible Entity's fees	12	339,653	333,205	366,747	308,224
Custody fees		22,483	31,471	20,804	29,488
Auditor's remuneration	8	22,464	22,511	22,464	22,511
Transaction costs		4,594	6,072	3,686	4,015
Other general expenses		<u>13,769</u>	<u>4,212</u>	<u>10,480</u>	<u>-</u>
Total expenses		<u>402,963</u>	<u>397,471</u>	<u>424,181</u>	<u>364,238</u>
Net profit/(loss) before finance costs		<u>2,968,100</u>	<u>3,035,182</u>	<u>3,985,133</u>	<u>2,100,479</u>
Finance costs					
Distributions to unitholders	9	<u>2,336,383</u>	<u>1,459,678</u>	<u>4,106,583</u>	<u>2,004,368</u>
Net profit/(loss) for the period		631,717	1,575,504	(121,450)	96,111
Change in net assets attributable to unitholders		<u>631,717</u>	<u>1,575,504</u>	<u>(121,450)</u>	<u>96,111</u>

The above Statement(s) of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Changes in Net Assets Attributable to Unitholders

inveST Diversified Income Fund	Units on Issue		Net assets attributable to unitholders	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	No.	No.	\$	\$
Opening balance	183,528,176	175,345,979	182,764,505	170,220,258
Issue of redeemable units	53,801,240	50,753,335	54,547,956	50,769,256
Redemption of redeemable units	(33,823,898)	(42,571,138)	(34,173,087)	(42,400,841)
Change in net assets attributable to unitholders	-	-	(1,772,137)	4,175,832
Closing balance (calculated in accordance with IFRS)	203,505,518	183,528,176	201,367,237	182,764,505

inveST Australian Equity Fund	Units on Issue		Net assets attributable to unitholders	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	No.	No.	\$	\$
Opening balance	58,230,353	52,004,229	54,229,883	45,107,069
Issue of redeemable units	11,306,936	13,151,801	11,455,160	13,470,352
Redemption of redeemable units	(6,426,178)	(6,925,677)	(6,482,044)	(7,045,365)
Change in net assets attributable to unitholders	-	-	3,250,437	2,697,827
Closing balance (calculated in accordance with IFRS)	63,111,111	58,230,353	62,453,436	54,229,883

inveST Property Fund	Units on Issue		Net assets attributable to unitholders	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	No.	No.	\$	\$
Opening balance	21,141,003	22,235,203	21,121,179	19,496,985
Issue of redeemable units	5,634,010	3,504,377	6,057,285	3,577,125
Redemption of redeemable units	(2,254,723)	(4,598,577)	(2,426,204)	(4,330,692)
Change in net assets attributable to unitholders	-	-	705,576	2,377,761
Closing balance (calculated in accordance with IFRS)	24,520,290	21,141,003	25,457,836	21,121,179

inveST Balanced Fund	Units on Issue		Net assets attributable to unitholders	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	No.	No.	\$	\$
Opening balance	28,217,020	27,103,784	30,468,939	27,644,491
Issue of redeemable units	5,640,207	6,304,322	6,503,608	7,147,424
Redemption of redeemable units	(5,626,273)	(5,191,086)	(6,506,767)	(5,898,480)
Change in net assets attributable to unitholders	-	-	631,717	1,575,504
Closing balance (calculated in accordance with IFRS)	28,230,954	28,217,020	31,097,497	30,468,939

The above Statement(s) of Changes in Net Assets Attributable to Unitholders should be read in conjunction with the accompanying notes.

inveST Funds
Statement of Changes in Net Assets Attributable to Unitholders
For year ended 30 June 2011
(continued)

Statement of Changes in Net Assets Attributable to Unitholders (continued)

inveST International Equity Fund	Units on Issue		Net assets attributable to unitholders	
	30 June 2011 No.	30 June 2010 No.	30 June 2011 \$	30 June 2010 \$
Opening balance	28,348,172	23,675,531	28,814,174	23,503,141
Issue of redeemable units	8,397,761	7,407,133	9,266,258	8,230,920
Redemption of redeemable units	(2,932,168)	(2,734,492)	(3,243,709)	(3,015,998)
Change in net assets attributable to unitholders	<u>-</u>	<u>-</u>	<u>(121,450)</u>	<u>96,111</u>
Closing balance (calculated in accordance with IFRS)	<u>33,813,765</u>	<u>28,348,172</u>	<u>34,715,273</u>	<u>28,814,174</u>

The above Statement(s) of Changes in Net Assets Attributable to Unitholders should be read in conjunction with the accompanying notes.

Statement of Cash Flows

	invest Diversified Income Fund		invest Australian Equity Fund		invest Property Fund	
Notes	30 June 2011 \$	30 June 2010 \$	30 June 2011 \$	30 June 2010 \$	30 June 2011 \$	30 June 2010 \$
Cash flows from operating activities						
Transaction costs paid on purchase of financial instruments held at fair value through profit or loss	(11,915)	(6,804)	(4,610)	(5,924)	(3,960)	(3,795)
Interest received	40,124	639,636	7,702	14,625	6,109	5,350
Trust distributions received	10,706,113	8,279,867	2,385,941	1,486,109	929,058	702,220
Other revenue received	592,367	-	180,398	177,057	73,182	176,231
Responsible Entity's fees paid	(1,971,954)	(1,883,787)	(636,449)	(603,704)	(253,211)	(214,344)
Custodian fees paid	(26,408)	(27,830)	(22,395)	(27,769)	(23,138)	(21,665)
Payment of other expenses	(48,805)	(140,993)	(35,132)	(10,427)	(53,034)	(23,651)
Net cash provided by/(used in) operating activities	9,279,522	6,860,089	1,875,455	1,029,967	675,006	620,346
10(a)						
Cash flows from investing activities						
Proceeds from sale of financial instruments held at fair value through profit or loss	63,214,988	154,771,501	8,802,653	1,450,000	250,000	11,587,011
Purchase of financial instruments held at fair value through profit or loss	(82,809,623)	(163,752,846)	(13,174,973)	(8,930,415)	(3,955,592)	(10,774,521)
Net cash provided by/(used in) investing activities	(19,594,635)	(8,981,345)	(4,372,320)	(7,480,415)	(3,705,592)	812,490
Cash flows from financing activities						
Receipts from issue of units	54,488,096	50,736,628	10,766,401	13,254,710	5,941,406	3,516,534
Payments for redemptions of units	(34,173,087)	(42,727,132)	(6,482,044)	(7,070,901)	(2,426,204)	(4,345,737)
Distributions paid	(9,188,884)	(6,394,459)	(1,595,038)	(586,233)	(556,614)	(494,349)
Net cash provided by/(used in) financing activities	11,126,125	1,615,037	2,689,319	5,597,576	2,958,588	(1,323,552)
Net increase / (decrease) in cash and cash equivalents	811,012	(506,219)	192,454	(852,872)	(71,998)	109,284
Cash and cash equivalents at the beginning of the reporting period	183,831	690,050	140,410	993,282	186,245	76,961
Cash and cash equivalents at the end of the reporting period	994,843	183,831	332,864	140,410	114,247	186,245
10(b)						

The above Statement(s) of Cash Flow is/are to be read in conjunction with the accompanying notes.

Statement of Cash Flows (continued)

	inveST Balanced Fund		inveST International Equity Fund	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
Notes	\$	\$	\$	\$
Cash flows from operating activities				
Transaction costs paid on purchase of financial instruments held at fair value through profit or loss	(4,594)	(6,072)	(3,686)	(4,015)
Interest received	4,604	9,597	7,877	7,466
Trust distributions received	1,428,936	872,715	1,192,197	245,490
Other revenue received	116,994	93,542	118,437	116,465
Responsible Entity's fees paid	(339,479)	(329,179)	(361,382)	(306,992)
Custodian fees paid	(25,110)	(30,371)	(23,685)	(30,148)
Payment of other expenses	<u>(36,632)</u>	<u>(14,721)</u>	<u>(35,132)</u>	<u>(11,543)</u>
Net cash provided by/(used in) operating activities	10(a) <u>1,144,719</u>	<u>595,511</u>	<u>894,626</u>	<u>16,723</u>
Cash flows from investing activities				
Proceeds from sale of financial instruments held at fair value through profit or loss	4,707,459	9,531,760	300,000	4,900,000
Purchase of financial instruments held at fair value through profit or loss	<u>(4,388,735)</u>	<u>(13,056,715)</u>	<u>(5,068,492)</u>	<u>(8,913,282)</u>
Net cash provided by/(used in) investing activities	<u>318,724</u>	<u>(3,524,955)</u>	<u>(4,768,492)</u>	<u>(4,013,282)</u>
Cash flows from financing activities				
Receipts from issue of units	6,340,861	7,021,474	8,579,315	7,842,065
Payments for redemptions of units	(6,506,767)	(5,987,894)	(3,243,709)	(3,027,940)
Distributions paid	<u>(1,206,126)</u>	<u>(721,406)</u>	<u>(1,278,713)</u>	<u>(1,025,882)</u>
Net cash provided by/(used in) financing activities	<u>(1,372,032)</u>	<u>312,174</u>	<u>4,056,893</u>	<u>3,788,243</u>
Net increase / (decrease) in cash and cash equivalents	91,411	(2,617,270)	183,027	(208,316)
Cash and cash equivalents at the beginning of the reporting period	<u>182,212</u>	<u>2,799,482</u>	<u>125,229</u>	<u>333,545</u>
Cash and cash equivalents at the end of the reporting period	10(b) <u>273,623</u>	<u>182,212</u>	<u>308,256</u>	<u>125,229</u>

The above Statement(s) of Cash Flow is/are to be read in conjunction with the accompanying notes.

Contents

	Page
1 Corporate information	15
2 Summary of significant accounting policies	15
3 Receivables	20
4 Financial assets at fair value through profit or loss	21
5 Payables	22
6 Net assets attributable to unitholders	23
7 Change in fair value of financial assets at fair value through profit or loss	25
8 Auditors remuneration	27
9 Distributions to unitholders	28
10 Statement of Cash Flows Reconciliation	29
11 Financial Risk Management Objectives and Policies	31
12 Related party transactions	37
13 Segment information	40
14 Events occurring after balance date	40
15 Contingent assets and liabilities and commitments	40

1 Corporate information

This financial report covers the inveST Funds (the "Funds") as listed in the Directors' Report. The following inveST Funds were originally constituted as Common Funds under Section 42(1) of the State Corporation of Victoria Act 1987 and operated under the Common Fund Rules:

inveST Diversified Income Fund (previously Fixed Interest Common Fund)	16 February 1995
inveST Australian Equity Fund (previously Equity Common Fund)	17 November 1991
inveST Property Fund (previously Property Common Fund)	16 February 1995

The inveST Funds listed above were opened to the public and registered as managed investment schemes on 1 January 2009 along with two new Funds - inveST Balanced and inveST International Equity Fund. New Constitutions and the inveST Funds Product Disclosure Statement were issued on 1 January 2009.

The Responsible Entity of the Funds is State Trustees Limited (the "Responsible Entity"). The Responsible Entity's registered office is Level 5, 168 Exhibition Street, Melbourne Vic 3000.

The financial report of the inveST Funds for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the directors of State Trustees Limited on 24 August 2011.

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

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the inveST Funds' Constitutions, the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis except for financial assets held at fair value through profit or loss, that have been measured at fair value.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non current. All balances are expected to be recovered or settled within twelve months, except for financial assets at fair value through profit or loss and net assets attributable to unitholders. The amount expected to be recovered or settled within twelve months in relation to these balances cannot be reliably determined.

The financial statements are presented in Australian dollars.

(b) Statement of compliance

The financial statements have been prepared in accordance with the Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) Financial Instruments

(i) Classification

The inveST Funds classify their financial assets and financial liabilities into the categories below in accordance with AASB 139.

The Funds' investments are designated at fair value through profit or loss.

These investments include investments in managed funds. These financial assets are designated on the basis that they are a group of financial assets which are managed and have their performance evaluated on a fair value basis in accordance with the risk management and investment strategies of the inveST Funds' as disclosed in Note 11.

(ii) Recognition

The Funds recognise financial assets and financial liabilities when, and only when, they become a party to the contractual provisions of the instrument.

2 Summary of significant accounting policies (continued)

(c) Financial Instruments (continued)

Purchases or sales of financial assets that require delivery of assets within the timeframe generally established by regulation or convention in the marketplace are recognised on the trade date, i.e. the date that the Fund commits to purchase or sell the asset.

(iii) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- i. the rights to receive cash flows from the asset have expired; or
- ii. the Fund has transferred its rights to receive cash flows from the asset
- iii. either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Funds derecognise a financial liability when the obligation under the liability is discharged, cancelled or expired.

(iv) Initial measurement

Financial assets and financial liabilities at fair value through profit or loss are recorded in the Statement of Financial Position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Receivables and financial liabilities are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

(v) Subsequent measurement

After initial measurement, the Funds measure financial instruments which are classified as at fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in 'Change in fair value of financial assets and liabilities at fair value through profit or loss'.

Financial liabilities within the Funds are measured at carrying amount less any allowance for impairment. Financial liabilities are expected to be settled within 30 days.

(d) Determination of fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price without any deduction for transaction costs.

The invest Funds primarily invest in managed investment schemes.

The fair value of units in managed investment schemes is determined by reference to published bid prices at the close of business on balance date being the redemption price as established by the underlying Fund's Responsible Entity. Gains or losses on investments designated as at fair value through profit or loss are recognised in the Statement of Comprehensive Income.

The fair value and classification of financial instruments is disclosed in Note 4 to the accounts.

2 Summary of significant accounting policies (continued)

(e) Functional and presentation currency

The Funds functional and presentation currency is the Australian Dollar, which is the currency of the primary economic environment in which they operate. The Funds performances are evaluated and liquidity is managed in Australian Dollars. Therefore, the Australian Dollar is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

(f) Interest revenue

Interest revenue is recognised as interest accrues, in profit or loss using the effective interest method.

(g) Trust distribution revenue

Revenue is recognised when the right to receive the payment is established.

(h) Change in fair value of financial assets and liabilities

This item includes changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as 'held at fair value through profit or loss' and excludes interest and dividend income and expenses. Amounts are calculated as the difference between the fair value at sale or at year-end, and the fair value at the previous valuation point. This includes both realised and unrealised gains and losses.

(i) Fees and other expenses

Fees and other expenses are recognised on an accrual basis.

(j) Income taxes

Under current Australian legislation, the Funds are not subject to income tax provided the unitholders are presently entitled to the income of the Funds and the Funds fully distribute net taxable income.

(k) Distributions

In accordance with the invest Funds' Constitutions, the Funds fully distribute their distributable income to unitholders.

Distributions are payable quarterly or at regular annual intervals as set out in the respective Funds' Constitution. Such distributions are determined by reference to the net taxable income of the Funds.

Distributable income includes capital gains arising from the disposal of investments. Unrealised gains and losses are transferred to net assets attributable to unitholders and are not assessable or distributable until realised. Capital losses are not distributed to unitholders but are retained to be offset against any future realised capital gains. Distributions to unitholders are recognised in the Statement of Comprehensive Income as finance costs.

(l) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank, deposits at call and short term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(m) Receivables

Receivables are recognised and carried at original amount, less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of an amount is no longer probable. Bad debts are written-off when identified.

Amounts are generally received within 30 days of being recorded as receivables.

2 Summary of significant accounting policies (continued)

(n) Accounts payable

Liabilities for creditors are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Funds.

Accounts payable includes outstanding settlements on the purchase of investments and distributions payable. The carrying period is dictated by market conditions and is generally less than 30 days.

(o) Due from/to brokers

Amounts due from/to brokers represent payables for securities purchased and receivables for securities sold that have been contracted for but not yet delivered by the end of the year. Trades are recorded on trade date, and are normally settled within three business days. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Funds will not be able to collect all amounts due from the relevant broker. Indicators that the amount due from brokers is impaired include significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation and default in payments.

(p) Redeemable participating units

Redeemable participating units are redeemable at the unitholders' option and are classified as financial liabilities.

The liabilities arising from the redeemable units are carried at the redemption amount being the net asset value calculated in accordance with redemption requirements.

For the purpose of calculating the net assets attributable to unitholders in accordance with the Funds redemption requirements, the Funds' assets and liabilities are valued on the basis of mid-market prices. This valuation of net assets is different from the IFRS valuation requirements (see Note 2 (d)). The difference between the two valuations is presented on the face of the Statement of Financial Position as 'Adjustment from mid-market prices to bid/offer-market prices'.

The holder of participating units can redeem them at anytime for cash equal to a proportionate share of the Funds' net asset value (calculated in accordance with redemption requirements).

The invest Funds net asset value per unit is calculated by dividing the net assets attributable to unitholders (calculated in accordance with redemption requirements) by the number of units on issue.

(q) Unit prices

Unit prices are determined in accordance with the invest Funds' Constitutions and are calculated as the net assets attributable to unitholders of the invest Funds, less estimated costs, divided by the number of units on issue, on a forward pricing basis, as determined by State Trustees Limited.

(r) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

Reduced input tax credits (RITC) recoverable by the invest Funds from the ATO are recognised as a receivable in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and 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 part of operating cash flows.

2 Summary of significant accounting policies (continued)

(s) New accounting standards and interpretations

Changes in accounting policies and disclosures:

The accounting policies adopted are consistent with those of the previous financial year.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the invest Funds for the annual reporting period ended 30 June 2011. These are outlined below.

(i) AASB 2009 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013)*

AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not traded. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. The Funds have not yet decided when to adopt AASB 9. However, management does not expect this will have a significant impact on the Fund's financial report as the Funds do 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 removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party. The Funds will apply the amended standard from 1 July 2011. When the amendments are applied, the Funds would need to disclose any transactions between its subsidiaries and its associates. However, as the Funds do not have any subsidiaries and associates, the amendment will not have any effect on the Funds' financial statements.

(iii) AASB 2010-6 *Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets (effective from 1 July 2011)*

In November 2010, the AASB made amendments to AASB 7 *Financial Instruments: Disclosures on Transfers of Financial Assets* which amends AASB 1 *First-time Adoption of Australian Accounting* and AASB 7 *Financial Instruments: Disclosures* to introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. The amendments will not have any impact on the Funds' disclosures. The Funds intend to apply the amendment from 1 July 2011.

(iv) *Amendments to AASB 2010-4 Further amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective from 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 Funds do not expect that any adjustments will be necessary as the result of applying the revised rules.

(v) IFRS 12 *Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2013)*

IFRS 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.

(vi) IFRS 13 *Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013)*

IFRS 13 establishes a single source of guidance under IFRS for determining the fair value of assets and liabilities. IFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under IFRS when fair value is required or permitted by IFRS. Application of this definition may result in different fair values being determined for the relevant assets.

IFRS 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

3 Receivables

	invest Diversified Income Fund		invest Australian Equity Fund		invest Property Fund	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	\$	\$	\$	\$	\$	\$
Interest and others	157,790	195,129	55,535	53,505	10,830	12,085
Trust distributions	<u>7,449,301</u>	<u>5,442,259</u>	<u>1,066,188</u>	<u>1,022,714</u>	<u>1,385,350</u>	<u>279,269</u>
Total	<u>7,607,091</u>	<u>5,637,388</u>	<u>1,121,723</u>	<u>1,076,219</u>	<u>1,396,180</u>	<u>291,354</u>

	invest Balanced Fund		invest International Equity Fund	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	\$	\$	\$	\$
Interest and others	31,043	33,392	39,788	34,684
Trust distributions	<u>1,590,350</u>	<u>862,785</u>	<u>3,515,101</u>	<u>1,192,197</u>
Total	<u>1,621,393</u>	<u>896,177</u>	<u>3,554,889</u>	<u>1,226,881</u>

4 Financial assets at fair value through profit or loss

	inveST Diversified Income Fund		inveST Australian Equity Fund		inveST Property Fund	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
	\$	\$	\$	\$	\$	\$
Designated at fair value through profit or loss						
Unlisted unit trusts	<u>201,100,393</u>	<u>182,591,092</u>	<u>62,232,788</u>	<u>54,395,201</u>	<u>25,295,527</u>	<u>20,913,962</u>
Total designated at fair value through profit or loss	<u>201,100,393</u>	<u>182,591,092</u>	<u>62,232,788</u>	<u>54,395,201</u>	<u>25,295,527</u>	<u>20,913,962</u>
	inveST Balanced Fund		inveST International Equity Fund			
	30 June 2011	30 June 2010	30 June 2011	30 June 2010		
	Fair value	Fair value	Fair value	Fair value		
	\$	\$	\$	\$		
Designated at fair value through profit or loss						
Unlisted unit trusts	<u>31,259,173</u>	<u>30,482,584</u>	<u>35,019,202</u>	<u>29,487,915</u>		
Total designated at fair value through profit or loss	<u>31,259,173</u>	<u>30,482,584</u>	<u>35,019,202</u>	<u>29,487,915</u>		

The fair value of units in unlisted unit trusts is determined by reference to published bid prices at the close of business on the reporting date, being the redemption price as established by the underlying investment funds' Responsible Entity. The Financial assets of the inveST Funds designated at fair value through profit or loss are classified as Level 2 Financial Instruments as the fair value is based on quoted prices on the website as established by the underlying Funds' Responsible Entity. There were no transfers during the year between the Levels or categories of fair valuation of these financial assets.

5 Payables

	inveST Diversified Income Fund		inveST Australian Equity Fund		inveST Property Fund	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	\$	\$	\$	\$	\$	\$
Responsible Entity's fees	189,024	170,584	56,552	52,653	24,123	19,842
Custodian fees	7,072	10,776	8,856	10,491	8,732	7,201
Audit fees	18,744	20,932	18,744	20,932	18,744	20,932
Other payable	5,308	3,895	-	-	6,639	5,465
Total	220,148	206,187	84,152	84,076	58,238	53,440

	inveST Balanced Fund		inveST International Equity Fund	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	\$	\$	\$	\$
Responsible Entity's fees	29,496	29,322	34,325	28,960
Custodian fees	8,116	10,743	7,422	10,303
Audit fees	18,744	20,932	18,744	20,932
Other payable	2,824	1,035	-	-
Total	59,180	62,032	60,491	60,195

6 Net assets attributable to unitholders

Quantitative information about the invest Funds' net assets attributable to unitholders is provided in the Statement of Changes in Net Assets Attributable to Unitholders.

Each unit issued in the invest Funds confers upon the unitholder an equal interest in the Funds and is of equal value. A unit does not confer any interest in any particular asset or investment of the invest Funds. Unitholders have various rights under the invest Funds Constitutions, including the right to:

- have their units redeemed at a proportionate share based on the Fund's net asset value per unit on the redemption date;
- receive income distributions;
- attend and vote at meetings of unitholders; and
- participate in the termination and winding up of the Fund.

The rights, obligations and restrictions attached to each unit are identical in all respects. For the purpose of calculating the net assets attributable to unitholders in accordance with the invest Funds' Constitutions, the invest Funds assets and liabilities are valued on the basis of mid market prices. This valuation of net asset value is different from the IFRS valuation requirements. Reconciliation between the invest Funds' Net Asset Value (NAV) under IFRS and the NAV calculated per the invest Funds' Constitutions is provided in the Statement of Financial Position, however the difference is less than two decimal places.

Net asset value per unit

	invest Diversified Income Fund		invest Australian Equity Fund		invest Property Fund	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	\$	\$	\$	\$	\$	\$
Net asset value per unit (calculated in accordance with IFRS)	<u>0.99</u>	<u>1.00</u>	<u>0.99</u>	<u>0.93</u>	<u>1.04</u>	<u>1.00</u>
Net assets value per unit (calculated in accordance with the Funds' Constitution)	<u>0.99</u>	<u>1.00</u>	<u>0.99</u>	<u>0.93</u>	<u>1.04</u>	<u>1.00</u>
	invest Balanced Fund		invest International Equity Fund			
	30 June 2011	30 June 2010	30 June 2011	30 June 2010		
	\$	\$	\$	\$		
Net asset value per unit (calculated in accordance with IFRS)	<u>1.10</u>	<u>1.08</u>	<u>1.03</u>	<u>1.02</u>		
Net assets value per unit (calculated in accordance with the Funds' Constitution)	<u>1.10</u>	<u>1.08</u>	<u>1.03</u>	<u>1.02</u>		

6 Net assets attributable to unitholders (continued)

Capital management

As a result of the ability to issue and redeem units, the capital of the invest Funds can vary depending on the demand for redemptions and applications to the Funds. The Funds are not subject to externally imposed capital requirements and have no restrictions on the issue and redemption of units.

The invest Funds objectives for managing capital, being net assets attributable to unitholder, are:

- To invest the capital in investments meeting the description, risk exposure and expected return outlined in the Product Disclosure Statement;
- To achieve returns as outlined in the Product Disclosure Statement;
- To maintain sufficient liquidity to meet the expenses of the Funds, and to meet redemption requests as they arise; and
- To maintain sufficient size to make the operations of the Funds cost efficient.

7 Change in fair value of financial assets at fair value through profit or loss

Net changes in fair value on financial assets through profit or loss:

	invest Diversified Income Fund		invest Australian Equity Fund		invest Property Fund	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	\$	\$	\$	\$	\$	\$
Net unrealised gain/(loss) on financial assets held at fair value through profit or loss	(2,893,040)	4,783,859	3,515,296	3,028,009	580,719	1,517
Net realised gain/(loss) on financial assets held at fair value through profit or loss	<u>1,807,706</u>	<u>(741,032)</u>	<u>(50,029)</u>	<u>65,007</u>	<u>95,254</u>	<u>2,370,276</u>
Net gain/(loss) on financial assets held at fair value through profit or loss	<u>(1,085,334)</u>	<u>4,042,827</u>	<u>3,465,267</u>	<u>3,093,016</u>	<u>675,973</u>	<u>2,371,793</u>

7 Change in fair value of financial assets at fair value through profit or loss (continued)

	invest Balanced Fund		invest International Equity Fund	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	\$	\$	\$	\$
Net unrealised gain/(loss) on financial assets held at fair value through profit or loss	633,127	1,577,744	(111,895)	91,262
Net realised gain/(loss) on financial assets held at fair value through profit or loss	<u>462,186</u>	<u>201,625</u>	<u>874,690</u>	<u>836,682</u>
Net gain/(loss) on financial assets held at fair value through profit or loss	<u>1,095,313</u>	<u>1,779,369</u>	<u>762,795</u>	<u>927,944</u>

8 Auditors remuneration

	invest Diversified Income Fund		invest Australian Equity Fund		invest Property Fund	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	\$	\$	\$	\$	\$	\$
Audit of the financial reports	15,363	16,166	15,363	16,166	15,363	16,166
Audit of the Compliance Plan	<u>7,101</u>	<u>6,345</u>	<u>7,101</u>	<u>6,345</u>	<u>7,101</u>	<u>6,345</u>
Total audit fees	<u>22,464</u>	<u>22,511</u>	<u>22,464</u>	<u>22,511</u>	<u>22,464</u>	<u>22,511</u>
	invest Balanced Fund		invest International Equity Fund			
	30 June 2011	30 June 2010	30 June 2011	30 June 2010		
	\$	\$	\$	\$		
Audit of the financial reports	15,363	16,166	15,363	16,166		
Audit of the Compliance Plan	<u>7,101</u>	<u>6,345</u>	<u>7,101</u>	<u>6,345</u>		
Total audit fees	<u>22,464</u>	<u>22,511</u>	<u>22,464</u>	<u>22,511</u>		

9 Distributions to unitholders

Timing of distributions

The distributions paid/payable were as follows:

	30 June 2011 \$	30 June 2011 CPU	30 June 2010 \$	30 June 2010 CPU
inveST Diversified Income Fund				
30 September	1,197,504	0.64	543,751	0.30
31 December	971,519	0.51	296,631	0.16
31 March	1,638,102	0.82	3,707,716	1.96
30 June	<u>8,114,942</u>	<u>3.99</u>	<u>5,441,619</u>	<u>2.97</u>
	<u>11,922,067</u>	<u>5.96</u>	<u>9,989,717</u>	<u>5.39</u>
inveST Australian Equity Fund				
	30 June 2011 \$	30 June 2011 CPU	30 June 2010 \$	30 June 2010 CPU
30 September	137,437	0.23	130,123	0.24
31 December	599,577	0.98	428,092	0.73
31 March	248,912	0.40	243,660	0.42
30 June	<u>1,149,787</u>	<u>1.82</u>	<u>1,297,871</u>	<u>2.23</u>
	<u>2,135,713</u>	<u>3.43</u>	<u>2,099,746</u>	<u>3.62</u>
inveST Property Fund				
	30 June 2011 \$	30 June 2011 CPU	30 June 2010 \$	30 June 2010 CPU
30 September	98,096	0.45	176,694	0.86
31 March	357,455	1.45	310,764	1.48
30 June	<u>1,289,880</u>	<u>5.26</u>	<u>216,942</u>	<u>1.03</u>
	<u>1,745,431</u>	<u>7.16</u>	<u>704,400</u>	<u>3.37</u>
inveST Balanced Fund				
	30 June 2011 \$	30 June 2011 CPU	30 June 2010 \$	30 June 2010 CPU
30 September	80,080	0.28	59,081	0.20
31 December	123,333	0.43	40,803	0.14
31 March	135,458	0.47	329,792	1.15
30 June	<u>1,997,512</u>	<u>7.08</u>	<u>1,030,002</u>	<u>3.65</u>
	<u>2,336,383</u>	<u>8.26</u>	<u>1,459,678</u>	<u>5.14</u>
inveST International Equity Fund				
	30 June 2011 \$	30 June 2011 CPU	30 June 2010 \$	30 June 2010 CPU
31 March	-	-	38,712	0.14
30 June	<u>4,106,583</u>	<u>12.14</u>	<u>1,965,656</u>	<u>6.93</u>
	<u>4,106,583</u>	<u>12.14</u>	<u>2,004,368</u>	<u>7.07</u>

The component of the final distribution for the year which was unpaid at balance date is shown in the Statement of Financial Position.

10 Statement of Cash Flows Reconciliation

	investST Diversified Income Fund		investST Australian Equity Fund		investST Property Fund	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	\$	\$	\$	\$	\$	\$
(a) Reconciliation of net profit/(loss) attributable to unitholders to net cash inflow/ (outflow) from operating activities						
Net profit/(loss) for the period	(1,772,137)	4,175,832	3,250,437	2,697,827	705,576	2,377,761
Distributions to unitholders	11,922,067	9,989,717	2,135,713	2,099,746	1,745,431	704,400
Change in financial assets at fair value through profit or loss	1,085,334	(4,042,827)	(3,465,267)	(3,093,016)	(675,973)	(2,371,793)
Change in receivables	(1,969,703)	(3,280,527)	(45,504)	(674,378)	(1,104,826)	(108,007)
Change in payables	<u>13,961</u>	<u>17,894</u>	<u>76</u>	<u>(212)</u>	<u>4,798</u>	<u>17,985</u>
Net cash provided by (used in) operating activities	<u>9,279,522</u>	<u>6,860,089</u>	<u>1,875,455</u>	<u>1,029,967</u>	<u>675,006</u>	<u>620,346</u>
(b) Reconciliation of cash and cash equivalents						
For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents comprise:						
Cash at bank	<u>994,843</u>	<u>183,831</u>	<u>332,864</u>	<u>140,410</u>	<u>114,247</u>	<u>186,245</u>
Total cash and cash equivalents	<u>994,843</u>	<u>183,831</u>	<u>332,864</u>	<u>140,410</u>	<u>114,247</u>	<u>186,245</u>
(c) Non-cash financing and investing activities						
Non-cash financing and investing activities carried out during the year on normal commercial terms and conditions included						
Reinvestment of unitholder distributions	<u>59,860</u>	<u>32,628</u>	<u>688,759</u>	<u>215,642</u>	<u>115,879</u>	<u>60,590</u>

10 Statement of Cash Flows Reconciliation (continued)

	invest Balanced Fund		invest International Equity Fund	
	30 June 2011 \$	30 June 2010 \$	30 June 2011 \$	30 June 2010 \$
(a) Reconciliation of net profit/(loss) attributable to unitholders to net cash inflow/ (outflow) from operating activities				
Net profit/(loss) for the period	631,717	1,575,504	(121,450)	96,111
Distributions to unitholders	2,336,383	1,459,678	4,106,583	2,004,368
Change in financial assets at fair value through profit or loss	(1,095,313)	(1,779,369)	(762,795)	(927,944)
Change in receivables	(725,216)	(677,430)	(2,328,008)	(1,167,352)
Change in payables	<u>(2,852)</u>	<u>17,128</u>	<u>296</u>	<u>11,540</u>
Net cash provided by (used in) operating activities	<u>1,144,719</u>	<u>595,511</u>	<u>894,626</u>	<u>16,723</u>
(b) Reconciliation of cash and cash equivalents				
For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents comprise:				
Cash at bank	<u>273,623</u>	<u>182,212</u>	<u>308,256</u>	<u>125,229</u>
Total cash and cash equivalents	<u>273,623</u>	<u>182,212</u>	<u>308,256</u>	<u>125,229</u>
(c) Non-cash financing and investing activities				
Non-cash financing and investing activities carried out during the year on normal commercial terms and conditions included				
Reinvestment of unitholder distributions	<u>162,747</u>	<u>125,950</u>	<u>686,943</u>	<u>388,855</u>

11 Financial Risk Management Objectives and Policies

Introduction

The invest Funds objective in managing risk is the creation and protection of unitholder value. Risk is inherent in the Funds activities and is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Funds continuing profitability. The Funds are exposed to market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk arising from the underlying financial instruments they hold.

Risk Management Structure

The Responsible Entity is responsible for identifying and controlling risks. The Board of Directors supervises the Responsible Entity and are ultimately responsible for the overall risk management approach within the Funds.

Risk Measurement and Reporting System

Risks are measured using a method that reflects the expected impact on the results and net assets attributable to unitholders of the Funds from reasonably possible changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is disclosed below. Information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits, is also monitored by the Responsible Entity. This information is prepared and reported to relevant parties within the Responsible Entity on a regular basis as deemed appropriate, including the compliance manager, other key management, Investment Committee, and ultimately the Board of Directors of the Responsible Entity.

Risk Mitigation & Excessive risk concentration

Concentration indicates the relative sensitivity of the Funds performances to developments affecting a particular industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The invest Funds gain exposure to financial instruments indirectly through underlying investments in Russell, Vanguard and Perpetual Managed Funds. Risk concentration is managed through the underlying investment managers.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and equity prices.

(i) Interest rate risk

The following table demonstrates the sensitivity of the invest Funds profit or loss to a reasonably possible change in interest rates, with all other variables held constant.

The sensitivity to profit or loss is the effect of the assumed changes in interest rates on:

- the interest income for one year, based on the floating rate cash and cash equivalent assets held at 30 June 2011;

There is no sensitivity effect on 'other comprehensive income' as the Scheme has no assets classified as 'available for sale' or designated hedging instruments.

In practice, the actual results may differ from the below sensitivity analysis and the difference could be significant.

11 Financial Risk Management Objectives and Policies (continued)

Accounting Assumptions-Variability of interest rates

The basis points sensitivity is based on the volatility of change in the interest rates over the last 10 years.

	Sensitivity of interest income		Sensitivity of changes in fair value of investments	
	+100 bps \$	-100 bps \$	+100 bps \$	-100 bps \$
inveST Diversified Income Fund				
30 June 2011	401	(401)	9,948	(9,948)
30 June 2010	1,046	(1,046)	1,838	(1,838)
inveST Australian Equity Fund				
30 June 2011	77	(77)	3,329	(3,329)
30 June 2010	146	(146)	1,404	(1,404)
inveST Property Fund				
30 June 2011	61	(61)	1,142	(1,142)
30 June 2010	54	(54)	1,862	(1,862)
inveST Balanced Fund				
30 June 2011	46	(46)	2,736	(2,736)
30 June 2010	96	(96)	1,822	(1,822)
inveST International Equity Fund				
30 June 2011	79	(79)	3,083	(3,083)
30 June 2010	74	(74)	1,252	(1,252)

(ii) Currency risk

Currency risk is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates. The unit prices, purchases, sales and distributions of the inveST Funds are denominated in Australian dollars. The inveST International Equity Fund and inveST Balanced Funds have an indirect exposure to currency risk through their underlying investments (the Russell International Equities Fund (Unhedged) and the Russell Global Opportunities Fund (Unhedged)). The inveST International Equity Fund has a strategic asset allocation of 50% International Shares hedged and 50% International Shares unhedged. This strategic asset allocation can range between 40-60% hedged and unhedged. The inveST Balanced Fund has an indirect exposure to currency risk through a 15% strategic asset allocation in International Shares unhedged which can range between 5-25%. The exposure to currency risk is monitored and the hedging policy of these underlying investment funds is reviewed on a quarterly basis by our asset consultant (Russell).

11 Financial Risk Management Objectives and Policies (continued)

(iii) Equity price risk

Equity price risk is the risk that the fair value of equities decrease as a result of changes in market or published prices, whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the market. Equity price risk exposure arises from the inveST Funds' investments in the investment funds and the respective changes in the underlying investment funds' unit prices. Equity price risk is the major financial risk of the inveST Funds. Unit prices of the inveST Funds are monitored daily by the Responsible Entity against the respective underlying wholesale funds unit prices. Performance of these Funds are monitored on a monthly basis against the Funds respective benchmark indices and reported to the Investment Committee on a quarterly basis.

Management's best estimate of the effect on profit (loss) for the year due to a reasonably possible change in equity indices, with all other variables held constant is indicated in the table below. There is no effect on 'other comprehensive income'. In practice the actual trading results may differ from the sensitivity analysis below and the difference could be material.

Accounting Assumptions-Variability of equity price

The basis points sensitivity is based on the volatility of change in the respective indices over the last 10 years which management believes is a reasonable assessment of average market volatility expected.

	30 June 2011			30 June 2010		
	Change in equity price	Effect on net profit attributable to unitholders	Effect on net profit attributable to unitholders	Change in equity price	Effect on net profit attributable to unitholders	Effect on net profit attributable to unitholders
	%	\$	\$	%	\$	\$
inveST Diversified Income Fund						
UBS Australian Composite Bond Index	+3.0/ -3.0	<u>6,033,012</u>	<u>(6,033,012)</u>	+3.0/ -3.0	<u>5,477,733</u>	<u>(5,477,733)</u>
inveST Australian Equity Fund						
S&P ASX 100 Leaders Accumulation Index	+13.5/ -13.5	<u>8,401,426</u>	<u>(8,401,426)</u>	+13.5/ -13.5	<u>7,343,352</u>	<u>(7,343,352)</u>
inveST Property Fund						
S&P ASX 200 Property Accumulation Index	+18.0/ -18.0	<u>4,553,195</u>	<u>(4,553,195)</u>	+18.0/ -18.0	<u>3,764,513</u>	<u>(3,764,513)</u>
inveST Balanced Fund						
Combination of indices representing Property; Fixed Interest; Cash; Domestic and International Equities	+11.5/ -11.5	<u>3,594,805</u>	<u>(3,594,805)</u>	+11.5/ -11.5	<u>3,505,497</u>	<u>(3,505,497)</u>
inveST International Equity Fund						
MSCI World Ex-Australia Accumulation Index	+16.5/ -16.5	<u>5,778,168</u>	<u>(5,778,168)</u>	+16.5/ -16.5	<u>4,865,506</u>	<u>(4,865,506)</u>

11 Financial Risk Management Objectives and Policies (continued)

Liquidity Risk

Liquidity risk is the risk that the invest Funds will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Funds could be required to pay liabilities earlier than expected. The Funds are exposed to cash redemptions of their redeemable units on a regular basis. Units are redeemable at the holder's option based on the net asset value per unit at the time of redemption calculated in accordance with the Constitution of the respective Fund.

The Funds manage their obligations in overall liquidity risk by:

- Monitoring the daily application and redemption requests to ensure sufficient liquidity is available;
- Holding sufficient short term listed assets to meet unexpected large redemption requests if they arise; and
- Having the ability to freeze or delay redemption requests without unitholder approval, as permitted under their Constitutions.

The Funds invest primarily in unlisted managed investment schemes, which under normal market conditions are readily convertible to cash. In addition, their policy is to maintain sufficient cash and cash equivalents to meet normal operating requirements and expected redemption requests.

Investments in unlisted managed investment schemes expose the Funds to the risk that the responsible entity of those trusts may be unwilling or unable to fulfil redemption requests within the timeframe required. As at reporting date there were no investments of the invest Funds subject to redemption freezes.

It is the Funds policy that the Investment Manager monitors the liquidity position of the Funds on a daily basis and that the Board of Directors of the Responsible Entity reviews it on a quarterly basis.

Maturity analysis for financial liabilities

Financial liabilities of the invest Funds comprise trade and other payables, distributions payable, and net assets attributable to unitholders. Trade and other payables and distributions payable have no contractual maturities but are typically settled within 30 days. Balances due are carried at their carrying amounts as represented in the Statement of Financial Position as the impact of discounting is insignificant.

Fair value hierarchy

	Quoted market price (Level 2) \$
Consolidated	
invest Diversified Income Fund - as at 30 June 2011	
Financial assets	
Unlisted investments	<u>201,100,393</u>
Total	<u>201,100,393</u>
Quoted market price (Level 2)	
invest Diversified Income Fund - as at 30 June 2010	
Financial assets	
Unlisted investments	<u>182,591,092</u>
Total	<u>182,591,092</u>

11 Financial Risk Management Objectives and Policies (continued)

	Quoted market price (Level 2)
invest Australian Equity Fund - as at 30 June 2011	
Financial assets	
Unlisted investments	<u>62,232,788</u>
Total	<u>62,232,788</u>
	Quoted market price (Level 2)
invest Australian Equity Fund - as at 30 June 2010	
Financial assets	
Unlisted investments	<u>54,395,201</u>
Total	<u>54,395,201</u>
	Quoted market price (Level 2)
invest Property Fund - as at 30 June 2011	
Financial assets	
Unlisted investments	<u>25,295,527</u>
Total	<u>25,295,527</u>
	Quoted market price (Level 2)
invest Property Fund - as at 30 June 2010	
Financial assets	
Unlisted investments	<u>20,913,962</u>
Total	<u>20,913,962</u>
	Quoted market price (Level 2) \$
invest Balanced Fund - as at 30 June 2011	
Financial assets	
Unlisted investments	<u>31,259,173</u>
Total	<u>31,259,173</u>
	Quoted market price (Level 2)
invest Balanced Fund - as at 30 June 2010	
Financial assets	
Unlisted investments	<u>30,482,584</u>
Total	<u>30,482,584</u>

11 Financial Risk Management Objectives and Policies (continued)

	Quoted market price (Level 2)
invest International Equity Fund - as at 30 June 2011	
Financial assets	
Unlisted investments	<u>35,019,202</u>
Total	<u>35,019,202</u>
Quoted market price (Level 2)	
invest International Equity Fund - as at 30 June 2010	
Financial assets	
Unlisted investments	<u>29,487,915</u>
Total	<u>29,487,915</u>

Credit risk

Credit risk represents the risk that the counterparty to the financial instrument will cause a financial loss for the invest Funds by failing to discharge an obligation.

Funds which invest in interest-bearing and debt securities are exposed to credit risk. The invest Diversified Income Fund and invest Balanced Fund are indirectly exposed to this risk through their underlying investments. The Responsible Entity seeks to minimise this risk by investing in underlying Funds that diversify holdings across issuers.

Financial liabilities of the invest Funds comprise trade and other payables, distributions payable, and net assets attributable to unitholders. Trade and other payables and distributions payable have no contractual maturities but are typically settled within 30 days.

It is the underlying Managers policy to enter into financial instruments with reputable counterparties. The Investment Manager closely monitors the creditworthiness of the invest Funds counterparties by reviewing their credit ratings, financial statements and press releases on a regular basis.

Credit risk is not considered to be significant to the invest Funds for the year ended 30 June 2011, consistent with the prior year's financial statements.

None of the invest Funds financial assets were considered to be past due or impaired in either 2011 or 2010.

12 Related party transactions

Responsible Entity

The Responsible Entity of the inveST Funds is State Trustees Limited (ACN 070 863 900).

Key management personnel

(i) Directors

The directors of State Trustees Limited are considered Key Management Personnel of the inveST Funds. The Directors of State Trustees Limited in office during the year and up to the date of the report are:

Jullie A Elliott (Chairman)
Anthony G Fitzgerald (Managing Director)
Paula Allen
Josua Bornstein
Annette W Broadfoot
Patrick M Burroughs
Robert Guttman
Dr Irene Irvine

(ii) Other key management personnel

In addition to the directors noted above, the Responsible Entity is considered to be a Key Management Personnel with the authority for the strategic direction and management of the inveST Funds.

(iii) Compensation of Key Management Personnel

No amount is paid by the inveST Funds directly to the Directors of the Responsible Entity. Consequently, no compensation as defined in AASB 124 "Related Party Disclosures" is paid by the inveST Funds to the Directors as Key Management Personnel.

Compensation is paid to the Responsible Entity in the form of fees and is disclosed below.

Related party transactions

All related party transactions are conducted on normal commercial terms and conditions.

Under the terms of the inveST Funds' Constitutions, the Responsible Entity is entitled to receive management fees, calculated by reference to the average daily net assets of the inveST Funds as follows:

1% per annum of unitholders' funds managed

12 Related party transactions (continued)

Remuneration of State Trustees Limited

Fees received by State Trustees Limited in its capacity as Responsible Entity:

	2011	2010
	\$	\$
inveST Diversified Income Fund	1,990,393	1,884,173
inveST Australian Equity Fund	640,347	589,874
inveST Property Fund	257,492	216,764
inveST Balanced Fund	339,654	333,205
inveST International Equity Fund	366,747	308,224

The inveST Balanced Fund is entitled to management fee rebates from cross investments in other inveST Funds (from 08/07/2009 the inveST Balanced Fund did not hold any cross investments in any other inveST Funds)
inveST Balanced Fund was rebated \$Nil at 30 June 2011 (2010:\$392).

Related party investments in the Funds

Parties related to the inveST Funds (including State Trustees Limited, its related parties and other schemes managed by State Trustees Limited), held units in the inveST Funds as follows:
(From 08/07/2009 the inveST Balanced Fund did not hold any cross investments in any other inveST Funds)

inveST Diversified Income Fund	Number of units held opening	Number of units held closing	Interest held	Number of units acquired	Number of units disposed	Distributions paid/payable
2011 Unitholder	(Units)	(Units)	%	(Units)	(Units)	\$
State Trustees Limited	1,563,036	3,418,047	1.86	1,855,011	-	182,365
STL Financial Services Limited	5,139,408	5,089,602	2.77	-	49,806	303,767
2010 Unitholder						
State Trustees Limited	3,849,585	1,563,036	0.85	1,485,444	3,771,993	80,908
STL Financial Services Limited	4,397,597	5,139,408	2.80	1,128,148	386,337	270,771
inveST Australian Equity Fund						
2011 Unitholder						
State Trustees Limited	178,386	409,149	0.70	230,763	-	11,239
STL Financial Services Limited	594,346	584,346	1.02	-	-	20,369
2010 Unitholder						
State Trustees Limited	587,596	178,386	0.31	45,448	454,658	6,340
STL Financial Services Limited	669,319	594,346	1.02	115,772	190,745	21,544

12 Related party transactions (continued)

invest Property Fund	Number of units held opening	Number of units held closing	Interest held	Number of units acquired	Number of units disposed	Distributions paid/payable
2011						
Unitholder	(Units)	(Units)	%	(Units)	(Units)	\$
State Trustees Limited	101,797	211,328	1.00	109,531	-	14,640
STL Financial Services Limited	337,407	323,004	1.53	-	14,402	23,187
2010						
Unitholder						
State Trustees Limited	307,895	101,797	0.48	28,743	234,841	3,186
STL Financial Services Limited	353,509	337,407	1.60	69,397	85,499	11,456
invest Balanced Fund	1,884,940	-	-	-	1,884,940	-
invest International Equity Fund						
2011						
Unitholder						
State Trustees Limited	217,967	440,160	1.55	222,192	-	53,456
STL Financial Services Limited	711,339	679,687	2.40	-	31,651	82,546
2010						
Unitholder						
State Trustees Limited	804,190	217,967	0.77	72,965	659,188	15,526
STL Financial Services Limited	926,578	711,339	2.51	139,954	355,193	50,678

Related party investments of the Funds

The invest Funds did not hold any investments in State Trustee Limited or its related parties during the year.

13 Segment information

The invest Funds operate in one business segment, being investment management. The invest Funds also operate from one geographic location, being Australia, from where its investing activities are managed. Revenue is derived from dividends, distributions, and interest.

14 Events occurring after balance date

Since 30 June 2011 there have been no matters or circumstances not otherwise dealt with in the Financial Statements that have significantly affected or may significantly affect the invest Funds other than the current volatility of markets. Market movements are reflected on a daily basis in the respective invest Funds' unit prices.

Other than above, no matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect:

- (i) the operations of the invest Funds in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the invest Funds in future financial years.

15 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2011 (30 June 2010: nil).

Directors' declaration

In accordance with a resolution of the Directors of State Trustees Limited, we state that:

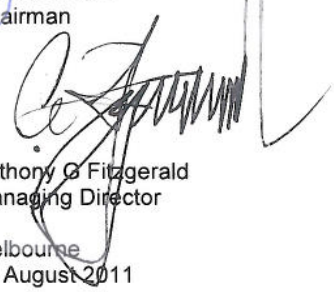
In the opinion of the Directors:

- (a) the financial statements and notes of the invest Funds are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the invest Funds' financial positions as at 30 June 2011 and of their performances for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulation 2001; and
- (b) there are reasonable grounds to believe that the invest Funds will be able to pay their debts as and when they become due and payable.

On behalf of the Board
State Trustees Limited



Julie A Elliott
Chairman



Anthony G Fitzgerald
Managing Director

Melbourne
24 August 2011

INDEPENDENT AUDITOR'S REPORT

To the Directors of State Trustees Limited as Trustee and Manager, and the Unitholders of inveST Diversified Income Fund, inveST Australian Equity Fund, inveST Property Fund, inveST Balanced Fund and inveST International Equity Fund

The Financial Report

The accompanying financial report for the year ended 30 June 2011 of the inveST Funds as listed above which comprises the statement of financial position, statement of comprehensive income, statement of changes in net assets attributable to unitholders, statement of cash flows, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, has been audited.

The Directors' Responsibility for the Financial Report

The Directors of the State Trustees Limited as trustee and manager of the inveST Funds are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of 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 (b), the Directors also state, in accordance with Australian Accounting Standards that the financial report complies with International Financial Reporting Standards.

Auditor's Responsibility

As required by the *Corporations Act 2001* and *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about 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 audit procedures selected depend on 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, consideration is given to the internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 the accounting policies used, and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independent Auditor's Report (continued)

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all the applicable independence requirements of the Australian accounting profession and the *Corporations Act 2001*. I confirm that I have given to the directors of the company a written independence declaration, a copy of which is included in the Directors' Report.

Opinion

In my opinion,

- (a) the financial report of the inveST Funds is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the inveST Funds' financial positions as at 30 June 2011 and of their financial 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*.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2 (b).

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the inveST Funds for the year ended 30 June 2011 included both in the inveST Funds' annual report and on the State Trustees Limited's website. The Directors of State Trustees Limited are responsible for the integrity of the State Trustees Limited's website. I have not been engaged to report on the integrity of the State Trustees Limited's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
26 August 2011



D D R Pearson
Auditor-General