

Five Oceans World Fund

Annual Report year ended 30 June 2009

Five Oceans World Fund
(ARSN 117 060 769)

Responsible Entity
Challenger Managed Investments Limited
(ABN 94 002 835 592)
(AFSL 234668)

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Annual report - 30 June 2009

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This financial report covers Five Oceans World Fund as an individual entity.

The Responsible Entity of Five Oceans World Fund is Challenger Managed Investments Limited (ABN 94 002 835 592). The Responsible Entity's registered office is Level 15, 255 Pitt Street, Sydney NSW 2000.

Financial Highlights

Financial highlights for Five Oceans World Fund (the 'Trust') include the following:

Performance

The table below shows historical discrete annual return performance of the Trust since inception of the fund. Calculation of performance is after all fees, except any entry fees that have been deducted, and assumes that all distributions were reinvested during that period. The total return is aggregate of capital growth and distribution returns.

	2009	2008	2007	21/11/2005 - 30/06/2006
	%	%	%	%
Seed				
Capital Growth	(9.34)	(23.67)	5.91	1.09
Distribution of income	<u>9.93</u>	<u>7.35</u>	<u>2.47</u>	<u>1.36</u>
Total return (%)	<u>0.59</u>	<u>(16.32)</u>	<u>8.38</u>	<u>2.45</u>

	2009	2008	2007	21/11/2005 - 30/06/2006
	%	%	%	%
Professional				
Capital Growth	(9.25)	(23.44)	5.91	1.19
Distribution of income	<u>10.14</u>	<u>7.33</u>	<u>2.47</u>	<u>1.39</u>
Total return (%)	<u>0.89</u>	<u>(16.11)</u>	<u>8.38</u>	<u>2.58</u>

	2009	2008	2007	21/11/2005 - 30/06/2006
	%	%	%	%
Wholesale				
Capital Growth	(7.96)	(23.67)	7.78	-
Distribution of income	<u>8.59</u>	<u>7.35</u>	<u>1.67</u>	<u>-</u>
Total return (%)	<u>0.63</u>	<u>(16.32)</u>	<u>9.45</u>	<u>-</u>

Consistent with the statements in the current product disclosure statement, future performance is not guaranteed. Investors should exercise care in using past performance as a predictor of future performance.

Indirect Cost Ratio (ICR)

The Indirect Cost Ratio (ICR) is the ratio of the Trust's management costs over the Trust's average net assets attributable for the year, expressed as a percentage. The ICR of the various classes of the Trust for the past five years has been:

	2009	2008	2007	21/11/2005 - 30/06/2006
	%	%	%	%
Seed	1.28	1.25	1.39	1.76
Professional	1.03	1.00	1.36	1.52
Wholesale	1.28	1.50	2.56	-

The ICR calculation above includes performance fee expense as well as management fees and has been annualised. The out performance resulted in performance fees being incurred of 0.03% (2008: nil%) reflected in the Seed class ICR, 0.03% (2008:nil%) reflected in the Professional class ICR and 0.03% (2008: 0.25%) reflected in the Wholesale class ICR.

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

Financial Highlights (continued)

Unit redemption prices

Unit redemption prices (quoted ex-distribution and exclusive of exit fees) are shown as follows:

	2009	2008
	\$	\$
Seed		
At 30 June	0.7223	0.7967
Year to 30 June:		
High	0.9436	1.0740
Low	0.7223	0.7967
	2009	2008
	\$	\$
Professional		
At 30 June	0.7422	0.8177
Year to 30 June:		
High	0.9689	1.0893
Low	0.7422	0.8177
	2009	2008
	\$	\$
Wholesale		
At 30 June	0.7546	0.8196
Year to 30 June:		
High	0.9715	1.0893
Low	0.7546	0.8196

Directors' report

The directors of Challenger Managed Investments Limited ("Challenger"), the Responsible Entity of Five Oceans World Fund, present their report together with the financial report of Five Oceans World Fund ("the Trust") for the year ended 30 June 2009.

Directors

The following persons held office as directors of Challenger Managed Investments Limited during the year or since the end of the year and up to the date of this report:

AR Landman (resigned 19 December 2008)
 BJ O'Connor (appointed 15 December 2008)
 BR Benari (appointed 15 December 2008)
 DJ Stevens (resigned 15 December 2008)
 M Tilley (resigned 31 August 2008)
 PD Rogan
 RJ Woods (appointed 15 December 2008)
 RW Adams

Principal activities

The principal activity of the Trust during the period was to invest in accordance with the provisions of the Trust Constitution.

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

The Asset Manager for the Trust is Five Oceans Asset Management Pty Limited.

Review and results of operations

During the year, the Trust continued to invest funds in accordance with target asset allocations as set out in the current product disclosure statement which continues to be adhered to. The Trust maintains its strategy of investing in a concentrated portfolio of global equities.

Results

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

	30 June 2009 \$'000	30 June 2008 \$'000
Net operating profit/(loss)	<u>(72)</u>	<u>(11,102)</u>
Distribution paid and payable (\$'000)	<u>5,970</u>	<u>5,582</u>
Distribution (cents per unit) - Seed	<u>7.94</u>	<u>8.35</u>
Distribution (cents per unit) - Professional	<u>8.29</u>	<u>7.82</u>
Distribution (cents per unit) - Wholesale	<u>7.05</u>	<u>7.90</u>

Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Trust that occurred during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2009 that has significantly affected, or may significantly affect:

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

Directors' report (continued)

Likely developments and expected results of operations

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

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

Indemnification and insurance of officers and auditors

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

Fees paid to and interests held in the Trust by the Responsible Entity or its related entities

Fees paid to the Responsible Entity and its related entities out of Trust property during the year are disclosed in note 11 of the financial report.

No fees were paid out of Trust property to the directors of the Responsible Entity during the year.

The number of interests in the Trust held by the Responsible Entity or its related entities as at the end of the financial year are disclosed in note 11 of the financial report.

Interests in the Trust

The movement in units on issue in the Trust during the year is further disclosed in note 5 of the financial report.

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

	30 June 2009 No. '000	30 June 2008 No. '000
Units on issue - 1 July	67,824	57,657
Units issued	67,893	12,217
Units redeemed	<u>(57,839)</u>	<u>(2,050)</u>
Units on issue - 30 June	<u>77,878</u>	<u>67,824</u>

	\$'000	\$'000
Value of Trust assets at 30 June	<u>66,785</u>	<u>63,917</u>

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

Environmental regulation

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

Directors' report (continued)

Rounding of amounts to the nearest thousand dollars

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

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

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



BJ O'Connor
Director

Sydney
3 September 2009

Auditor's Independence Declaration to the Directors of Challenger Managed Investments Limited, as Responsible Entity for the Five Oceans World Fund

In relation to our audit of the financial report of Five Oceans World Fund for the financial year ended 30 June 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in black ink, appearing to read 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Elliott Shadforth'.

Elliott Shadforth
Partner
3 September 2009

Income statement

		30 June 2009 \$'000	30 June 2008 \$'000
	Notes		
Income			
Interest income		1,129	1,987
Dividend income		2,091	603
Distribution income		19	1
Net gains/(losses) on financial instruments held at fair value through profit or loss	3	(11,060)	(11,216)
Other income		2	29
Net foreign exchange gains		<u>9,166</u>	<u>(1,546)</u>
Total income		<u>1,347</u>	<u>(10,142)</u>
Expenses			
Responsible Entity's fees	11	726	778
Performance fees	11	19	18
Transaction costs		3	-
Other expenses		<u>671</u>	<u>164</u>
Total expenses		<u>1,419</u>	<u>960</u>
Net profit/(loss) attributable to unitholders		<u>(72)</u>	<u>(11,102)</u>
Finance costs attributable to unitholders			
Distributions to unitholders	6	(5,970)	(5,582)
Change in net assets attributable to unitholders	5	<u>6,042</u>	<u>16,684</u>

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

Balance sheet

		30 June 2009 \$'000	30 June 2008 \$'000
	Notes		
Assets			
Cash and cash equivalents		13,017	29,485
Receivables		268	1,844
Financial assets held at fair value through profit or loss	7	53,500	32,588
Total assets		66,785	63,917
Liabilities			
Distribution payable	6	5,970	5,582
Payables		992	1,407
Financial liabilities held at fair value through profit or loss	8	2,589	2,052
Total liabilities (excluding net assets attributable to unitholders)		9,551	9,041
Net assets attributable to unitholders	5	57,234	54,876

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

Statement of changes in net assets attributable to unitholders

	30 June 2009 \$'000	30 June 2008 \$'000
At 1 July - opening	54,876	60,938
Net profit/(loss) attributable to unitholders	(72)	(11,102)
Distributions to unitholders	(5,970)	(5,582)
Application for units	62,523	12,712
Redemption of units	(54,123)	(2,090)
At 30 June - closing	<u>57,234</u>	<u>54,876</u>

The above statement of changes in net assets attributable to unitholders should be read in conjunction with note 5.

Cash flow statement

	30 June	30 June
	2009	2008
Notes	\$'000	\$'000
<i>Cash flows from operating activities</i>		
Proceeds from sale of financial instruments held for trading at fair value through profit or loss	7,565	2,813
Purchase of financial instruments held for trading at fair value through profit or loss	(3,308)	(2,523)
Dividends received	1,895	598
Interest received	1,134	1,874
Trust distributions received	19	1
Other income received	(1)	29
Responsible Entity's fees paid	(739)	(891)
Payment of other expenses	(502)	(185)
Net cash inflow/(outflow) from operating activities	12(a) <u>6,063</u>	<u>1,716</u>
<i>Cash flows from investing activities</i>		
Proceeds from sale of investments designated at fair value through profit or loss	60,725	97,641
Purchase of investments designated at fair value through profit or loss	(88,894)	(91,474)
Net cash inflow/(outflow) from investing activities	<u>(28,169)</u>	<u>6,167</u>
<i>Cash flows from financing activities</i>		
Proceeds from applications by unitholders	62,190	10,812
Payments for redemptions by unitholders	(54,123)	(2,090)
Distributions paid	(5,249)	(128)
Net cash inflow/(outflow) from financing activities	<u>2,818</u>	<u>8,594</u>
Net increase/(decrease) in cash and cash equivalents	(19,288)	16,477
Cash and cash equivalents at the beginning of the year	29,485	14,473
Effects of foreign currency exchange rate changes on cash and cash equivalents	2,820	(1,465)
Cash and cash equivalents at the end of the year	12(b) <u>13,017</u>	<u>29,485</u>

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

1 General information

This financial report covers Five Oceans World Fund as an individual entity. The Trust is an Australian registered scheme, and was constituted on 21 November 2005. The Trust will terminate on 21 November 2085 unless terminated earlier in accordance with the provisions of the Trust Constitution.

The financial statements were authorised for issue by the directors on 3 September 2009. The directors of the Responsible Entity have the power to amend and reissue the financial report.

The nature of the operating and principal activities of the Trust are described in the Directors report.

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

This general purpose financial report has been prepared in accordance with the Trust's Constitution, Australian Accounting Standards, and the *Corporations Act 2001* in Australia.

The financial report is presented in Australian dollars and is prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

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

Compliance with International Financial Reporting Standards

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

(b) Financial instruments

(i) Classification

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

- Financial instruments held for trading

Derivative financial instruments such as futures, forward contracts, options and equity swaps are included under this classification. The Trust does not designate any derivatives as hedges in a hedging relationship.

- Financial instruments designated at fair value through profit or loss upon initial recognition

These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchange traded debt and equity instruments, unlisted trusts and unlisted equity instruments.

(ii) Recognition/derecognition

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

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

(iii) Measurement

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

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

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 active market

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the balance sheet date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices at the close of balance sheet date, while financial liabilities are priced at current offer prices.

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

(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 unitholders

Units are redeemable at the unitholders' option and are therefore classified as financial liabilities. The units can be put back to the Trust at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the balance sheet date if unitholders exercised their right to redeem units in the Trust.

(d) Cash and cash equivalents

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

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

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

(e) Investment income

Interest income and expenses are recognised in the income statement for all debt instruments that are not held at fair value through profit or loss using the effective interest method. Other changes in fair value for such instruments are recorded in accordance with the policies described in note 2(b).

2 Summary of significant accounting policies (continued)

(e) Investment income (continued)

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 Trust estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

Dividend income is recognised on the ex-dividend date when the right to receive payment is established with any related foreign withholding tax recorded as an expense.

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

Trust distributions (including distributions from cash management trusts) are recognised on a present entitlements basis as the Trust is presently entitled to the distributable income of its investee trusts.

(f) Expenses

All expenses, including Responsible Entity's fees and custodian fees, are recognised in the income statement on an accruals basis.

(g) Income tax

Under current legislation, the Trust is not subject to income tax as unitholders are presently entitled to the income of the Trust.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Trust is not subject to capital gains tax.

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

The benefit of imputation credits and foreign tax paid are passed on to unitholders.

The Trust currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the income statement.

(h) Distributions

In accordance with the Trust's Constitution, the Trust distributes income adjusted for amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. The distributions are recognised in the income statement as finance costs attributable to unitholders.

(i) Change in net assets attributable to unitholders

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

2 Summary of significant accounting policies (continued)

(j) Goods and Services Tax (GST)

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

(k) Receivables

Receivables may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment in accordance with the policy set out in note 2(e) above. Amounts are generally received within 30 days of being recorded as receivables.

Receivables include such items as RITC and application monies receivable from unitholders.

(l) Payables

Payables includes liabilities and accrued expenses owing by the Trust which are unpaid as at balance date.

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

The distribution amount payable to unitholders as at the reporting date is recognised separately on the balance sheet when unitholders are presently entitled to the distributable income under the Trust's Constitution.

(m) Applications and redemptions

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

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

(n) Use of estimates

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

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

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

2 Summary of significant accounting policies (continued)

(o) Unit prices

Unit prices are determined in accordance with the Trust's Constitution and are calculated as the net assets attributable to unitholders of the Trust, less estimated costs, divided by the number of units on issue, on a forward pricing basis, as determined by the Responsible Entity.

(p) Terms and conditions on units

Each unit issued confers upon the unitholder an equal interest in the Trust and is of equal value per class. A unit does not confer any interest in any particular asset or investment of the Trust. Unitholders have various rights under the Constitution and the Corporations Act 2001, including the right to:

- have their units redeemed;
- receive income distributions;
- attend and vote at meetings of unitholders; and
- participate in the termination and winding of the Trust.

The rights, obligations and restrictions attached to each unit are identical in all respects.

(q) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The directors' assessment of the impact of these new standards (to the extent relevant to the Trust) and interpretations is set out below:

(i) *AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 (effective from 1 January 2009)*

AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Trust will adopt AASB 8 from 1 July 2009. The Trust is organised into one main segment which operates solely in the business of investment management within Australia. Consequently, no detailed segment reporting is provided in the Trust's financial statements.

(ii) *Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (effective from 1 January 2009)*

The revised AASB 101 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 an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Trust will apply the revised standard from 1 July 2009.

(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) (effective from 1 January 2009)*

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

2 Summary of significant accounting policies (continued)

(r) Rounding of amounts

The Trust is an entity of the kind referred to in Class Order 98/0100 (as amended), issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

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

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

	30 June 2009 \$'000	30 June 2008 \$'000
Financial assets		
Designated at fair value	(10,629)	(12,556)
Held for trading at fair value	(431)	1,340
Net gains/(losses) on financial assets held at fair value through profit or loss	<u>(11,060)</u>	<u>(11,216)</u>

4 Auditor's remuneration

The cost incurred for auditing the financial report of the Trust is paid directly by the Responsible Entity. The audit fees paid/payable by the Responsible Entity for the year were \$7,000 (2008: \$6,300).

5 Net assets attributable to unitholders

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

As stipulated within the Trust Constitution, each unit represents a right to an individual share in the Trust and does not extend to a right to the underlying assets of the Trust. There are two classes of units and each unit has the same rights, preferences and restrictions attaching to it as all other units of the Trust.

	30 June 2009 No. '000	30 June 2008 No. '000	30 June 2009 \$'000	30 June 2008 \$'000
Net assets attributable to unitholders - Seed				
Opening balance	50,729	49,003	41,136	51,792
Applications	50,730	1,726	47,757	1,824
Redemptions	(50,730)	-	(47,757)	-
Change in net assets attributable to unitholders	-	-	<u>(3,936)</u>	<u>(12,480)</u>
Closing balance	<u>50,729</u>	<u>50,729</u>	<u>37,200</u>	<u>41,136</u>

5 Net assets attributable to unitholders (continued)

	30 June 2009 No. '000	30 June 2008 No. '000	30 June 2009 \$'000	30 June 2008 \$'000
Net assets attributable to unitholders - Professional				
Opening balance	6,511	7,224	5,287	7,635
Applications	261	69	214	74
Redemptions	(4,562)	(782)	(4,203)	(820)
Change in net assets attributable to unitholders	-	-	(171)	(1,602)
Closing balance	<u>2,210</u>	<u>6,511</u>	<u>1,127</u>	<u>5,287</u>

	30 June 2009 No. '000	30 June 2008 No. '000	30 June 2009 \$'000	30 June 2008 \$'000
Net assets attributable to unitholders - Wholesale				
Opening balance	10,584	1,430	8,453	1,511
Applications	16,902	10,422	14,553	10,814
Redemptions	(2,547)	(1,268)	(2,164)	(1,270)
Change in net assets attributable to unitholders	-	-	(1,935)	(2,602)
Closing balance	<u>24,939</u>	<u>10,584</u>	<u>18,907</u>	<u>8,453</u>

	30 June 2009 \$'000	30 June 2008 \$'000
Total net assets attributable to unitholders	<u>57,234</u>	<u>54,876</u>

Capital risk management

Daily applications and redemptions are reviewed relative to the liquidity of the Trust's underlying assets on a daily basis by the Responsible Entity. Under the terms of the Trust's Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unitholders.

The Trust monitors the level of daily applications and redemptions relative to the liquid assets in the Trust. Sufficient liquid assets are maintained within the Trust. Liquid assets include cash and cash equivalents and equity securities.

6 Distributions to unitholders

Timing of distributions

The distributions for the year were as follows:

	30 June 2009 \$'000	30 June 2009 CPU	30 June 2008 \$'000	30 June 2008 CPU
Distributions - Seed				
30 June quarterly payable	<u>4,029</u>	<u>7.94</u>	<u>4,236</u>	<u>8.35</u>
	<u>4,029</u>		<u>4,236</u>	
	30 June 2009 \$'000	30 June 2009 CPU	30 June 2008 \$'000	30 June 2008 CPU
Distributions - Professional				
30 June quarterly payable	<u>183</u>	<u>8.29</u>	<u>509</u>	<u>7.82</u>
	<u>183</u>		<u>509</u>	
	30 June 2009 \$'000	30 June 2009 CPU	30 June 2008 \$'000	30 June 2008 CPU
Distributions - Wholesale				
30 June quarterly payable	<u>1,758</u>	<u>7.05</u>	<u>837</u>	<u>7.90</u>
	<u>1,758</u>		<u>837</u>	
Total distributions	<u>5,970</u>		<u>5,582</u>	

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

7 Financial assets held at fair value through profit or loss

	Notes	30 June 2009 Fair value \$'000	30 June 2008 Fair value \$'000
Held for trading			
Derivatives (note 9)	9	<u>440</u>	1,127
Designated at fair value through profit or loss			
Equity securities		<u>53,060</u>	31,461
Total financial assets held at fair value through profit or loss		<u>53,500</u>	<u>32,588</u>

8 Financial liabilities held at fair value through profit or loss

	30 June 2009 Fair value \$'000	30 June 2008 Fair value \$'000
Held for trading		
Derivatives (note 9)	<u>150</u>	<u>2,052</u>
Designated at fair value through profit or loss		
Listed equity securities sold short	<u>2,439</u>	<u>-</u>
Total financial liabilities held at fair value through profit or loss	<u>2,589</u>	<u>2,052</u>

9 Derivative financial instruments

In the normal course of business the Trust enters into transactions in various derivative financial instruments which have certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include many different instruments, such as forwards, futures and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Trust's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Trust against a fluctuation in market values or to reduce volatility
- a substitution for trading of physical securities
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Trust.

The Trust holds the following derivative instruments:

(a) Futures

Futures are contractual obligations to buy or sell commodity instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are settled daily with the exchange. Interest rate futures are contractual obligations to receive or pay a net amount based on changes in interest rates at a future date at a specified price, established in an organised commodity market.

(b) Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of future securities price. Options held by the Trust are exchange-traded. The Trust is exposed to credit risk on purchased options to the extent of their carrying amount, which is their fair value. Options are settled on a gross basis.

9 Derivative financial instruments (continued)

(c) Forward currency contracts

Forward currency contracts are primarily used by the Trust to hedge against foreign currency exchange rate risks on its non-Australian dollar denominated trading securities. The Trust agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Forward currency contracts are valued at the prevailing bid price at the reporting date. The Trust recognises a gain or loss equal to the change in fair value at the reporting date.

(d) Swaps

An equity swap is an agreement between two parties to exchange their interest obligations (payments) or receipts at set intervals on a notional principal amount over an agreed time period.

The fair value of equity swaps is the estimated amount that the entity would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

The Trust's derivative financial instruments at year-end are detailed below:

30 June 2009

	Contract/ notional \$'000	Fair Values	
		Fair Values \$'000	Liabilities \$'000
Long Positions			
Equity Swaps	(965)	-	10
Options	(5,011)	381	-
Foreign exchange forward contracts	15	59	-
Short Positions			
Futures	2,039	-	-
Options	(398)	-	140
	<u>(4,320)</u>	<u>440</u>	<u>150</u>

30 June 2008

	Contract/ notional \$'000	Fair Values	
		Fair Values \$'000	Liabilities \$'000
Long Positions			
Equity Swaps	(2,735)	-	2,052
Options	(7,362)	817	-
Foreign exchange forward contracts	5,986	119	-
Short Positions			
Futures	(4,741)	191	-
	<u>(8,852)</u>	<u>1,127</u>	<u>2,052</u>

An overview of the risk exposures relating to derivatives is included in note 10.

10 Financial risk management

(a) Overview

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

The Trust's overall risk management programme focuses on ensuring compliance with the Trust's Product Disclosure Statement and seeks to maximise the returns derived for the level of risk to which the Trust is exposed. The Trust may use derivative financial instruments to alter certain risk exposures. The Responsible Entity is responsible for identifying and controlling the risks that arise from these financial instruments.

The allocation of assets between the various types of financial instruments is determined by the Trust's Fund Manager who manages the Trust's assets to achieve the Trust's investment objectives.

Divergence from target allocations and the composition of the assets is monitored on a regular basis.

The Responsible Entity of the Trust is aware of the risks associated with the business of investment management. A financial risk management framework has been established to ensure that procedures and controls adequately manage the risks arising from current business activities. Central control include (but are not limited to):

- clear policies and procedures covering operations;
- post-trade investment compliance monitoring;
- segregation of the dealing and investment management function from the administration and settlement function;
- an independent service provider for the valuation of securities, and;
- a compliance function with a separate reporting line from the Funds Management team.

As part of the risk management framework, the Responsible Entity is subject to regular reporting and committee meetings regarding risk and compliance issues. The purpose is to facilitate a flow of information between the business and the Responsible Entity's Board and Committees. Any material matters identified are promptly investigated and reported.

As part of its risk management strategy, the Trust may use derivatives including exchange traded derivatives such as index futures, index options and stock options to manage exposures resulting from changes in index prices, equity risks and exposures arising from forecast transactions.

There are no changes in the strategies used to manage the financial risks from previous reporting period.

(b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Trust's income or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Trust is exposed to market risks influencing investment valuations. The Trust may utilise derivatives to manage this risk.

(i) Price risk

Price risk is the risk that the value of an instrument 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. Part (ii) below sets out how this component of price risk is managed and measured. Investments are classified on the balance sheet as at fair value through profit or loss. All securities investments present a risk of loss of capital. Except for equities sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from equities sold short can be unlimited.

As the majority of the Trust's investments are carried at fair value with fair value changes recognised in the Income Statement, all changes in market conditions will directly affect net investment income.

10 Financial risk management (continued)

(b) Market risk (continued)

The fund manager mitigates this price risk through diversification and a rigorous selection of securities and other financial instruments within specified limits set by the Board. Part (c) of this note summarises the impact of an increase/decrease of the MSCI World Index on the Trust's net assets attributable to unitholders at 30 June 2009. The analysis is based on the assumptions that the index increased by 10% (2008: 10%) and decreased by 10% (2008: 10%) with all other variables held constant and that the fair value of the Trust's portfolio of equity securities and derivatives moved according to the historical correlation with the index. The impact mainly arises from the reasonably possible change in the fair value of listed equities, unlisted unit trusts and equity derivatives.

Daily monitoring of trade restrictions and derivative exposure against limits is undertaken with any breach of these limit restrictions reported.

(ii) Foreign exchange risk

Trusts that invest in international assets are exposed to foreign exchange risk. Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Fund managers may enter into derivatives contracts (such as forwards, swaps, options and futures) through approved foreign exchange dealers to minimise risk. However, the use of these contracts must be consistent with the investment strategy and restrictions of each Trust, and agreed acceptable level of foreign exchange risk.

30 June 2009	Australian Dollars A\$'000	US Dollars A\$'000	Euro A\$'000	Japanese Yen A\$'000	British Pounds A\$'000	Other currencies A\$'000	Total A\$'000
Cash and cash equivalents	3,575	3,555	2,860	39	1,563	1,425	13,017
Financial assets held at fair value through profit or loss	608	28,359	13,321	1,450	7,219	2,543	53,500
Financial liabilities held at fair value through profit or loss	-	(1,914)	(1)	-	(7)	(667)	(2,589)
	<u>4,183</u>	<u>30,000</u>	<u>16,180</u>	<u>1,489</u>	<u>8,775</u>	<u>3,301</u>	<u>63,928</u>
30 June 2008	Australian Dollars A\$'000	US Dollars A\$'000	Euro A\$'000	Japanese Yen A\$'000	British Pounds A\$'000	Other currencies A\$'000	Total A\$'000
Cash and cash equivalents	12,676	3,623	1,688	10,797	46	655	29,485
Financial assets held at fair value through profit or loss	2,316	15,259	9,038	1,431	1,292	3,252	32,588
Financial liabilities held at fair value through profit or loss	-	-	(366)	-	(1,310)	(376)	(2,052)
	<u>14,992</u>	<u>18,882</u>	<u>10,360</u>	<u>12,228</u>	<u>28</u>	<u>3,531</u>	<u>60,021</u>

(iii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value of future cashflows of a financial instrument will fluctuate because of changes in market interest rates.

The majority of the Trust's financial instruments are non-interest bearing with only cash and cash equivalents being directly subject to interest rate risk.

10 Financial risk management (continued)

(c) Summarised sensitivity analysis

The following table summarises the sensitivity of the Trust's operating profit and net assets attributable to unitholders to price risk for financial assets and liabilities held at balance date. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical correlation of the Trust's investments with the relevant benchmark, that is the MSCI World Index. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Trust invests. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

	Price risk		Interest rate risk	
	Impact on operating profit/Net assets attributable to unitholders			
	-10 %	+10 %	-100 bps	+100 bps
	\$'000	\$'000	\$'000	\$'000
30 June 2009	(6,180)	6,180	(5,735)	5,721
30 June 2008	(2,757)	2,757	(2,424)	2,407

	Foreign exchange risk					
	Impact on operating profit/Net assets attributable to unitholders					
	-10 % USD	+10 % USD	-10 % EURO	+10 % EURO	-10% JPY	+10% JPY
30 June 2009	(2,245)	2,744	(859)	1,050	(297)	363
30 June 2008	(1,683)	1,683	(769)	769	(1,218)	1,218

	Foreign exchange risk					
	Impact on operating profit/Net assets attributable to unitholders					
	-10 %	+10 %	-10 %	+10 %	-10%	+10%
	GBP	GBP	NOK	NOK	OTHER	OTHER
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2009	(411)	502	-	-	(42)	51
30 June 2008	(12)	12	(85)	85	(156)	156

(d) Credit risk

Credit risk represents the risk that the counterparty to a financial instrument will fail to discharge an obligation and cause the Trust to incur a financial loss.

With respect to credit risk arising from the financial assets of the Trust, other than derivatives, the Trust's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the fair value of these instruments as disclosed in the balance sheet. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

Credit risk is not considered to be significant to the Trust as the Trust does not hold any investments in debt securities.

(e) Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due.

The Trust's Product Disclosure Statement provides for daily redemption of units and it is therefore exposed to liquidity risk of meeting unitholders' redemption at any time.

10 Financial risk management (continued)

(e) Liquidity risk (continued)

This risk is controlled through the Trust investing majority of its assets in investments that are traded in an active market and can be readily disposed of and investing only a limited proportion of its assets in investments not actively traded on a stock exchange.

The Trust's investments are considered to be readily realisable.

The investment management process includes the consideration of liquidity, both in terms of market quality and cash flow. In asset construction, securities/ investments (including derivatives) are only purchased that meet investment criteria and this includes the assessment of saleability in different market conditions. Before entering into a transaction, consideration is given (among others):

- whether the purpose of the investment is consistent with the investment strategy of the Trust;
- the ease of selling the security should market conditions change unfavourably;
- whether there are sufficient assets to cover the underlying liabilities of that transaction, and;
- the overall liquidity level for the Trust.

Under the terms of its Constitution, the Trust has the ability to manage liquidity risk by delaying redemptions to unitholders, if necessary, until the funds are available to pay them.

Maturity analysis for financial liabilities

Financial liabilities for the Trust 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.

Net assets attributable to unitholders are entirely payable on demand.

(f) Fair value estimation

All financial assets and financial liabilities included in the balance sheet are carried at fair value.

The carrying amounts of all the Trust's financial assets and financial liabilities at the balance sheet date approximated their fair values.

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

11 Related party transactions

Responsible Entity

The Responsible Entity of Five Oceans World Fund is Challenger Managed Investments Limited whose immediate parent company is Challenger Funds Management Holdings Pty Limited and Ultimate Parent Company is Challenger Financial Services Group Limited.

Key management personnel

(a) Directors

Key management personnel includes persons who were directors of Challenger Managed Investments Limited at any time during the financial year and up to the date of the report as follows:

AR Landman (resigned 19 December 2008)
BJ O'Connor (appointed 15 December 2008)
BR Benari (appointed 15 December 2008)
DJ Stevens (resigned 15 December 2008)
M Tilley (resigned 31 August 2008)
PD Rogan
RJ Woods (appointed 15 December 2008)
RW Adams

(b) Other key management personnel

In addition to the directors noted above, the Responsible Entity is considered to be key management personnel with authority for the strategic direction and management of the Trust.

The Asset Manager, Five Oceans Asset Management Pty Limited, is a related party to the Trust by way of common director, Rob Adams. Rob Adams is a director of both Challenger Managed Investments Limited and Five Oceans Asset Management Pty Limited.

Key management personnel unitholdings

The key management personnel of Challenger Managed Investments Limited held units in the Trust as follows:

2009

Unitholder	Number of units held opening (Units)	Number of units held closing (Units)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Trust (\$)
Rob Adams	21	22	-	1	-	2
Total	<u>21</u>	<u>22</u>		<u>1</u>	<u>-</u>	<u>2</u>

2008

Unitholder	Number of units held opening (Units)	Number of units held closing (Units)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Trust (\$)
Rob Adams	20	21	-	1	-	2
Total	<u>20</u>	<u>21</u>		<u>1</u>	<u>-</u>	<u>2</u>

Key management personnel compensation

No amount is paid by the Trust directly to the Directors of the Responsible Entity.

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

11 Related party transactions (continued)

Responsible Entity's fees and other transactions

Under the terms of the Trust's Constitution, the Responsible Entity is entitled to receive management fees, calculated by reference to the average daily net assets (excluding net assets attributable to unitholders) of the Trust as follows:

- (i) 1.25% (2008: 1.25%) of the seed class, and
- (ii) 1.00% (2008: 1.00%) of the professional class
- (iii) 1.25% (2008: 1.25%) of the wholesale class.

In addition to the Responsible Entity's fee, the Responsible Entity is also entitled to receive performance fees. The performance fees are calculated at 20% (including GST) of the difference between the Fund's net return (after fees and expenses, and adding back any distributions) and the performance hurdle. The Fund's net return must exceed the performance hurdle in order for the performance fees to be paid. The performance hurdle is 5.0% pa.

For the year ended 30 June 2009, in accordance with the Trust Constitution, the Responsible Entity received performance fees for the seed class of 0.03% (2008: nil%), professional class of 0.03% (2008: nil%) and wholesale class of 0.03% (2008: 0.25%) (inclusive of GST, net of RITC available to the Trust) per annum.

	30 June 2009 \$	30 June 2008 \$
Performance fees for the year paid directly by the Trust	<u>18,717</u>	18,225
Management fees for the year paid directly to the Responsible Entity	<u>725,757</u>	777,838
Aggregate amounts payable to the Responsible Entity at the reporting date	<u>63,462</u>	60,300

Related party unitholdings

Parties related to the Trust (including Challenger Managed Investments Limited, its related parties and other schemes managed by Challenger Managed Investments Limited), held units in the Trust as follows:

2009

Unitholder	Number of units held opening (Units)	Number of units held closing (Units)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Trust (\$)
Challenger Strategic Capital Pty Limited Challenger Funds Management Holdings Pty Limited	50,729,530	-	-	-	50,729,530	-
Maria Veronica Espaliat	10	12	-	2	-	1
C Selth ATF Nude Dog Discretionary Trust	1,528,963	-	-	145,685	1,674,647	-
RC Youngman Challenger Life Company Ltd	204,889	224,412	0.29	19,523	-	18,604
Challenger Life Company Holdings Pty Ltd	496,151	-	-	47,275	543,426	-
Total	-	215,444	0.28	219,078	3,634	15,181
	<u>-</u>	<u>50,729,530</u>	<u>65.14</u>	<u>50,729,530</u>	<u>-</u>	<u>4,029,264</u>
	<u>52,959,543</u>	<u>51,169,398</u>		<u>51,161,093</u>	<u>52,951,237</u>	<u>4,063,050</u>

11 Related party transactions (continued)

2008

Unitholder	Number of units held opening (Units)	Number of units held closing (Units)	Interest held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Trust (\$)
Challenger Strategic Capital Pty Limited	49,003,443	50,729,530	74.79	1,726,087	-	4,235,895
Challenger Funds Management Holdings Pty Limited	10	10	-	-	-	1
Maria Veronica Espaliat	1,494,177	1,528,963	2.25	34,786	-	119,593
C Selth ATF Nude Dog Discretionary Trust	200,228	204,889	0.30	4,661	-	16,026
RC Youngman	484,863	496,151	0.73	11,288	-	38,808
Total	51,182,721	52,959,543		1,776,822	-	4,410,323

Challenger Wealth Management Pty Limited changed its name to Challenger Funds Management Holdings Pty Limited on 13 March 2009.

12 Reconciliation of net profit/(loss) attributable to unitholders to net cash flows from operating activities

	30 June 2009 \$'000	30 June 2008 \$'000
(a) Reconciliation of net profit/(loss) attributable to unitholders to net cash flows from operating activities		
Net profit/(loss) attributable to unitholders	(72)	(11,102)
Change in the fair value of financial assets	1,895	12,762
Proceeds from sale of financial instruments held at fair value through profit or loss and derivative financial instruments	7,565	2,813
Purchase of financial instruments held at fair value through profit or loss and derivative financial instruments	(3,308)	(2,523)
Net change in receivables and other assets	(45)	(128)
Net change in payables and other liabilities	28	(106)
Net cash inflow/(outflow) from operating activities	6,063	1,716
(b) Components of cash and cash equivalents		
Cash as 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	8,881	19,304
Cash invested in Cash Management Trust	4,136	10,181
Cash and cash equivalents	13,017	29,485
(c) Non-cash financing activities		
- reinvestment of unitholder distributions	333	1,900

13 Events occurring after the balance sheet date

No significant events have occurred since balance date which would impact on the financial position of the Trust disclosed in the balance sheet as at 30 June 2009 or on the results and cash flows of the Trust for the year ended on that date.

14 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2009 (30 June 2008:\$nil).

Directors' declaration

In accordance with the resolution of the Directors of Challenger Managed Investments Limited, I state that:

In the opinion of the Directors of the Responsible Entity:

- (a) the financial report and notes set out on pages 8 to 29 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Trust's financial position as at 30 June 2009 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

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

On behalf of the Board of Directors of Challenger Managed Investments Limited.



BJ O'Connor
Director

Sydney
3 September 2009

Independent auditor's report to the unitholders of Five Oceans World Fund

Report on the Financial Report

We have audited the accompanying financial report of Five Oceans World Fund, which comprises the balance sheet as at 30 June 2009 and the income statement, statement of changes in net assets attributable to unitholders and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors Responsibility for the Financial Report

The directors of the Responsible Entity are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls 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 2(a), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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 our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls 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 controls. 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.

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

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Responsible Entity a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Auditor's Opinion

In our opinion:

1. the financial report of Five Oceans World Fund is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of Five Oceans World Fund at 30 June 2009 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*.
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.



Ernst & Young



Elliott Shadforth
Partner
Sydney
3 September 2009

Directory

Responsible Entity

Challenger Managed Investments Limited
ABN 94 002 835 592
AFSL 234668

Registered office and principal place of business

Level 15
255 Pitt Street
SYDNEY NSW 2000

Custodian

JP Morgan Chase Bank, N.A.
259 George Street
SYDNEY NSW 2000

Auditor

For the Responsible Entity and the Trust
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