

Diversified Wealth Management Balanced Fund
Financial Statements
For the 11 months ended 31 March 2009

**Diversified Wealth Management Balanced Fund
Manager's Statement
For the 11 months ended 31 March 2009**

Manager's Statement

In the opinion of the Manager, the accompanying Financial Statements are drawn up so as to present fairly the financial position of the Diversified Wealth Management Balanced Fund as at 31 March 2009 and its results for the period ended on that date in accordance with the requirements of the Diversified Wealth Management Unit Trusts Master Trust Deed dated 19 March 2008.

The directors are of the opinion that the Diversified Wealth Management Balanced Fund will be able to pay its debts as and when they fall due.

Director



Diversified Wealth Management Limited

7 August 2009

Additional Unitholder Information

Notice of Trust Deed Amendment:

Under clause 32.2 of the Trust Deed governing the Diversified Wealth Management Balanced Fund and the Unit Trusts Act 1960, the Manager, Diversified Wealth Management Limited is required to advise unitholders in summary form of any amendments to the Trust Deed.

There has been no amendment to the Trust Deed during the period covered by the Financial Statements.

Diversified Wealth Management Balanced Fund
Income Statement
For the 11 months ended 31 March 2009

	Notes	11 months ended 31 March 2009 \$
Income		
Interest income		34,464
Dividends and distributions		61,874
Net loss on financial instruments held at fair value through profit or loss		(55,012)
		41,326
Total income		
Expenses		
Management fees	5	43,144
Trustee fees	5	1,631
Transaction costs		11,163
Other expenses		1,345
		57,283
Total operating expenses		
		(15,957)
Loss for the period		

The accompanying notes are an integral part of these Financial Statements.

Diversified Wealth Management Balanced Fund
Statement of Changes in Net Assets Attributable to Unitholders
For the 11 months ended 31 March 2009

	11 months ended 31 March 2009 \$
Loss for the period	(15,957)
Total recognised income and expense for the period	(15,957)
Applications	3,832,452
Withdrawals	(353,459)
Unitholder tax liabilities	(12,044)
Net assets attributable to Unitholders at the end of the period	3,450,992
	11 months ended 31 March 2009 Units
Units on Issue	Units
Applications - units	3,950,025
Withdrawals - units	(372,245)
Balance at the end of the period	3,577,780

The accompanying notes are an integral part of these Financial Statements.

Diversified Wealth Management Balanced Fund
Balance Sheet
As at 31 March 2009

	Notes	As at 31 March 2009 \$
Current assets		
Financial assets held at fair value through profit and loss	6	3,097,382
Receivables	7	215,837
Cash and cash equivalents	7	171,180
		<hr/>
Total assets		3,484,399
Current Liabilities		
Related party payables	5	32,907
Other payables	7	500
		<hr/>
Total liabilities		33,407
		<hr/>
Net assets attributable to Unitholders		3,450,992

The accompanying notes are an integral part of these Financial Statements.

The Directors of Diversified Wealth Management Limited authorised these Financial Statements for issue on 7 August 2009.

Director  _____

Director  _____

Diversified Wealth Management Balanced Fund
Cash Flow Statement
For the 11 months ended 31 March 2009

	Notes	11 months ended 31 March 2009 \$
Cash flows from operating activities		
Proceeds from sale of financial instruments held at fair value through profit or loss		734,472
Dividends and distributions		60,313
Interest income		29,797
Purchase of financial instruments held at fair value through profit or loss		(3,893,495)
Transaction costs on purchases and sales of financial instruments held at fair value through the profit or loss		(11,163)
Operating expenses		(13,213)
		<hr/>
Net cash outflow from operating activities	3	(3,093,289)
Cash flows from financing activities		
Applications		3,626,183
Withdrawals		(352,959)
Unit holder tax liabilities		(15,384)
		<hr/>
Net cash inflow from financing activities		3,257,840
		<hr/>
Net (decrease)/increase in cash and cash equivalents		164,551
Foreign exchange gains/(losses) on cash and cash equivalents denominated in foreign currencies		6,629
		<hr/>
Cash and cash equivalents at the end of the financial period	2.5	171,180

The accompanying notes are an integral part of these Financial Statements.

1. General information

Reporting Entity

The reporting entity included in these Financial Statements is the Diversified Wealth Management Balanced Fund that is referred to throughout these Financial Statements as the 'Fund'.

The Fund was created under a Master Trust Deed executed by Diversified Wealth Management Limited on 19 March 2008 and a Unit Trust Establishment Deed between Diversified Wealth Management Limited and The New Zealand Guardian Trust Company dated 19 March 2008. The Fund commenced operations on 1 May 2008.

The Fund's investment activities are managed by Diversified Wealth Management Limited (the 'Manager'). The registered office for Diversified Wealth Management Limited is Level 8, Tower 2, 55-65 Shortland Street, Auckland. The Fund is domiciled in New Zealand.

Statutory Base

The Diversified Wealth Management Balanced Fund is a Unit Trust as defined by the Unit Trusts Act 1960 and is subject to the provisions of that Act.

The Financial Statements have been prepared in accordance with the requirements of the Unit Trusts Act 1960, the Financial Reporting Act 1993, and the Trust Deed.

The Financial Statements were authorised for issue by the directors on 7 August 2009. The directors of the Diversified Wealth Management Limited have the power to amend and reissue the Financial Statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied throughout the periods presented, unless otherwise stated.

The Financial Statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). For the purposes of complying with NZ GAAP, the Fund is a profit-oriented entity. These Financial Statements have been prepared in accordance with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). Compliance with NZ IFRS ensures that the Financial Statements comply with International Financial Reporting Standards (IFRS). These Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative financial instruments) at fair value through profit or loss.

The preparation of Financial Statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires the directors of the Manager to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in note 3.

The Financial Statements have been prepared for the eleven month period from the commencement of operations on 1 May 2008 to 31 March 2009. As this is the Fund's first reporting period comparative figures are not available.

(a) Presentation

All amounts are presented in New Zealand dollars, which is the Fund's functional and presentation currency, unless otherwise stated.

(b) Amendments early adopted by the Fund

NZ IAS 39 (Amendment), 'Financial instruments: Recognition and measurement' (effective from 1 January 2009). The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition.

2. Summary of significant accounting policies (continued)

(c) Standards and amendments to existing standards that are not yet applicable and have not been early adopted by the Fund

NZ IAS 1 (Revised), *Presentation of financial statements* (effective from 1 January 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. The Fund will apply the revised standard from 1 April 2009. This change is not expected to significantly change the presentation of the Fund's Income Statement.

NZ IAS 1 (Amendment), *Presentation of financial statements* (effective from 1 January 2009). The amendment clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with NZ IAS 39, *Financial instruments: Recognition and measurement*, are examples of current assets and liabilities respectively. The Fund will apply the amendments from 1 April 2009. This is not expected to have an impact on the Fund's Financial Statements.

NZ IFRS 8, *Operating Segments* (effective from 1 January 2009). NZ IFRS 8 replaces NZ IAS 14 and aligns segment reporting with the requirements of a management approach under which segment information is presented on the same basis as that used for internal reporting purposes. The Fund will apply NZ IFRS 8 from 1 April 2009. The expected impact is still being assessed in detail by management.

2.2 Financial instruments

(a) Classification

The Fund's investments are categorised as financial assets or financial liabilities at fair value through profit or loss. To date all financial assets and liabilities have been designated at fair value through profit or loss at inception.

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

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

These are investments in exchange traded equity instruments and unit trusts and unlisted equity instruments and unit trusts.

The designation of financial instruments at fair value through profit or loss is consistent with the Fund's risk management or investment strategy.

(b) Recognition, derecognition and measurement

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date). Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the Income

Statement. Financial assets are derecognised when the rights to receive cashflows from the investments have expired or the Fund has transferred substantially all of the risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains or losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through profit or loss category are presented in the Income Statement within net changes in fair value of financial assets and liabilities at fair value through profit or loss in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the Income Statement within dividend income when the Fund's right to receive payments is established.

2. Summary of significant accounting policies (continued)

2.2 Financial Instruments (continued)

(c) Fair value estimation

Fair value in an active market

The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the Balance Sheet date. The quoted market price used for financial assets held by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price.

Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Valuation techniques used include the use of recent arm's length market transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

The fund holds positions in investment trusts that are not traded on a secondary market and therefore a quoted market price does not exist. However the managers of these investment trust regularly publish unit prices at which the Fund is able to redeem the units that it holds. The fair value of these unlisted investment trusts is therefore the published redemption price.

2.3 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.

2.4 Net assets attributable to unitholders

The Fund issues units that are redeemable at the Unitholders' option and have identical features and are therefore classified as net assets attributable to Unitholders. The units can be put back to the Fund 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 date if Unitholders exercised their right to put the units back to the Fund.

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of the units redeemed. Units are issued and redeemed at the holder's option at prices based on the Fund's net asset value per unit at the time of issue or redemption. The Fund's net asset value per unit is calculated by dividing the net assets attributable to the holders of the Fund with the total number of outstanding units of the Fund. In accordance with the provisions of the offering documents, investment positions are valued based at the appropriate market bid or ask price for the purpose of determining the net asset value per unit for subscriptions and redemptions.

2.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and deposits with investment custodians in New Zealand Dollars and other currencies. Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represents the Fund's main income generating activity.

2.6 Investment income

Interest income on assets held at fair value through the profit or loss is included as interest in the Income Statement on an accruals basis. Changes in fair value for such instruments are recorded in accordance with the policies described in note (2.2). Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded in the Statement of Changes in Net Assets Attributable to Unitholders as a Unitholder tax liability. Trust distributions are recognised on a present entitlement basis.

2.7 Receivables

Receivables may include amounts for dividends, interest and amounts due from brokers for securities sold that have been contracted for but not yet delivered by the end of the accounting period. Receivables may also include amounts for unitholder contributions where units have been issued but the application proceeds have not yet been passed to the fund by the Trustee. Receivables are initially recognised at cost, being the amounts receivable. They are subsequently measured at fair value, being the initially recognised amount reduced for impairment as appropriate. Any impairment charge is recognised in the Income Statement.

2. Summary of significant accounting policies (continued)

2.8 Payables

Payables represent liabilities and accrued expenses owing by the Fund at year end and may include amounts due to brokers for securities purchased that have been contracted for but not yet delivered by the year end. Payables may also include amounts due to unitholders where a redemption request has been received but has not yet been paid at the balance date.

2.9 Investments gains and losses

Realised and unrealised gains and losses are reflected in the Income Statement as net gain/(loss) on financial instruments held at fair value through profit or loss.

Unrealised gains or losses include the change in net market value of investments held as at balance date and the reversal of prior period unrealised gains or losses on investments that have been realised in the current year. Realised gains or losses are calculated based on the gross sale proceeds and the weighted average cost of the investments sold.

2.10 Expenses

All expenses, including the Fund's management and trustee fees, are recognised in the Income Statement on an accruals basis.

2.11 Foreign currency translation

(a) Functional and presentation currency

Items included in the Fund's Financial Statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the New Zealand dollar, which reflects the currency of the economy in which the Fund competes for funds and is regulated. The New Zealand dollar is also the Fund's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

The Fund does not isolate that portion of gains or losses on securities, foreign cash and derivative financial instruments that are measured at fair value through profit or loss and which are due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included with the net gains or losses on financial instruments at fair value through profit or loss.

2.12 Income tax

The Fund qualifies as and has elected to be a Portfolio Investment Entity (PIE) for tax purposes. Under the PIE regime income is effectively taxed in the hands of the Unitholders and therefore the Fund has no income tax expense. Accordingly, no income tax expense is recognised in the Income Statement. Income is disclosed gross of any resident and foreign withholding taxes deducted at source and the taxes are included in Unitholder tax liabilities in the Statement of Changes in Net Assets Attributable to Unitholders.

Under the PIE regime, the Manager attributes the taxable income of the Fund to Unitholders in accordance with the proportion of their interest in the Fund. The income attributed to each Unitholder is taxed at the Unitholder's "prescribed investor rate" (which is capped at 30% from 1 April 2008) on redemptions and annually at 31 March each year.

Unitholder tax liabilities disclosed in the Statement of Changes in Net Assets Attributable to Unitholders consists of withdrawals to meet Unitholder tax liabilities under the PIE regime and any resident and foreign withholding taxes deducted at source.

2.13 Goods and services tax ("GST")

The Fund is not registered for GST. The Income Statement and Statement of Cash Flows have been prepared so that all components are stated inclusive of GST. All items in the Balance Sheet are stated inclusive of GST.

Diversified Wealth Management Balanced Fund
Notes to the Financial Statements
For the 11 months ended 31 March 2009

3. Critical accounting estimates and judgements

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

For the majority of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example, over the counter derivatives or unquoted securities are fair valued using valuation techniques. Valuation techniques including models use observable data to the extent possible. However, areas such as credit risk, volatilities and correlations require management to make estimates. Changes or assumptions about these factors could affect the reported fair value of financial instruments.

The Manager considers the New Zealand dollar the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The New Zealand dollar is the currency in which the Fund measures its performance and report its results, as well as the currency in which the Fund receives subscriptions from investors.

4. Commitments and contingent liabilities

There are no commitments or contingencies as at 31 March 2009.

5. Related Parties

Diversified Wealth Management Limited is the Manager of the Trust and The New Zealand Guardian Trust Company is the Trustee of the Fund.

The Fund has incurred the following fees to the related parties.

		11 months ended 31 March 2009 \$
Diversified Wealth Management Limited	Management fees	43,144
The New Zealand Guardian Trust Company	Trustee fees	1,631
		44,775

The Fund owed the following amounts to related parties at balance date.

		31 March 2009 \$
Diversified Wealth Management Limited	Management fees	31,708
The New Zealand Guardian Trust Company	Trustee fees	1,199
		32,907

Under the Trust Deed the management fees payable to Diversified Wealth Management Limited are payable monthly in arrears. The trustee fees payable to The New Zealand Guardian Trust Company are payable quarterly in arrears.

The investment interests of the directors of Diversified Wealth Management Limited in the Fund at balance date are:

	As at 31 March 2009		
	No. Units	Market Value \$	Market Value %
Norman William Stacey	102,038	98,415	2.9%
Dorothy Vicki Watson	2,197	2,119	0.1%

Diversified Wealth Management Balanced Fund
Notes to the Financial Statements
For the 11 months ended 31 March 2009

6. Financial assets and liabilities held at fair value through profit or loss	31 March 2009
	\$
Designated at fair value through profit or loss at inception:	
Fixed interest securities	311,712
Commodities	300,442
Listed equities and unit trusts	1,833,664
Unlisted equities and unit trusts	651,564
	<hr/>
Total designated at fair value through profit or loss at inception	3,097,382
Total financial assets held at fair value through profit or loss	3,097,382
	<hr/>
7. Financial instruments by category	31 March 2009
	\$
Assets at fair value through the profit and loss	
Financial assets held at fair value through profit and loss	3,097,382
	<hr/>
Total assets at fair value through the profit and loss	3,097,382
	<hr/>
Loans and receivables	
Receivables	215,837
Cash and cash equivalents	171,180
	<hr/>
Total loans and receivables	387,017
	<hr/>
Total financial assets	3,484,399
	<hr/>
Other financial liabilities	
Related party payables	32,907
Other payables	500
	<hr/>
Total other financial liabilities	33,407
	<hr/>
Total financial liabilities	33,407
	<hr/>
8. Reconciliation of loss to net cash outflow from operating activities	11 months
	ended 31 March
	2009
	\$
Loss for the period	(15,957)
Proceeds from sale of financial instruments held at fair value through profit or loss	734,472
Purchase of financial instruments held at fair value through profit or loss	(3,893,495)
Net loss on financial instruments held at fair value through profit or loss	55,012
Net change in accrued income and receivables	(6,228)
Net change in payables	32,907
	<hr/>
	(3,077,332)
	<hr/>
Net cash outflow from operating activities	(3,093,289)
	<hr/>

9. Financial risk management

9.1 Financial risk factors

The Fund'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 Fund's overall risk management programme seeks to provide Unitholders with a competitive rate of return, while protecting Unitholders' capital sum and maintain the value of the investment relative to inflation over the medium or longer-term.

All securities investments present a risk loss of capital. The Fund holds fixed interest securities, equity security positions, investments in unit trusts and commodities where the maximum loss of capital is limited to the fair value of those positions.

In addition to internal risk management carried out by the Manager, financial risk is also managed by the setting of an investment policy, agreed with and monitored by the Trustee and set out in the Fund's prospectus.

The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

9.1.1 Market risk

(a) Price risk

The Fund is exposed to securities price risk on its equity and unit trust holdings. This arises from investments held by the Fund for which prices in the future are uncertain. Where non-monetary financial instruments - for example, equity securities - are denominated in currencies other than New Zealand dollars, the price initially expressed in foreign currency and then converted into New Zealand dollars will also fluctuate because of changes in foreign exchange rates. Paragraph (b) 'Foreign exchange risk' below sets out how this component of price risk is managed and measured.

If the prices of equity securities and unit trusts in which the Fund invest in at 31 March 2009 had increased/decreased by 5% with all other variables held constant, this would have resulted in an increase/decrease on the net assets attributable to unitholders of \$139,244.

(b) Foreign exchange risk

The Fund may enter into foreign exchange derivatives to hedge the foreign currency risk implicit in the value of the portfolio securities denominated in foreign currency. The Fund may choose not to enter into any foreign currency hedging transactions. As the nature of these contracts is to manage the international investment activities of the Fund, they are accounted for by marking to market at balance date in a manner consistent with the valuation of the underlying securities. The gross amount denominated in foreign currency is set out below:

	31 March 2009
	\$
NZD Value	
Australian Dollar (AUD)	1,481,482
Canada (CAD)	126,418
United Kingdom Pound (GBP)	331,609
United States of America Dollar (USD)	410,477
	2,349,986
Total	2,349,986

At 31 March, had the exchange rates between the New Zealand dollar and the foreign currencies increased or decreased by 5% with all other variables held constant, the impact on the profit and loss and net assets attributable to Unitholders would have been as follows:

	31 March 2009
	\$
Exchange rates increased by 5%	(111,904)
Exchange rates decreased by 5%	123,683

Diversified Wealth Management Balanced Fund
Notes to the Financial Statements
For the 11 months ended 31 March 2009

9. Financial risk management (continued)

9.1.1 Market risk (continued)

(c) Fair value and cash flow interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flow. The Fund holds fixed interest securities that expose the Fund to fair value interest rate risk. The Fund also holds cash and cash equivalents in New Zealand dollars and other currencies that expose the Fund to cash flow interest rate risk.

	31 March 2009
	\$
Fixed interest securities	
2-5 years	24,023
Over 5 years	151,263
Perpetual	136,428
	311,714
Total fixed interest securities	311,714
Interest rate % per annum	6.84%
Cash and cash equivalents, margin deposits and foreign cash deposits	
At call	171,180
	171,180
Interest rate % per annum	2.50%

At 31 March 2009, had the interest rate increased or decreased by 1% with all other variables held constant, the impact on the fair value of financial assets held by the Fund and therefore the impact on profit and loss and net assets attributable to Unitholders, would have been as follows:

	31 March 2009
	\$
Fair value interest rate risk	
Interest rates increased by 1%	(7,791)
Interest rates decreased by 1%	8,255
	464

At 31 March 2009, had the interest rate increased or decreased by 1% with all other variables held constant, the impact on future cash flows by the end of the following 12 month period and therefore the impact on profit and loss and net assets attributable to Unitholders would be as follows:

	31 March 2009
	\$
Cash flow interest rate risk	
Interest rates increased by 1%	1,712
Interest rates decreased by 1%	(1,712)
	0

9.1.2 Credit risk

Credit risk is the potential risk of financial loss resulting from the failure of counterparties to honour fully the terms and conditions of a contract with the Fund. The Fund is primarily exposed to credit risk through its investment activities. The maximum credit risk of financial instruments is considered to be the carrying value. The trustee regularly reviews and approves an investment strategy that is implemented by the Manager. The investment strategy incorporates an appropriate diversification of investments and ensures that the Fund has no significant concentration of credit risk.

The Fund invests in debt securities, which may have an investment grade as rated by Standard & Poors or other rating agency. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets. An analysis of debt securities by rating is set out in the table below:

	31 March 2009
	\$
Upper Medium Grade (A+ / A / A-)	311,712

Diversified Wealth Management Balanced Fund
Notes to the Financial Statements
For the 11 months ended 31 March 2009

9. Financial risk management (continued)

9.1.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed only to the settlement of administration expenses and monthly redemptions of units. Its policy is therefore to invest the majority of assets in investments that are traded in an active market and can be readily disposed. Only a limited proportion of its assets in investments are not actively traded on a recognised stock exchange.

The table below analyses the Fund's financial liabilities into relevant maturity grouping based on the remaining period at the Balance Sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	31 March 2009 \$
Related party payables	
7 days to 1 month	32,907
Other payables	
Less than 7 days	500
Contractual cash outflows	33,407

9.2 Capital risk management

The Fund's capital is represented by net assets attributable to Unitholders. The Fund's objectives when managing capital are to provide returns for Unitholders through both capital growth and income. The Fund does this by investing in a diversified portfolio of assets in New Zealand, Australia, the United States of America and Europe. Investment decisions are guided by the mandate included in the investment statement and prospectus.

The Fund strives to invest the subscriptions of Unitholder funds in investments that meet the Fund's objectives while maintaining sufficient liquidity to meet Unitholder redemptions.

The Fund does not have any externally imposed capital requirements. Units may be redeemed on the last business day of each month, or such other dates as the manager shall from time to time determine, subject to receipt of the redemption request.

9.3 Net fair values of financial assets and financial liabilities

All financial assets and financial liabilities included in the Balance Sheet are carried at amounts that approximate fair value.

10. Segment information

For the purpose of the geographical exposure of the Fund, the Fund operates mainly in New Zealand and within the investment industry. The Fund may hold investments overseas. This exposes the Fund to the risks associated with investing in these countries. The investments of the Fund are represented by geographical segment as follows:

	31 March 2009 \$
Geographical sector concentration	
New Zealand	923,243
Australia	1,481,482
North America	536,895
Europe	331,609
Total	3,273,229

11. Events occurring after the balance sheet date

No significant events have occurred since balance date which would impact on the financial position of the Fund disclosed in the Balance Sheet as at 31 March 2009 or on the results and cash flows of the Fund for the period ended on that date.

AUDIT REPORT TO THE SHAREHOLDERS OF
DIVERSIFIED WEALTH MANAGEMENT BALANCED FUND

We have audited the financial report on pages 3 to 15. The financial report provides information about the past financial performance of the Fund and its financial position as at 31 March 2009. This information is stated in accordance with the accounting policies set out on pages 7 to 10.

Board of Directors' Responsibilities

The Board of Directors are responsible for the preparation of a financial report which gives a true and fair view of the financial position of the Fund as at 31 March 2009 and of the results of its operations and cash flows for the period ended on that date.

Auditor's Responsibilities

It is our responsibility to express an independent opinion on the financial report presented by the Board of Directors and report our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial report. It also includes assessing:

- the significant estimates and judgements made by the Board of Directors in the preparation of the financial report, and
- whether the accounting policies are appropriate to the Fund's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial report is free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial report.

Our firm do not carry out other assignments for the Fund. Our firm has no other interests in the Fund.

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the Fund as far as appears from our examination of those records; and
- the financial report on pages 3 to 15:
 - complies with generally accepted accounting practice in New Zealand;
 - gives a true and fair view of the financial position of the Fund as at 31 March 2009 and the results of its operations and cash flows for the period ended on that date.

Our audit was completed on 7 August 2009 and our unqualified opinion is expressed as at that date.



CHARTERED ACCOUNTANTS
AUCKLAND