Ausbil Investment Trusts - Australian Geared Equity Fund

ARSN 124 196 407

Annual financial report for the year ended 30 June 2009

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Contents

	Page
Directors' report	2
Auditor's independence declaratjon	5
Income statement	6
Balance sheet	7
Statement of recognised income and expenses	8
Cash flow statement	9
Notes to the financial statements	10
Directors' declaration	27
Independent auditor's report to the unitholders of Ausbil Investment Trusts - Australian Geared Equity Fund	28

This financial report covers Ausbil Investment Trusts - Australian Geared Equity Fund as an individual entity.

The responsible entity of Ausbil Geared Equity Fund is Ausbil Dexia Limited (ABN 26 076 316 473). The responsible entity's registered office is Level 23, 207 Kent street, Sydney, NSW 2000.

Directors' report

The directors of Ausbil Dexia Limited, the Responsible Entity of Ausbil Investment Trusts - Australian Geared Equity Fund, present their report together with the financial report of Ausbil Geared Equity Fund ("the Scheme") for the year ended 30 June 2009.

Responsible entity

The Responsible Entity of the Scheme is Ausbil Dexia Limited (ABN 26 076 316 473). The Responsible Entity's registered office is Level 23, 207 Kent Street, Sydney, NSW 2000.

Principal activities

The Scheme invests in unlisted unit trusts and money market securities in accordance with the provisions of the Scheme Constitution from monies received from applications plus borrowings from third party lenders.

The Scheme did not have any employees during the year.

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

Directors

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

P Xiradis
H M Tranchimand (Resigned 23 April 2009)
T de Villenfagne
A Lancaster
J Grace
W Vermeir
N Abou-Jaoudé
M Vanderelst (Appointed 23 April 2009)

Review and results of operations

The Scheme invested funds in accordance with target asset allocations as set out in the governing documents of the Scheme and in accordance with the provisions of the Scheme Constitution.

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

	For year ended 30 June 2009	For period ended 30 June 2008
Net operating profit/(loss) before finance costs attributable to unitholders ($'000)	**(9,814)**	(8,135)
Distribution paid and payable ($'000)	**201**	1,103
Distribution (cents per unit)	**0.2919**	11.1150

Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Scheme that occurred during the period under review.

Directors' report (continued)

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

Likely developments and expected results of operations

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

Further information on likely developments in the operations of the Scheme 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 Scheme.

Indemnification and insurance of officers and auditors

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

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

Fees paid to the responsible entity and its associates out of Scheme property during the year are disclosed in note 13 of the financial report.

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

The number of interests in the Scheme held by the responsible entity or its associates as at the end of the period are disclosed in note 13 of the financial report.

Interests in the Scheme

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

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

Rounding of amounts to the nearest thousand dollars

The Scheme 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 and financial report. Amounts in the directors' report and financial report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

Directors' report (continued)

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 5.

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

P Xiradis
Director

Sydney
23 September 2009

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999
www.pwc.com/au

Auditor's Independence Declaration

As lead auditor for the audit of Ausbil Investment Trusts – Australian Geared Equity Fund for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Ausbil Investment Trusts – Australian Geared Equity Fund during the period.

Rob Spring
Partner
PricewaterhouseCoopers

Sydney
23 September 2009

Liability limited by a scheme approved under Professional Standards Legislation

Income statement

	Notes	For year ended 30 June 2009 $'000	For period ended 30 June 2008 $'000
Investment income			
Interest income from financial assets not held at fair value through profit or loss		1	5
Trust distribution		1,796	2,680
Net gains/(losses) on financial instruments held at fair value through profit or loss	3	(10,234)	(8,891)
Total net investment income/(loss)		(8,437)	(6,206)
Expenses			
Manager's fees	13	372	450
Interest expense		955	1,222
Transaction costs		50	257
Total operating expenses		1,377	1,929
Net operating profit/(loss)		(9,814)	(8,135)
Financing costs attributable to unitholders			
Distributions to unitholders	6	201	1,103
Increase/(decrease) in net assets attributable to unitholders	5	(10,015)	(9,238)
Net profit/(loss) for the period		-	-

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

Balance sheet

	Notes	As at 30 June 2009 $'000	30 June 2008 $'000
Assets			
Cash and cash equivalents	7	**10**	3
Receivables	9	**4,373**	652
Financial assets held at fair value through profit or loss	8	**43,206**	36,958
Total assets		**47,589**	37,613
Liabilities			
Distributions payable	6	**201**	18
Payables	10	**3,473**	409
Borrowings	11	**21,926**	18,377
Total liabilities (excluding net assets attributable to unitholders)		**25,600**	18,804
Net assets attributable to unitholders - liability	5	**21,989**	18,809

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

Statement of recognised income and expenses

	For year ended 30 June 2009 $'000	For period ended 30 June 2008 $'000
Net profit/(loss) for the year	-	-
Net income recognised directly in equity	-	-
Total recognised income and expense for the period	-	-

In accordance with AASB 132 'Financial Instruments: Presentation', net assets attributable to unitholders is classified as a liability rather than equity.

Changes in net assets attributable to unitholders are disclosed in note 5.

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

Cash flow statement

	Notes	For year ended 30 June 2009 $'000	For period ended 30 June 2008 $'000
Cash flows from operating activities			
Proceeds from sale of financial instruments held at fair value through profit or loss		**111,950**	84,358
Purchase of financial instruments held at fair value through profit or loss		**(123,405)**	(109,678)
Interest received		**1**	5
RITC received		**31**	16
Other expenses paid		**(1,593)**	(1,608)
Net cash inflow/(outflow) from operating activities	14(a)	**(13,016)**	(26,907)
Cash flows from financing activities			
Proceeds from applications by unitholders		**18,392**	29,708
Payments for redemptions by unitholders		**(5,360)**	(2,485)
Distributions paid		**(9)**	(313)
Net cash inflow/(outflow) from financing activities		**13,023**	26,910
Net increase/(decrease) in cash and cash equivalents		**7**	3
Cash and cash equivalents at the beginning of the year		**3**	-
Cash and cash equivalents at the end of the year	14(b),7	**10**	3
Non-cash financing activities	14(c)		

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

Contents

		Page
1	General information	11
2	Summary of significant accounting policies	11
3	Net gains/(losses) on financial instruments held at fair value through profit or loss	16
4	Auditors' remuneration	17
5	Net assets attributable to unitholders	17
6	Distributions to unitholders	18
7	Cash and cash equivalents	18
8	Financial assets held at fair value through profit or loss	18
9	Receivables	18
10	Payables	19
11	Borrowings	19
12	Financial risk management	19
13	Related party transactions	23
14	Reconciliation of net profit/(loss) to net cash inflow/(outflow) from operating activities	25
15	Segment information	26
16	Events occurring after the balance sheet date	26
17	Contingent assets and liabilities and commitments	26

1 General information

This financial report covers Ausbil Investment Trusts - Australian Geared Equity Fund (the "Scheme") as an individual entity. The Scheme was constituted in February 2007. The Scheme will terminate on 7 February 2087 unless terminated earlier in accordance with the provisions of the Scheme Constitution.

The Responsible Entity of the Scheme is Ausbil Dexia Limited (the "Responsible Entity"). The Responsible Entity's registered office is Level 23, 207 Kent Street, NSW 2000. The Responsible Entity is incorporated and domiciled in Australia.

The financial statements were authorised for issue by the directors on 23 September 2009. The directors of the Responsible Entity have the power to amend and reissue the financial 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 the period presented, unless otherwise stated in the following text.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001* in Australia.

The financial report 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 generally expected to be recovered or settled within twelve months, except for financial assets and financial liabilities held at fair value through profit or loss. The amount expected to be recovered in relation to the balance for financial assets held at fair value through profit or loss cannot be reliably determined. The maturity analysis for financial liabilities at fair value through profit or loss is disclosed in the Financial Risk Management note 12(d).

Compliance with International Financial Reporting Standards

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

(b) Financial instruments

(i) Classification

The Scheme's investments are 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 unlisted equity trusts.

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

The information on the fair value basis is provided internally to the Scheme's key management personnel. In addition, the designation of financial assets and financial liabilities at fair value through profit or loss will reduce any measurement or recognition inconsistencies and any accounting mismatch that would otherwise arise.

(ii) Recognition/derecognition

The Scheme 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.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

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

- the rights to receive cash flows from the asset have expired;
- the Scheme retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' agreement; or
- the Scheme has transferred its rights to receive cash flows from the asset and either:
  - (a) has transferred substantially all the risks and rewards of the asset; or
  - (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Any gains or losses arising on derecognition of the asset (calculated as the difference between the disposal proceeds and the carrying amount of the asset) are included in the income statement in the year the asset is derecognised as realised gains or losses on financial instruments.

(iii) Measurement

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, while financial liabilities are priced at current asking 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) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

(d) 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 Scheme at any time for cash equal to a proportionate share of the Scheme's net asset value. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the balance sheet date if unitholders exercised their right to put the units back to the Scheme. Because the Scheme's redemption unit price is based on different valuation principles to that applied in financial reporting, a valuation difference exists, which has been treated as a separate component of net assets attributable to unitholders. Changes in the value of this financial liability are recognised in the income statement as they arise.

2 Summary of significant accounting policies (continued)

(e) 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 from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings on the balance sheet.

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

(f) Investment income

Interest income and interest expenses are recognised in the income statement for all financial instruments on an accrual basis. Other changes in fair value for such instruments are recorded in accordance with the policies described in note 2(b).

Trust distributions are recognised on an entitlements basis.

Net gains/(losses) on financial assets and financial liabilities held at fair value through profit or loss arising on a change in fair value are calculated as the difference between the fair value at year end and the fair value at the previous valuation point. Net gains/(losses) do not include interest or dividend income. Realised and unrealised gains/(losses) are shown in the notes to the financial statements.

(g) Expenses

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

(h) Income tax

Under current legislation, the Scheme is not subject to income tax provided the taxable income of the Scheme is fully distributed either by way of cash or reinvestment (ie unitholders are presently entitled to the income of the Scheme).

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 Scheme is not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Scheme 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.

(i) Distributions

In accordance with the Scheme Constitution, the Scheme 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.

2 Summary of significant accounting policies (continued)

(j) Increase/(decrease) in net assets attributable to unitholders

Movements in net assets attributable to unitholders are recognised in the income statement as part of finance costs. The movements include undistributable income which may consist of undistributable unrealised changes in fair value of financial instruments held at fair value through profit or loss and derivative financial instruments; accrued income not yet assessable; expenses provided or accrued for which are not yet deductible; net capital losses; and tax free or tax deferred income. Net capital gains on the realisation of any financial instruments (including any adjustments for tax deferred income previously taken directly to net assets attributable to unitholders) and accrued income not yet assessable will be included in the determination of distributable income in the same year in which it becomes assessable for tax.

(k) Receivables

Receivables may include amounts for interest, trust distributions, securities sold where settlement has not yet occurred, Reduced Input Tax Credits (RITC) and application monies receivable from unitholders. 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(f) above. Amounts are generally received within 30 days of being recorded as receivables.

(l) Payables

Payables includes liabilities and accrued expenses owing by the Scheme 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.

Interest expense is accrued at the reporting date from the time of last payment in accordance with the policy set out in note 2(e) above.

The distribution amount payable to unitholders as at the reporting date is recognised separately on the balance sheet, as unitholders are presently entitled to the distributable income as at 30 June 2009 under the Scheme Constitution.

(m)Applications and redemptions

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

Unit prices are determined in accordance with the Scheme's Constitution by reference to the net assets of the Scheme divided by the number of units on issue.

(n) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Scheme by third parties such as audit fees, custodial services and investment management fees have been passed onto the Scheme. The Scheme 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.

(o) Use of estimates

The Scheme 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.

2 Summary of significant accounting policies (continued)

(o) Use of estimates (continued)

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

For the years ended 30 June 2009 and 30 June 2008, the Scheme did not include financial assets and financial liabilities that were determined using valuation techniques. The fair values of the majority of the Scheme's financial assets and liabilities for the years then ended were determined directly, in full or in part, by reference to quoted prices that were available from various sources, such as exchanges, dealers, brokers, industry groups and pricing services.

(p) 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 Scheme) 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 Scheme will adopt AASB 8 from 1 July 2009. The Scheme 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 Scheme's financial statements. The Scheme does not expect that any adjustments will be necessary as the result of applying the revised rules.

(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 the Scheme 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) as at the beginning of the comparative period. The Scheme will apply the revised standard from 1 July 2009. The Scheme does not expect that any adjustments will be necessary as the result of applying the revised rules.

(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 Scheme has not adopted this standard early. Application of this standard will not affect any of the amounts recognised in the financial statements as the Scheme is obligated to distribute all of its taxable income in accordance with the Scheme'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.

(iv) Improvements to Australian Accounting Standards: AASB 2008-5 and AASB 2008-6

In July 2008, the AASB issued a number of improvements to existing Australian Accounting Standards. The amendments will generally apply to financial reporting periods commencing on or after 1 January 2009, except for some changes to AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* regarding the sale of the controlling interest in a subsidiary which will apply from 1 July 2009. The Scheme does not expect that any adjustments will be necessary as the result of applying the revised rules.

(v) AASB 2009-2 *Amendments to Australian Accounting Standards - Improving Disclosures about Financial Instruments (effective from 1 January 2009)*

2 Summary of significant accounting policies (continued)

(p) New accounting standards and interpretations (continued)

In April 2009, the AASB published amendments to AASB 7 *Financial Instruments: Disclosures* to improve the information that entities report about their liquidity risk and the fair value of their financial instruments. The amendments require fair value measurement disclosures to be classified into a new three-level hierarchy and additional disclosures for items whose fair value is determined by valuation techniques rather than observable market values. The AASB also clarified and enhanced the existing requirements for the disclosure of liquidity risk of derivatives. The Scheme will apply the amendments from 1 July 2009. They will not affect any of the amounts recognised in the financial statements but will impact the current disclosures of the Scheme's financial instruments.

(vi) AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective from 1 January 2010)*

In May 2009, the AASB issued a number of improvements to existing Australian Accounting Standards. The Scheme will apply the revised standards from 1 July 2009. The Scheme does not expect that any adjustments will be necessary as the result of applying the revised rules.

(vii) AASB 2009-6 *Amendments to Australian Accounting Standards* and AASB 2009-7 *Amendments to Australian Accounting Standards (effective from 1 January 2009 and 1 July 2009, respectively)*

In June 2009, the AASB issued AASB 2009-6 and AASB 2009-7. The Standards make numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. AASB 2009-6 is applicable to annual reporting periods beginning on or after 1 January 2009 that end on or after 30 June 2009. AASB 2009-7 is applicable to annual reporting periods beginning on or after 1 July 2009. There are no changes to any of the accounting policies necessary as a result of these amendments.

(q) Rounding of amounts

The Scheme 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 in accordance with that Class Order to the nearest thousand dollars, unless otherwise indicated.

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

	For year ended 30 June 2009 $'000	For period ended 30 June 2008 $'000
Net unrealised gains/(losses) on financial assets designated at fair value through profit or loss	(2,789)	(7,538)
Net realised gains/(losses) on financial assets designated at fair value through profit or loss	(7,445)	(1,353)
Total net gains/(losses) on financial assets designated at fair value through profit or loss	(10,234)	(8,891)

4 Auditors' remuneration

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

	For year ended 30 June 2009 $	For period ended 30 June 2008 $
Assurance services		
Audit of financial reports	12,815	12,500
Other services *under the Corporations Act 2001*	12,070	12,141
Total remuneration for audit services	24,885	24,641

Auditors' remuneration is paid directly by the Responsible Entity.

5 Net assets attributable to unitholders

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

	For year ended		For period ended	
	30 June 2009 No. '000	30 June 2008 No. '000	30 June 2009 $'000	30 June 2008 $'000
Opening balance	30,089	-	18,809	-
Applications	56,469	32,561	20,095	29,761
Redemptions	(17,654)	(3,334)	(6,909)	(2,485)
Units issued upon reinvestment of distributions	15	862	9	771
Increase/(decrease) in net assets attributable to unitholders	-	-	(10,015)	(9,238)
	68,919	30,089	21,989	18,809

Capital risk management

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

The Scheme's strategy was to hold a certain portion of the net assets attributable to unitholders in liquid investments. As such, the Scheme will meet any capital requirements from the liquidation of liquid assets, which include cash and cash equivalents, and unlisted unit trusts.

6 Distributions to unitholders

The distributions for the year were as follows:

	For year ended		For period ended	
	30 June 2009 $'000	30 June 2009 CPU	30 June 2008 $'000	30 June 2008 CPU
Distributions				
30 June distribution paid	-	-	1,085	11.0542
30 June distribution payable	201	0.2919	18	0.0607
Total distributions	201		1,103	

7 Cash and cash equivalents

	As at	
	30 June 2009 $'000	30 June 2008 $'000
Cash at bank	10	3

8 Financial assets held at fair value through profit or loss

	As at	
	30 June 2009 $'000	30 June 2008 $'000
Designated at fair value through profit or loss		
Related managed investment scheme	43,206	36,958
Total financial assets held at fair value through profit or loss	43,206	36,958

9 Receivables

	As at	
	30 June 2009 $'000	30 June 2008 $'000
Trade receivables	1,549	-
Accrued income	1,055	582
Applications receivable	1,756	53
RITC receivable	13	17
	4,373	652

10 Payables

	As at 30 June 2009 $'000	30 June 2008 $'000
Trade payables	1,756	53
Accrued expenses	168	356
Redemptions payable	1,549	-
	3,473	409

11 Borrowings

	As at 30 June 2009 $'000	30 June 2008 $'000
Loans	21,926	18,377

12 Financial risk management

(a) Objectives, strategies, policies and processes

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

The Scheme's overall risk management program focuses on ensuring compliance with the Scheme's Product Disclosure Statement and seeks to maximise the returns derived for the level of risk to which the Scheme is exposed. Financial risk management is carried out by an Investment Manager under policies approved by the Board of Directors of the responsible entity (the Board).

The Scheme uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of price and interest rate risks, and maturity analysis for liquidity risk.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: price risk, foreign currency risk and interest rate risk.

(i) Price risk

The Scheme is exposed to equity securities price risk. This arises from investments held by the Scheme for which prices in the future are uncertain. The investments are classified on the balance sheet as at fair value through profit or loss. All investments present a risk of loss of capital and the maximum risk resulting from financial instruments is determined by the fair value of the financial insruments.

The price risk disclosures have been prepared on a look-through basis for investments held indirectly by the Scheme through the unlisted equity trust as a significant portion of the total investments are through this vehicle.

At 30 June 2009, if the unlisted equity trust prices had increased by 10% (2008: 10%) with all other variables held constant, this would have increased net assets attributable to unitholders (and net operating profit/(loss)) by approximately $4,320,600 (2008: $3,695,800). Conversely, if the unlisted equity trust prices had decreased by 10% (2008: 10%), this would have decreased net assets attributable to unitholders (and net operating profit/(loss)) by approximately $4,320,600 (2008: $3,695,800).

12 Financial risk management (continued)

(ii) Foreign exchange risk

The Scheme is not exposed to any foreign exchange risk arising from currency exposures as all its future commercial transactions are recognised assets and liabilities are denominated in Australian dollars.

(iii) Interest rate risk

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

The Scheme's policy is to be geared by borrowing from third party lenders to purchase additional units in the unlisted equity trust. The gearing ratio will be managed within a range of 0 - 55%. A specific gearing ratio is not targeted for the Scheme but is managed on the basis that the estimated income generated by the portfolio exceeds the estimated borrowing cost and other expenses. The Scheme's financial liabilities resulting from the borrowing expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

The table below summarises the Scheme's exposure to interest rate risks. It includes the Scheme's assets and liabilities at fair values, categorised by the maturity dates:

	Floating interest rate	Fixed interest rate					
30 June 2009	**$'000**	**3 months or less $'000**	**4 to 12 months $'000**	**1 to 5 years $'000**	**Over 5 years $'000**	**Non-interest bearing $'000**	**Total $'000**
Assets							
Cash and cash equivalents	10	-	-	-	-	-	10
Receivables	-	-	-	-	-	4,373	4,373
Related managed investement schemes	-	-	-	-	-	43,206	43,206
Total assets	10	-	-	-	-	47,579	47,589
Liabilities							
Distributions payable	-	-	-	-	-	201	201
Payables	-	-	-	-	-	3,473	3,473
Loans	-	18,826	3,100	-	-	-	21,926
Total liabilities (excluding net assets attributable to unitholders)	-	18,826	3,100	-	-	3,674	25,600
Net exposure	10	(18,826)	(3,100)	-	-	43,905	21,989

12 Financial risk management (continued)

30 June 2008	Floating interest rate $'000	Fixed interest rate 3 months or less $'000	4 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $'000
Assets							
Cash and cash equivalents	3	-	-	-	-	-	3
Receivables	-	-	-	-	-	652	652
Related managed investment schemes	-	-	-	-	-	36,958	36,958
Total assets	3	-	-	-	-	37,610	37,613
Liabilities							
Distributions payable	-	-	-	-	-	18	18
Payables	-	-	-	-	-	409	409
Loans	-	18,377	-	-	-	-	18,377
Total liabilities (excluding net assets attributable to unitholders)	-	18,377	-	-	-	427	18,804
Net exposure	3	(18,377)	-	-	-	37,183	18,809

At 30 June 2009, should interest rates have lowered by 75 basis points (2008: 75 basis points) with all other variables held constant, the increase in net assets attributable to unitholders (and in net operating profit/(loss)) for the year would amount to approximately $164,450 (2008: $137,800). If interest rates had risen by 75 basis points (2008: 75 basis points), the decrease in net assets attributable to unitholders (and in net operating profit/(loss)) would amount to approximately $164,450 (2008: $137,800). This increase/(decrease) in net assets attributable to unitholders is calculated on an undiscounted basis.

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Scheme's exposure to credit risk arises from cash deposited with National Australia Bank (NAB), which has a Standard & Poor's investment rating of AA. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets 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.

The Scheme holds no collateral as security or any other credit enhancements. There are no financial assets that are past due or impaired, or would otherwise be past due or impaired.

12 Financial risk management (continued)

(d) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. This risk is controlled through the Scheme's investment in financial instruments, which under normal market conditions are readily convertible to cash and the Scheme maintains sufficient cash and cash equivalents to meet normal operating requirements. In addition, the Scheme can draw from the loan facilities which have been set up with third party lenders to fund for any liquidity needs. The loan facilities allow a maximum of $25 million (split between Commonwealth Bank; $15 million and National Australian Bank; $10 million) to be drawn with a flexible rollover period which may be for a period of 30, 60, 90 or 180 days or any other periods as may be agreed with the lenders providing the total of the loans does not exceed the limit and providing further that the term of the loan does not extend beyond the expiry dates of the loan facilities. The expiry date for the loan facility with Commonwealth Bank is 365 days from the first draw down, which is 11 December 2009 and the expiry date for the loan facility with National Australia Bank is 365 days from the acceptance date of the offer, which is 11 December 2009. The expiry dates may be extended by mutual agreement.

The Scheme's constitution provides for the daily application and redemptions of units and it is therefore exposed to the liquidity risk of meeting unitholder redemptions at any time. The Scheme's constitution allows the Responsible Entity to delay a redemption by up to 28 days after the date of receiving the redemption notice, if within 14 days of receiving the notice, the Responsible Entity receives, over a period of two consecutive business days, request for redemption in respect of 10% or more of the units issued in the Scheme, or, there is a fall in the S&P/ASX 300 Accumulation Index of the Australian Stock Exchange Limited of 5% or more compared to the level of that index at the date of receipt of the notice.

Maturity analysis for financial liabilities

The table below analyses the Scheme's financial liabilities into relevant maturity groupings 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.

	Less than 1 month $'000	2-3 months $'000	4-12 months $'000	13-60 months $'000
At 30 June 2009				
Trade payable	1,756	-	-	-
Accrued expenses	168	-	-	-
Distribution payable	201	-	-	-
Loans payable	2,753	16,073	3,100	-
Net assets attributable to unitholders	21,989	-	-	-
Total financial liabilities	26,867	16,073	3,100	-

	Less than 1 month $'000	2-3 months $'000	4-12 months $'000	13-60 months $'000
At 30 June 2008				
Trade payable	53	-	-	-
Accrued expenses	356	-	-	-
Distribution payable	18	-	-	-
Loans payable	5,535	10,274	-	-
Net assets attributable to unitholders	18,809	-	-	-
Total financial liabilities	24,771	10,274	-	-

(e) Fair values of financial assets and financial liabilities

The carrying amounts of all the Scheme's financial assets and financial liabilities at the balance sheet date approximated their fair values as all financial assets and liabilities not fair valued are short-term in nature.

12 Financial risk management (continued)

(e) Fair values of financial assets and financial liabilities (continued)

For the year ended 30 June 2009 and 30 June 2008, the Scheme did not include financial assets and financial liabilities that were determined using valuation techniques. The fair values of the Scheme's financial assets and liabilities for the years then ended were determined indirectly, in full or in part, by reference to quoted prices that were available from various sources, such as exchanges, dealers, brokers, industry groups and pricing services.

13 Related party transactions

Responsible entity

The responsible entity of Ausbil Investment Trusts - Australian Geared Equity Fund is Ausbil Dexia Limited.

Key management personnel

Key management personnel includes persons who were directors of Ausbil Dexia Limited at any time during the financial year as follows:

P Xiradis
H M Tranchimand (Resigned 23 April 2009)
T de Villenfagne
A Lancaster
J Grace
W Vermeir
N Abou-Jaoudé
M Vanderelst (Appointed 23 April 2009)

Manager's fees and other transactions

Under the terms of the Scheme 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 Scheme as follows:

	As at	
	30 June 2009 $	30 June 2008 $
Management fees for the year paid by the Scheme to the responsible entity	**372,002**	449,755
Aggregate amounts payable to the responsible entity at the reporting date	**112,371**	124,374

13 Related party transactions (continued)

Key management personnel unitholdings

The key management personnel of Ausbil Dexia Limited held units in the Scheme as follows:

2009

Unitholder	Interest held (%)	Number of units held opening (Units)	Number of units acquired (Units)	Number of units disposed (Units)	Number of units held closing (Units)	Distributions paid/payable by the Scheme ($)
P. Xiradis and related parties	**12.04**	**-**	**8,295,998**	**-**	**8,295,998**	**24,220**
J. Grace and related parties	**0.89**	**-**	**615,663**	**-**	**615,663**	**1,797**

2008

Unitholder	Interest held (%)	Number of units held opening (Units)	Number of units acquired (Units)	Number of units disposed (Units)	Number of units held closing (Units)	Distributions paid/payable by the Scheme ($)
P. Xiradis and related parties	-	200,000	24,703	224,703	-	-

Key management personnel compensation

Key management personnel are paid by Ausbil Dexia Limited. Payments made from the Scheme to Ausbil Dexia Limited do not include any amounts attributable to the compensation of key management personnel.

Key management personnel loan disclosures

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

Other transactions within the Scheme

From time to time directors of the Scheme, or their director-related entities, may invest in or withdraw from the Scheme. These investments or withdrawals are on the same terms and conditions as those entered into by other Scheme investors.

Apart from those details disclosed in this note, no key management personnel of the Responsible Entity have entered into a material contract with the Scheme since the end of the previous financial year and there were no material contracts involving director's interests at year end.

13 Related party transactions (continued)

Investments

The Scheme held investments in the following schemes which are also managed by Ausbil Dexia Limited or its related parties:

	Fair value of investment		Interest held		Distributions received/receivable	
	2009 $	2008 $	2009 %	2008 %	2009 $	2008 $
Ausbil Managed Trusts - Australian Active Equity Fund	43,206,337	36,957,818	1.93	1.52	1,796,666	2,679,965

Distributions received/receivable includes an amount of $1,054,516 (2008: $582,338) in respect of Ausbil Managed Trusts - Australian Active Equity Fund which remains unpaid at the reporting date.

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

	For year ended 30 June 2009 $'000	For period ended 30 June 2008 $'000
(a) Reconciliation of net profit/(loss) to net cash inflow/(outflow) from operating activities		
Net profit/(loss) for the period	-	-
Increase/(decrease) in net assets attributable to unitholders	(10,015)	(9,238)
Proceeds from sale of financial instruments held at fair value through profit or loss (including net realised gains/(losses))	111,950	84,358
Purchase of financial instruments held at fair value through profit or loss	(123,405)	(109,678)
Net losses on financial assets held at fair value through profit and loss	10,234	8,891
Distribution to unitholders	201	1,103
Net change in receivables and accrued income	(468)	(599)
Reinvested income	(1,324)	(2,098)
Net change in accounts payables and accrued liabilities	(189)	356
Other non-cash items in operating income	-	(2)
Net cash inflow/(outflow) from operating activities	(13,016)	(26,907)
(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 and cash equivalents	10	3
(c) Non-cash financing and investing activities		
During the period, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	9	771
During the period, the following dividends/distributions received by the Scheme were reinvested	1,324	2,098

15 Segment information

The Scheme 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 Scheme's financial statements.

While the Scheme operates from Australia only (the geographical segment), the Scheme may have investment exposures in different countries and across different industries.

16 Events occurring after the balance sheet date

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

17 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2009.

Directors' declaration

In the opinion of the directors of the responsible entity:

(a) the financial statements and notes set out on pages 6 to 26 are in accordance with the *Corporations Act 2001*, including

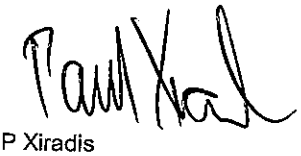
(i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true view of the Scheme's financial position as at 30 June 2009 and of its performance for the period ended on that date.

(b) there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.

(c) the financial statements are in accordance with the Scheme Constitution.

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



P Xiradis
Director

Sydney
23 September 2009

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999
www.pwc.com/au

Independent auditor's report to the unitholders of Ausbil Investment Trusts – Australian Geared Equity Fund

Report on the financial report

We have audited the accompanying financial report of Ausbil Investment Trusts – Australian Geared Equity Fund (the scheme), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of recognised income and expense and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Ausbil Investment Trusts – Australian Geared Equity Fund.

Directors' responsibility for the financial report

The directors of Ausbil Dexia Limited (the responsible entity) are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal 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, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

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

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

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

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Liability limited by a scheme approved under Professional Standards Legislation

PRICEWATERHOUSECOOPERS

Independent auditor's report to the unitholders of Ausbil Investment Trusts – Australian Geared Equity Fund (continued)

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

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Ausbil Investment Trusts – Australian Geared Equity Fund is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the scheme's financial position as 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;* and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

PricewaterhouseCoopers

Rob Spring
Partner

Sydney
23 September 2009

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PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999
www.pwc.com/au

Independent auditor's report to the unitholders of Ausbil Investment Trusts – Australian Geared Equity Fund

Report on the financial report

We have audited the accompanying financial report of Ausbil Investment Trusts – Australian Geared Equity Fund (the scheme), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of recognised income and expense and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Ausbil Investment Trusts – Australian Geared Equity Fund.

Directors' responsibility for the financial report

The directors of Ausbil Dexia Limited (the responsible entity) are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal 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, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

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

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

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

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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PRICEWATERHOUSECOOPERS

Independent auditor's report to the unitholders of Ausbil Investment Trusts – Australian Geared Equity Fund (continued)

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

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Ausbil Investment Trusts – Australian Geared Equity Fund is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the scheme's financial position as 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;* and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of Ausbil Investment Trusts – Australian Geared Equity Fund (the scheme) for the year ended 30 June 2009 included on the Ausbil Dexia Limited (responsible entity) web site. The responsible entity's directors are responsible for the integrity of the Ausbil Dexia Limited web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

PricewaterhouseCoopers

Rob Spring
Partner

Sydney
23 September 2009

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