Aspiring Asset Management Ltd

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

Financial Statements

FOR THE YEAR ENDED 31 MARCH 2014

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 Aspiring Fund as at 31 March 2014 and its results for the year ended on that date in accordance with the requirements of The Aspiring Fund Trust Deed dated 19 December 2005.”

There are reasonable grounds to believe that The Aspiring Fund will be able to pay its debts as and when they fall due.

Director

Aspiring Asset Management Limited

15 July 2014

Additional Unitholder Information

Notice of Trust Deed Amendment

Under clause 32.1 of the Trust Deed governing The Aspiring Fund and the Unit Trusts Act 1960, the Manager, Aspiring Asset Management Limited is required to advise Unitholders in summary form of any amendments to the Trust Deed.

There were no amendments to the Trust Deed for the financial period ended 31 March 2014.

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2014

	Notes	Year ended 31 March 2014 $	31 March 2013 $
Income			
Interest income		**1,421,785**	1,373,900
Dividend income		**5,233,778**	3,443,094
Other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss	6	**14,245,709**	21,383,023
Net foreign currency gains or losses on cash and cash equivalents		**(2,120,298)**	(41,256)
Other income		**14,604**	15,977
Total income		**18,795,578**	26,174,738
Expenses			
Management fees	5.2	**1,886,700**	1,296,870
Performance fees	5.2	**1,511,711**	2,124,039
Custody expenses		**80,173**	61,490
Trustee fees	5.2	**114,527**	82,517
Audit fees		**20,125**	20,125
Auditor's other remuneration - audit related fees		**4,226**	4,226
Administration fees		**172,635**	126,863
Transaction costs		**2,013,025**	1,631,647
Other expenses		**23,957**	28,787
Total operating expenses		**5,827,139**	5,376,564
Profit and comprehensive income attributable to Unitholders		**12,968,439**	20,798,174

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

Statement of Changes in Unitholders Funds

FOR THE YEAR ENDED 31 MARCH 2014

	Year ended	
	31 March 2014	31 March 2013
	$	$
Unitholders funds at the beginning of the year	**161,856,824**	104,511,488
Profit and comprehensive income attributable to Unitholders	**12,968,439**	20,798,174
Proceeds from units issued	**37,255,686**	43,114,456
Redemption of units	**(13,001,467)**	(6,718,805)
Resident and foreign withholding tax deducted	**(45,136)**	(40,050)
Unitholder tax rebates/(liabilities)	**262,809**	191,561
Movement in Unitholder funds for the year	**37,440,331**	57,345,336
Unitholders funds at the end of the year	**199,297,155**	161,856,824

	Year ended	
	31 March 2014	31 March 2013
Units on issue	**Units**	Units
Units on issue at the beginning of the year	**76,881,835**	58,216,520
Units issued	**16,927,794**	22,137,878
Units redeemed	**(5,871,752)**	(3,472,563)
Balance at the end of the year	**87,937,877**	76,881,835

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

Balance Sheet

FOR THE YEAR ENDED 31 MARCH 2014

		As at	
		31 March 2014	31 March 2013
	Notes	**$**	$
Assets			
Current assets			
Cash and cash equivalents		**39,718,437**	15,189,436
Foreign cash deposits		**1,465,239**	3,203,333
Margin deposits		**515,429**	127
Unitholder tax rebates receivable		**262,809**	191,561
Other receivables		**4,142,921**	4,145,114
Due from brokers		**4,513,850**	3,045,146
Financial assets held at fair value through profit or loss	7	**153,135,021**	139,690,264
Total assets		**203,753,706**	165,464,981
Current liabilities			
Related party payables	5.2	**199,809**	558,936
Other payables		**3,820,825**	200,274
Due to brokers		**394,270**	2,848,947
Financial liabilities held at fair value through profit or loss		**41,647**	–
Total liabilities		**4,456,551**	3,608,157
Unitholders funds		**199,297,155**	161,856,824

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

The Directors of Aspiring Asset Management Limited authorised these Financial Statements for issue on 15 July 2014.

Director S.C. Mont

Director

Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2014

	Notes	Year ended 31 March 2014 $	 31 March 2013 $
Cash flows from operating activities			
Proceeds from sale of financial instruments held at fair value through profit or loss		**320,645,392**	214,655,701
Dividends and distributions		**4,719,020**	3,230,005
Interest income		**1,422,284**	1,374,294
Other income		**14,604**	15,977
Purchase of financial instruments held at fair value through profit or loss		**(323,726,174)**	(247,497,026)
Transaction costs on purchases and sales of financial instruments held at fair value through profit or loss		**(2,013,025)**	(1,631,647)
Operating expenses		**(4,170,449)**	(3,540,957)
Net cash outflow from operating activities	8	**(3,108,348)**	(33,393,653)
Cash flows from financing activities			
Proceeds from units issued		**37,772,138**	44,841,667
Redemption of units		**(9,383,708)**	(8,852,410)
Resident and foreign withholding tax deducted (post PIE election)		**(45,136)**	(40,050)
Unitholder tax liability/rebate		**191,561**	(110,737)
Net cash inflow/(outflow) from financing activities		**28,534,855**	35,838,470
Net increase/(decrease) in cash and cash equivalents		**25,426,507**	2,444,817
Cash and cash equivalents at the beginning of the financial year		**18,392,896**	15,989,335
Foreign exchange (losses) from cash and cash equivalents		**(2,120,298)**	(41,256)
Cash and cash equivalents at the end of the financial year	2.5	**41,699,105**	18,392,896

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

Aspiring Asset Management Ltd

Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2013

1 GENERAL INFORMATION

Reporting Entity

The reporting entity included in these Financial Statements is The Aspiring Fund and is referred to throughout these Financial Statements as the "Trust".

The Trust was created under a Master Trust Deed executed by Aspiring Asset Management Limited on 19 December 2005 and a Unit Trust Establishment Deed between Aspiring Asset Management Limited and The New Zealand Guardian Trust Company Limited dated 19 December 2005. The Trust commenced operation on 1 February 2006.

The Trust invests mostly in Australasian listed securities but may invest in any form of real and personal property. This may include foreign shares, investments in unlisted entities, underwriting arrangements, debt securities, property and derivatives.

The registered office for Aspiring Asset Management Limited is at the offices of Kensington Swan, 89 The Terrace, Wellington, New Zealand. The Financial Statements are presented in New Zealand dollars.

Statutory Base

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

These 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 15 July 2014. The directors of Aspiring Asset 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 Trust 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). These Financial Statements also 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 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 their judgement in the process of applying the Trust'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.

(a) Presentation

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Standards and amendments to existing standards adopted by the Trust from 1 April 2013

NZ IFRS 13 Fair Value Measurement ('NZ IFRS 13') effective from 1 January 2013. The standard improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. If an asset or liability measured at fair value has a bid price and an ask price the standard requires valuation to be based on a price within the bid-ask spread that is most representative of fair value and allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurement within a bid-ask spread. On adoption of the standard the Trust changed their valuation inputs for listed financial assets and liabilities to last traded prices to be consistent with the inputs prescribed by the offering documentation of the Trust for the calculation of their unit price value for subscriptions and redemptions. The use of last traded prices is recognised as a standard pricing convention within the industry. In the prior year, the Trust utilised bid and ask prices for their listed financial assets and liabilities in accordance with NZ IAS 39 Financial Instruments: Recognition and Measurement ('NZ IAS 39'). The change in valuation inputs is treated prospectively in accordance with transition rules provided under NZ IFRS 13.

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

NZ IFRS 9 Financial Instruments ('NZ IFRS 9') effective from 1 January 2017. NZ IFRS 9 requires financial assets to be classified on the basis of the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, and subsequently measures the financial assets as either at amortised cost or fair value. The requirements for classifying and measuring financial liabilities have been added to the standard and were carried forward largely unchanged from NZ IAS 39. However, the requirements related to the fair value option for financial liabilities were changed to address the issue of own credit risk. In December 2013, NZIFRS 9 (2013) was issued which included the requirements related to hedge accounting. NZIFRS 9, when it is adopted, is not expected to have a significant impact on the Trust's reported result or financial position. The Trust intends to adopt NZ IFRS 9 for the period commencing 1 April 2017.

2.2 Financial instruments

(a) Classification

The Trust's financial instruments are categorised as financial assets or financial liabilities at fair value through profit or loss, loans and receivables and other financial liabilities.

• *Financial instruments at fair value through profit and loss*
The Trust's investments in equity and debt securities are categorised as financial assets or financial liabilities at fair value through profit or loss. This category has two sub-categories: financial assets or financial liabilities held for trading and those designated at fair value through profit or loss at inception.

• *Financial instruments held for trading*
A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Derivatives are categorised as held for trading. These include forward currency contracts, contracts for difference, futures and equity options. All derivatives in a net receivable or payable position are shown gross and reported as either derivative financial assets or derivative financial liabilities. The Trust does not designate any derivatives as hedges in a hedging relationship.

• *Financial instruments designated at fair value through profit or loss at inception*
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 Trust's documented investment strategy. The Trust'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 debt and equity instruments, unlisted trusts, unlisted equity instruments and commercial paper.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

• *Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and may include amounts receivable for dividends, interest and distributions, unsettled sales of securities and cash and cash equivalents. Cash and cash equivalents include cash on hand and deposits held at call with banks and other counterparties.

• *Other financial liabilities at amortised cost*
These amounts represent liabilities and accrued expenses owed by the Trust at balance date, and may include unsettled purchases of securities, trustee fees payable and withdrawals owed to unitholders.

(b) Recognition, derecognition and measurement

• *Financial instruments at fair value through profit or loss*
The Trust 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 Statements of Comprehensive Income. 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 instruments designated at fair value through profit or loss are recognised in the Statements of Comprehensive Income within net gains/(losses) on financial instruments 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 Statement of Comprehensive Income within dividend income when the Trust's right to receive payments is established. Interest on debt securities at fair value through profit or loss is recognised in the Statement of Comprehensive Income within interest income based on the effective interest rate.

• *Loans and receivables*
Loans and receivables are initially recognised at fair value, being the amounts receivable plus directly attributable transaction costs. Loans and receivables are subsequently measured at amortised cost using the effective interest method, reduced for impairment as appropriate. Any impairment charge is recognised in the Statements of Comprehensive Income.

• *Other financial liabilities at amortised cost*
Other financial liabilities at amortised cost are recognised initially at fair value and subsequently measured at amortised cost.

(c) Derecognition

Financial assets are derecognised when the rights to receive cash flows have expired or the Funds have transferred substantially all of the risks and rewards of ownership. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

(d) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

• *Fair value in an active market*
The fair value of financial assets and liabilities traded in active markets (such a publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. Prior to 1 April 2013, the quoted market price used for financial assets held by the Trust was the current bid price; the quoted market price for financial liabilities was the current asking price. The Trust adopted NZ IFRS, 'Fair value measurement', prospectively from 1 April 2013; it changed it's fair valuation input to utilise the last traded market price for both financial assets and financial liabilities where the last traded prices falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

• *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 Trust uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Trust would receive or pay to terminate the contract at the balance sheet date taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

2.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is currently 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 Trust issues units that are redeemable at the Unitholders' option and have identical features and are therefore classified as equity. The units can be put back to the Trust at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the balance sheet date if Unitholders exercised their right to put the units back to the Trust. As stipulated in the Trust Deed, each unit represents an individual share in the Trust and does not extend to a right in the underlying assets of the Trust. There are no separate classes of units within the Trust and each unit has the same rights attaching to it as all other units in the Trust.

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

The Trust's units meet the definition of puttable instruments classified as equity instruments under the revised NZ IAS 32, 'Financial Instruments: Presentation'.

In accordance with the Trust Deed, the Manager has full discretion as to whether to distribute any income of the Trust. Income that is not distributed is invested as part of the assets of the Trust or may be used later to make distributions to Unitholders.

2.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and deposits and borrowings with brokers in New Zealand Dollars and other currencies. For the purposes of the Statement of Cash Flow, 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 Trust'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 Statement of Comprehensive Income. Interest is recognised as interest accrues using the effective interest method. 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 Unitholders Funds.

2.7 Receivables

Receivables may include amounts for dividends, interest, trust distributions, contributions 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 are initially recognised at fair value, being the amounts receivable. They are subsequently measured at amortised cost, being the initially recognised amount reduced for impairment as appropriate. Any impairment charge is recognised in the Statement of Comprehensive Income.

2.8 Payables

These amounts represent liabilities and accrued expenses owing by the Trust 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, withdrawals and related party fees. These amounts are recognised initially at fair value and subsequently stated at amortised cost.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Investments gains and losses

Realised and unrealised gains and losses are reflected in the Statement of Comprehensive Income 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 sheet date and the reversal of prior periods 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 Trust's management and trustee fees, are recognised in the Statement of Comprehensive Income on an accruals basis.

2.11 Foreign currency translation

(a) Functional and presentation currency

Items included in the Trust'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 Trust competes for funds and is regulated. The New Zealand dollar is also the Trust's presentation currency.

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 Trust measures its performance and reports its results, as well as the currency in which the Trust receives subscriptions from investors.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities are translated into the functional currency using the exchange rates prevailing at the balance sheet date. Foreign exchange gains or losses arising from translation are included in the Statement of Comprehensive Income within net gain/(loss) on financial instruments held at fair value through profit or loss.

The Trust does not isolate that portion of gains or losses on securities 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 in the Statement of Comprehensive Income.

2.12 Income tax

The Trust 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 Trust has no income tax expense. Accordingly, no income tax expense is recognised in the Statement of Comprehensive Income from 1 October 2007. 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 Unitholders Funds.

Under the PIE regime, the Manager attributes the taxable income of the Trust to Unitholders in accordance with the proportion of their interest in the Trust. The income attributed to each Unitholder is taxed at the Unitholder's "prescribed investor rate" which is capped at 28% on redemptions and annually at 31 March each year.

Unitholder tax liabilities disclosed in the Statement of Changes in Unitholders Funds consists of withdrawals to meet Unitholder tax liabilities (or contributions from Unitholder rebates) under the PIE regime and any resident and foreign withholding taxes deducted at source.

2.13 Goods and services tax ("GST")

The Trust is not registered for GST. The Statement of Comprehensive Income 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.

2.14 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the Financial Statements.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Manager of the Trust makes estimates and assumptions that affect the reported amounts of assets and liabilities. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below. 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.

Fair value of derivative financial instruments
The Trust may, from time to time, hold financial instruments that are not quoted in active markets, such as over the counter derivatives. Fair values for such instruments are determined by 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.

Fair value of securities not quoted in an active market
The fair value for such securities not quoted in an active market may be determined by the Trust using reputable pricing sources (such as pricing agencies) or indicative prices from bond/debt market makers. Broker quotes as obtained from pricing sources may be indicative but not executable or binding. The Manager would exercise judgement and estimates on the quantity and quality of pricing sources used. Where no market data is available, the Trust may price positions using its own models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. The models for debt securities are based on net present value of estimated future cash flows, adjusted as appropriate for liquidity and credit and market risk factors.

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

The fair value of investments in other funds that are not quoted in active markets is determined by reference to the redemption price per unit of the underlying funds.

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

Functional currency
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 Trust measures its performance and reports its results, as well as the currency in which the Trust receives subscriptions from investors.

4 COMMITMENTS AND CONTINGENT LIABILITIES

There are no contingencies or commitments as at 31 March 2014 (31 March 2013: Nil).

5 RELATED PARTIES

5.1 General

Aspiring Asset Management Limited is the Manager of the Trust and The New Zealand Guardian Trust Company Limited is the Trustee of the Trust.

5.2 Related party fees

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

		Year ended **31 March 2014**	Year ended 31 March 2013
		$	$
Aspiring Asset Management Limited	Management fees	**1,886,700**	1,296,870
Aspiring Asset Management Limited	Performance fees	**1,511,771**	2,124,039
The New Zealand Guardian Trust Company Limited	Trustee fees	**114,527,**	82,517
		3,512,998	3,503,426

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

		31 March 2014	31 March 2013
Aspiring Asset Management Limited	Management fees payable	**169,273**	135,184
Aspiring Asset Management Limited	Performance fees payable	**-**	399,705
The New Zealand Guardian Trust Company Limited	Trustee fees payable	**30,536**	24,047
		199,809	558,936

Management fees and performance fees are calculated in accordance with the Establishment Deed.

Under the Trust Deed the management fees and performance fees payable to Aspiring Asset Management Limited are payable monthly in arrears and the trustee fees to The New Zealand Guardian Trust Company Limited are payable quarterly in arrears.

5.3 Directors' interests

The investment interests of the directors of Aspiring Asset Management Limited in the Trust at balance sheet date are:

		As at **31 March 2014**	As at 31 March 2013
Murray Doyle			
	Number of units	3,834,478	3,827,209
	Market Value	**8,678,957**	8,089,571
	% of the Trust	**4%**	5%
John Rattray			
	Number of units	3,113,607	3,107,896
	Market Value	**7,047,338**	6,569,159
	% of the Trust	**4%**	4%
Stephen Montgomery			
	Number of units	3,173,890	3,167,934
	Market Value	**7,183,782**	6,696,061
	% of the Trust	**4%**	4%

6 OTHER NET CHANGES IN FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

	Notes	Year ended 31 March 2014 $	31 March 2013 $
Net changes in fair value:			
Financial instruments held for trading		**2,622,837**	(192,670)
Financial assets designated at fair value through profit or loss at inception		**11,622,872**	21,575,693
Total gains		**14,245,709**	21,383,023

7 FINANCIAL INSTRUMENTS BY CATEGORY

Assets	Notes	**31 March 2014** $	31 March 2013 $
Fair value through profit and loss at inception			
Fixed interest securities		**6,831,615**	12,380,386
Listed equities		**146,303,406**	127,309,878
Total financial assets at fair value through profit and loss at inception		**153,135,021**	139,690,264
Fair value through profit or loss held for trading			
Equity derivatives	9	**–**	–
Total financial assets at fair value through profit or loss held for trading		**–**	–
Total financial assets held at fair value through profit or loss		**153,135,021**	139,690,264
Loans and receivables			
Due from brokers		**4,513,850**	3,045,146
Other receivables		**4,142,921**	4,145,114
Cash and cash equivalents		**41,699,105**	18,392,896
Total loans and receivables		**50,355,876**	25,583,156
Total financial assets		**203,490,897**	165,273,420
Liabilities			
Fair value through profit or loss held for trading			
Bank bill futures	9	**35,550**	–
Currency contracts	9	**6,097**	–
Total financial assets at fair value through profit or loss held for trading		**41,647**	–
Financial liabilities at amortised cost			
Related party payables		**199,809**	558,936
Other payables		**3,820,825**	200,274
Due to brokers		**394,270**	2,848,947
Total financial liabilites at amortised cost		**4,414,904**	3,608,157
Total financial liabilities		**4,414,904**	3,608,157

8 RECONCILIATION OF PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Year ended	
	31 March 2014	31 March 2013
	$	$
Profit after tax	**12,968,439**	20,798,174
Proceeds from sale of financial instruments held at fair value through profit or loss	**320,645,392**	214,655,701
Purchase of financial instruments held at fair value through profit or loss	**(323,726,174)**	(247,497,026)
Other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss	**(14,245,709)**	(21,383,023)
Net foreign currency gains or losses on cash and cash equivalents	**2,120,298**	41,256
Net change in accrued income and receivables	**(514,259)**	(212,695)
Net change in payables	**(356,335)**	203,960
	(16,076,787)	(54,191,827)
Net cash outflow from operating activities	**(3,108,348)**	(33,393,653)

9 DERIVATIVE FINANCIAL INSTRUMENTS

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

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

Derivative instruments include a wide assortment of instruments, such as forwards and swaps. Derivatives are considered to be part of the investment process. The use of derivatives is an essential part of the Trust's portfolio management. Derivatives may be used for:

(i) economic hedging to protect an asset or liability of the Trust against a fluctuation in market values or to reduce volatility;

(ii) a substitution for trading of physical securities; and

(iii) adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash positions.

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

The Trust holds the following derivative instruments:

9 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Forward currency contracts

Forward currency contracts are primarily used by the Trust to economically hedge against foreign currency exchange rate risks on its non New Zealand denominated trading securities. The Trust agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed upon future date. Forward currency contracts are valued at the prevailing bid price at the reporting date. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date. The Trust recognises a gain or loss equal to the change in fair value at reporting date.

The Trusts forward currency contracts at year end are detailed below:

	As at	
	31 March 2014	31 March 2013
	$	$
Notional value in NZ$		
AUD 04/04/2014	**(21,357,253)**	–
Fair Value in NZ$	**(6,097)**	–

Contracts for difference (CFD)

A contract for difference is a financial derivative that allows parties to take advantage of movements in price on underlying financial instruments without the need for ownership of the underlying shares. The main risk is market risk as the contract is designed to pay the difference between the contract price and the closing price of the underlying asset. CFDs are traded on margin.

The fair value of a contract for difference is derived from the difference between the market price of the underlying security and the contract price.

The Trust does not hold contracts for difference at 31 March 2014 (31 March 2013; nil). Gains/(losses) arising from contracts for differences are classified in Note 6 as Financial instruments held for trading.

Equity options

Equity options provide the right, but not the obligation, to buy (call) or sell (put) a quantity of stock (1 contract = 100 shares of stock), at a set price (strike price), within a certain period of time (prior to the expiration date). The fair value of an option derives from the difference between the reference price and the value of the underlying asset plus a premium based on the time remaining until the expiration of the option.

The Trust does not hold equity options at 31 March 2014, (31 March 2013; nil). Gains/(losses) arising from equity options are classified in Note 6 as Financial instruments held for trading.

Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are usually settled net daily with the exchange.

The Trust is long 137 Bank Bill Futures 11/06/14 contracts with a notional value of $137m and fair value of -$35,550 (31 March 2013; nil). Gains/(losses) arising from futures contracts are classified in Note 6 as Financial instruments held for trading.

10 FINANCIAL RISK MANAGEMENT

The Trust Deed for the Trust requires the Manager to invest the assets of the Trust in accordance with the investment guidelines, as agreed with the Trustee from time to time, in order to manage risk. The Trust's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk). The Trust's overall risk management programme seeks to maximise the return derived for the level of risk to which the Trust is exposed and seeks to minimise potential adverse effects on the Trust's financial performance. The Trust may use derivative financial instruments to moderate certain risk exposures.

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

(a) 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 Trust. The Trust is primarily exposed to credit risk through its investment activities. The maximum credit risk of financial instruments is considered to be the fair 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 so that the Trust has no significant concentration of credit risk. An analysis of fixed interest securities by rating is set out in the table below.

	As at	
	31 March 2014	31 March 2013
Portfolio by rating category	**$**	$
A	**–**	940,000
A-	**3,663,799**	3,819,480
AA-	**–**	6,734,000
BB	**–**	–
BB-	**–**	874,595
BBB+	**2,936,325**	–
Unrated	**231,491**	12,313
Total	**6,831,615**	12,380,388

With respect to cash and cash equivalents, the Trust's credit risk is managed by limiting the counterparties to a group of major international banks and the Trust does not expect to incur any losses as a result of non performance by these counterparties.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

10 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk

Liquidity risk is the risk that the Trust 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.

Liquidity management is designed to ensure that the Trust has the ability to generate sufficient cash in a timely manner to meet its financial commitments and normal level of redemptions. Liquidity risk is managed by investing the majority of its assets in investments that are traded in an active market and can be readily disposed of to enable them to meet liabilities as they fall due and unit redemptions when requested. In the event of abnormal levels of redemptions, timing of payment may be dependent on the ability of the Trust to realise its underlying investments on a timely basis. The Trust may periodically invest in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, the Trust may not be able to liquidate its holdings in these investments at an amount close to their fair value to meet its liquidity requirements, or be able to respond to specific events such as deterioration in the creditworthiness of any particular issue. At 31 March 2014 and 31 March 2013, the Trust held no investments that are considered illiquid.

The Trust also has the ability in extraordinary situations to impose discretionary redemption restrictions, which include the ability to suspend redemptions or withhold varying amounts of any redemption requested. It is the intention of the Trust to exercise this ability only in instances where the payment of redemptions would put the remaining Unitholders in a disadvantageous position, or if the Trust is unable to liquidate its holding in these investments that would allow the Trust to pay redemptions as they fall due. The Trust has not withheld redemptions during the year (31 March 2013: Nil).

The table below analyses the Trust'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.

	Less than 7 days	7 days to 1 month	1-12 months
As at 31 March 2014			
Bank bill futures	**–**	**–**	**35,550**
Currency contracts	**6,097**	**–**	**–**
Related party payables	**–**	**169,273**	**30,536**
Other payables	**3,770,622**	**15,342**	**34,861**
Due to brokers	**394,270**	**–**	**–**
	4,170,989	**184,615**	**100,947**
As at 31 March 2013			
Related party payables	–	534,889	24,047
Other payables	152,863	12,638	34,773
Due to brokers	2,848,947	–	–
	3,001,810	547,527	50,397

10 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Currency risk

The Trust holds both monetary and non-monetary assets denominated in currencies other than the New Zealand dollar. Foreign currency risk, as defined in NZ IFRS 7, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. NZ IFRS 7 considers the foreign currency exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk. However, management monitors the exposure on all foreign currency denominated assets and liabilities.

Currency risk management is undertaken by the Trust's Manager within the guidelines provided by the Trustee. The Trust may enter into foreign exchange derivatives both to economically hedge the foreign currency risk implicit in the value of the portfolio securities denominated in foreign currency and to secure a particular exchange rate for a planned purchase or sale of securities. The terms and conditions of these contracts rarely exceeds one year. As the nature of these contracts is to manage the international investment activities of the Trust, they are accounted for by marking to market at balance sheet date in a manner consistent with the valuation of the underlying securities.

	As at	
At balance date, the Trust has the following exposure to foreign currency risk:	**31 March 2014**	31 March 2013
	$	$
Australia (AUD)		
Monetary assets		
Cash and cash equivalents	**1,465,360**	3,203,460
Loans and advances	**2,372,416**	659,007
Non-monetary assets		
Listed equities	**47,644,118**	45,000,799
Monetary liabilities		
Currency contracts	**(21,363,350)**	–
Net exposure (AUD)	**30,118,544**	48,863,266

10 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Currency risk (continued)

	As at	
	31 March 2014	31 March 2013
	$	$
Sweden (SEK)		
Non-monetary assets		
Listed equities	**–**	1,978,468
Net exposure (SEK)	**–**	1,978,468
United States (USD)		
Monetary assets		
Cash and cash equivalents	**(598)**	–
Non-monetary assets		
Listed equities	**–**	1,775,294
Net exposure (USD)	**(598)**	1,775,294

The following table summarises the sensitivity of the Trust's investments to changes in foreign exchange movements at 31 March. The analysis is based on the assumptions that the relevant foreign exchange rate increased/decreased by 5% to the New Zealand dollar, with all other variables held constant. This increase or decrease in operating profit and Net Assets Attributable to Unitholders of the Trust arises mainly from a change in the fair value of the Australian dollar equity investments, cash held in Australian dollars and AUD/NZD forward exchange contracts.

10 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Currency risk (continued)

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 total comprehensive income is disclosed below. The notional impact on PIE tax (which affects Net Assets Attributable to Unitholders) has not been calculated. The Directors believe this does not have a material impact.

	As at	
	31 March 2014	31 March 2013
	$	$
Exchange rates increased by 5%		
Australia (AUD)		
Monetary assets		
Cash and cash equivalents	**(69,779)**	(152,546)
Cash and cash equivalents	**(112,972)**	(31,381)
Non-monetary assets		
Listed equities	**(2,268,768)**	(2,142,895)
Monetary liabilities		
Currency contracts	**1,017,302**	–
	(1,434,217)	(2,326,822)
Sweden (SEK)		
Non-monetary assets		
Listed equities	**–**	(94,213)
	–	(94,213)
United States (USD)		
Monetary assets		
Cash and cash equivalents	**28**	–
Non-monetary assets		
Listed equities	**–**	(84,538)
	28	(84,538)
Total impact of 5% increase in exchange rates	**(1,434,189)**	(2,505,573)

10 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Currency risk (continued)

	As at 31 March 2014 $	31 March 2013 $
Exchange rates decreased by 5%		
Australia (AUD)		
Monetary assets		
Cash and cash equivalents	**77,124**	168,603
Loans and advances	**124,864**	34,685
Non-monetary assets		
Listed equities	**2,507,585**	2,368,463
Monetary liabilities		
Currency contracts	**(1,124,387)**	–
	1,585,186	2,571,751
Sweden (SEK)		
Non-monetary assets		
Listed equities	**–**	104,130
	–	104,130
United States (USD)		
Monetary assets		
Cash and cash equivalents	**(31)**	–
Non-monetary assets		
Listed equities	**–**	93,437
	(31)	93,437
Total impact of 5% decrease in exchange rates	**1,585,155**	2,734,633

10 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Cash flow and fair value interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows. The Trust may hold investments in interest earning financial instruments that expose the Trust to fair value interest rate risk. The Trust may also hold cash and cash equivalents that expose the Trust to cash flow interest rate risk. The interest rate risk arising from these investments is managed by the underlying fund manager.

The table below summarises the sensitivity of the Trust's investments to changes in interest rate movements at 31 March. The analysis is based on the assumptions that the relevant interest rate increased/decreased by 1% (31 March 2013: 1%), with all other variables held constant. This represents management›s best estimate of a reasonable shift in the interest rates, having regard to historical volatility of those rates. At 31 March 2014, had the interest rate increased or decreased by 1% with all other variables held constant, the increase or decrease in total comprehensive income would be as disclosed below.

	As at	
	31 March 2014	31 March 2013
	$	$
Increased by 1%	**416,364**	183,929
Decreased by 1%	**(416,523)**	(183,929)

(e) Price risk

The Trust is exposed to securities price risk. This arises from investments held by the Trust for which prices in the future are uncertain. Where non-monetary financial instruments, i.e. equities – are denominated in currencies other than the New Zealand dollar (NZD), the price initially expressed in foreign currency and then converted into NZD will also fluctuate because of change in foreign exchange rates. Paragraph (c) 'Currency risk' sets out how this component of price risk is managed and measured.

Price risk is managed through diversification and selection of securities and other financial instruments within specified limits and in accordance with mandates and overall investment strategy.

The majority of the Trust's equity and fixed interest investments are publically traded and are included within the New Zealand and Australian Stock Exchanges. The overall market position is monitored by the Trust's Manager. Compliance with the Trust's investment policies are reported to the Board of the Manager.

The table below summarises the sensitivity of the Trust's net assets attributable to Unitholders to equity and listed fixed interest securities price movements, including the effect of movements in foreign currency exchange rates on equity and listed fixed interest securities prices, as at 31 March.

The analysis is based on a price move of 5% which represents managements best estimate of a reasonable shift in prices having regard to historical votality.

If the prices of equity and listed fixed interest securities in which the Trust invest in at 31 March 2014 had increased or decreased by 5% (31 March 2013: +/-5%) with all other variables held constant, this would have increased/decreased total comprehensive income as disclosed below.

	As at	
	31 March 2014	31 March 2013
	$	$
Increased by 5%	**7,631,854**	6,984,513
Decreased by 5%	**(7,631,854)**	(6,984,513)

10 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Fair value estimation

The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the year end date. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker or pricing service, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Trust uses a variety of methods and makes assumptions that are based on market conditions existing at each year end date. Valuation techniques used for non-standard financial instruments such as over the counter derivatives include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, options 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.

For instruments for which there is no active market, the Trust may use internally developed models which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted equity, debt securities and other debt instruments for which markets were or have been inactive during the year. Some of the inputs to these models may not be market observable and therefore estimated based on assumptions.

The Trust adopted the amendment to NZ IFRS 7, effective 1 April 2009. This requires the Trust to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

(i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities

(ii) Level 2 – Inputs other than quoted prices included in level 1 that are observable for the asset of liability, either directly (prices) or indirectly (derived from prices)

(iii) Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The level in the fair value hierarchy within the fair value measurement is categorised in its entirety and is determined on the basis of the lowest input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement.

The determination of what constitutes 'observable' requires significant judgement by the Manager. The Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable and provided by independent sources that are actively involved in the relevant market. The following table analyses within the fair value hierarchy the Trust's financial assets and liabilities (by class) measured at fair value at 31 March 2014:

	As at **31 March 2014** **$**	31 March 2013 $
Assets		
Level 1		
Financial assets designated at fair value through profit or loss:		
Fixed interest securities	**6,333,672**	12,380,386
Listed equities	**146,303,406**	127,309,878
Level 2		
Fixed interest securities	**497,943**	–
Total financial assets designated at fair value through profit or loss:	**153,135,021**	139,690,264
Liabilities		
Level 2		
Financial assets designated at fair value through profit or loss:		
Bank bill futures	**35,550**	–
Currency contracts	**6,097**	–
Total financial assets designated at fair value through profit or loss:	**41,647**	–

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include listed equities and fixed interest. The Trust does not adjust the quoted price for these instruments.

10 FINANCIAL RISK MANAGEMENT (CONTINUED)

(g) Capital market risk

The Trust's capital is represented by net assets attributable to Unitholders. The amount of net assets attributable to Unitholders can change significantly on a monthly basis as the Trust is subject to monthly subscriptions at the discretion of Unitholders. The Trust's objectives when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for Unitholders and benefit other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Trust. The Trust does this by investing in a diversified portfolio of equity securities listed on exchanges in New Zealand, Australia and international equity markets. The Trust may also use derivatives to increase exposure in certain investments. Investment decisions are guided by the mandate included in the investment statement and prospectus.

The Trust strives to invest the subscriptions of Unitholder funds in investments that meet the Trust's objectives while maintaining sufficient liquidity to meet Unitholder redemptions. The Trust follows an internal liquidity limit based on historical data with regards to Unitholder tenure.

The Trust does not have any externally imposed capital requirements. Units may be redeemed on the last business day of each month in accordance with the Trust Deed, prospectus and investment statement. The Manager may, in the interests of all Unitholders in the Trust, restrict, suspend or alter withdrawals in certain circumstances.

Expected cash outflow of Unitholder funds cannot be reliably estimated given the Trust does not have sufficient historical redemption rates to predict the expected outflow profile.

(h) Fair values of financial assets and financial liabilities

All financial assets and liabilities not measured at fair value through profit or loss are carried at amortised cost and their carrying values are a reasonable approximation of fair value.

Cash and cash equivalents (including margin and foreign cash deposits) include cash on hand, deposits held with banks and other short-term investments in an active market.

Outstanding settlements represent the contractual amount due by the Trust for settlement of trades.

11 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No significant events have occurred since balance sheet date which would impact on the financial position of the Trust disclosed in the Balance Sheet as at 31 March 2014 or on the results and cash flows of the Trust for the year ended on that date. The Trust has discontinued accepting applications from new investors from 1 April 2013. The acceptance of applications from new investors in future is at the discretion of the Directors.

Building a better working world

Independent Auditor's Report

To the Unitholders of The Aspiring Fund

Report on the Financial Statements

We have audited the financial statements of The Aspiring Fund on pages 3 to 25, which comprise the balance sheet of The Aspiring Fund as at 31 March 2014, and the statement of comprehensive income, statement of changes in unitholders funds and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the unitholders, as a body, in accordance with the Financial Reporting Act 1993. Our audit has been undertaken so that we might state to the unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the fund and the fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

The Managers' Responsibility for the Financial Statements

The Manager is responsible for the preparation of the financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These auditing standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected, depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we have considered the internal control relevant to the entity's preparation of the financial statements that give a true and fair view of the matters to which they relate 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, as well as evaluating the overall presentation of the financial statements.

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

We provide taxation and assurance services to the Manager of the fund. Other than this, we have no relationship with or interest in The Aspiring Fund.

Opinion

In our opinion, the financial statements on pages 3 to 25:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards; and
- give a true and fair view of the financial position of The Aspiring Fund as at 31 March 2014 and its financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the Financial Reporting Act 1993, we report that:

- We have obtained all the information and explanations that we have required.
- In our opinion proper accounting records have been kept by The Aspiring Fund as far as appears from our examination of those records.

Ernst + Young

15 July 2014
Auckland

ASPIRING ASSET MANAGEMENT LTD
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