

**INTELLIGENT INVESTOR  
WHOLESALE VALUE FUND  
(FORMERLY MOSAIC SPECIAL  
SITUATIONS FUND)**

**ARSN 110 619 488**

**FINANCIAL REPORT  
FOR THE FINANCIAL  
YEAR ENDED  
30 JUNE 2013**

**INTELLIGENT INVESTOR WHOLESALE VALUE FUND  
(FORMERLY MOSAIC SPECIAL SITUATIONS FUND)  
ARSN 110 619 488  
FINANCIAL REPORT FOR THE YEAR ENDED  
30 JUNE 2013**

**TABLE OF CONTENTS**

	<b>Page</b>
Responsible Entity's Report	<b>3 – 6</b>
Auditor's Independence Declaration	<b>7</b>
Financial Reports for the year ended 30 June 2013	
Statement of Profit or Loss and other Comprehensive Income	<b>8</b>
Statement of Financial Position	<b>9</b>
Statement of Changes in Net Assets Attributable to Unitholders	<b>10</b>
Statement of Cash Flows	<b>11</b>
Notes to the Financial Statements	<b>12 – 29</b>
Directors' of Responsible Entity Declaration	<b>30</b>
Independent Audit Report	<b>31</b>

**INTELLIGENT INVESTOR WHOLESALE VALUE FUND  
(FORMERLY MOSAIC SPECIAL SITUATIONS FUND)  
ARSN 110 619 488  
RESPONSIBLE ENTITY'S REPORT**

The Directors of Macro Capital Limited (ABN: 14 145 321 928) the Responsible Entity of the Intelligent Investor Wholesale Value Fund (formerly Mosaic Special Situations Fund) ("the Fund") present their report together with the financial report of the Fund for the year ended 30 June 2013 and the auditor's report thereon.

**Responsible Entity**

Macro Capital Limited ("the responsible entity") is an unlisted public company incorporated under the *Corporations Act 2001* and holds an Australian financial services licence.

**Directors**

The names of the directors of the responsible entity during or since the end of the year are:

<b>Name</b>	<b>Period of Directorship</b>
Stephen Robert Dixon	20/07/10 – Present
Peter MacArthurMorrison	20/07/10 – Present
Kent Burwash	20/07/10 – Present

Directors have been in office since the beginning of the financial year to the date of this report unless otherwise stated.

**Scheme Information**

The Fund is an Australian registered scheme and was constituted on 2 September 2004. The Fund changed its name in October 2012 from Mosaic Special Situations Fund to Intelligent Investor Wholesale Value Fund.

The Responsible Entity of the Fund is incorporated and domiciled in Australia. The registered office of the Responsible Entity is located at:

Unit 2, 55 Salvado Road  
SUBIACO WA 6008

Intelligent Investor Funds Pty Ltd is the Investment Manager for the Fund and is responsible for investment and divestment decisions and therefore the performance of the Fund.

The Fund's custodian is Bond Street Custodians Limited and the administrator of the Fund is Macro Fund Services Pty Ltd.

**Results**

The results of operations of the Scheme are disclosed in the Statement of Profit or Loss and other Comprehensive Income. The profit attributable to unitholders before finance costs was as follows:

<b>2013</b>	<b>2012</b>
<b>\$'000</b>	<b>\$'000</b>
9,890	565

The Directors are satisfied that the performance of the Fund reflects the investment strategies implemented in order to achieve the Fund's investment objectives.

**INTELLIGENT INVESTOR WHOLESALE VALUE FUND  
(FORMERLY MOSAIC SPECIAL SITUATIONS FUND)  
ARSN 110 619 488  
RESPONSIBLE ENTITY'S REPORT**

**Distributions**

Distributions paid or payable in respect of the financial year were:

	<b>2013</b>		<b>2012</b>	
	<b>\$'000</b>	<b>\$ per unit</b>	<b>\$'000</b>	<b>\$ per unit</b>
30 September - Distribution paid	192	0.0063	-	-
31 December – Distribution paid	105	0.0040	-	-
31 March - Distribution paid	56	0.0022	182	0.0051
30 June - Distribution payable	711	0.0294	124	0.0037
<b>Total Distributions</b>	<b>1,064</b>	<b>0.0419</b>	<b>306</b>	<b>0.0088</b>

**Significant Changes in the State of Affairs**

There have been no significant changes in the Fund's state of affairs during the financial year.

**Principal Activities**

The Scheme is a registered managed investment scheme domiciled in Australia. The principal activity of the Scheme is to invest funds in accordance with the investment objectives and guidelines set out in its current Product Disclosure Statement and in accordance with the provisions of its Constitution.

A concentrated investment portfolio is maintained to balance the return and risk objectives of the Fund. In accordance with these investment objectives, the Fund principally invests in Australian securities and financial products. There has been no significant change in the nature of these activities during the financial year.

**Subsequent Events**

There have been no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in subsequent financial years.

**Likely Developments and Expected Results**

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

Further details of likely future developments in the operations of the Scheme and the expected results of those operations in future financial years, have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Scheme.

**Environmental Regulation**

The Fund's operations are not regulated by any significant Commonwealth or State environmental regulations or laws. There have been no known significant breaches of any other environmental requirements applicable to the Fund.

**Units on Issue**

The movement in units on issue of the Fund for the year were as follows:

	<b>2013</b>	<b>2012</b>
	<b>No'000</b>	<b>No'000</b>
Units on issue at the beginning of the year	33,664	40,226
Units issued	1,571	1,617
Units issued under distribution reinvestment plan	5	7
Units redeemed	(11,156)	(8,186)
<b>Units on issue at the end of the year</b>	<b>24,084</b>	<b>33,664</b>

**INTELLIGENT INVESTOR WHOLESALE VALUE FUND  
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ARSN 110 619 488  
RESPONSIBLE ENTITY'S REPORT**

**Fund Assets**

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Value of total Fund assets as at 30 June	32,352	32,140
Net asset value as at 30 June	30,192	31,986

The basis for valuation of the assets is disclosed in Note 2 to the financial statements.

**Fees Paid to the Responsible Entity**

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Management fee	364	320
Expense recovery fee	40	106
	404	426

**Options Granted**

No options were granted:

- (i) over unissued units in the Scheme during or since the end of the financial year; or
- (ii) to the responsible entity.

No unissued units in the Scheme were under option as at the date on which this report was made.

No units were issued in the Scheme during or since the end of the financial year as a result of the exercise of an option over unissued units in the Scheme.

**Indemnification and Insurance of Directors, Officers and Auditors**

No indemnities are in place for any directors, officers or auditors of the Fund. The Responsible Entity has paid insurance premiums during the financial year in respect of the directors and officers of the Responsible Entity.

**Rounding of amounts to the nearest thousand dollars**

The Fund is an entity of the kind referred to in Class Order 98/100 (as amended) issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the Responsible Entity's report. Amounts in the Responsible Entity's report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

**Proceedings on Behalf of Company**

No person has applied for leave of court to bring proceedings on behalf of the Scheme or intervene in any proceedings to which the responsible entity is a party for the purpose of taking responsibility on behalf of the Scheme for all or any part of those proceedings.

The Scheme was not a party to any such proceedings during the year.


**INTELLIGENT INVESTOR WHOLESALE VALUE FUND  
(FORMERLY MOSAIC SPECIAL SITUATIONS FUND)  
ARSN 110 619 488  
RESPONSIBLE ENTITY'S REPORT**

**Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under s307C of the *Corporations Act 2001* is set out on page 7.

No officer or director of the responsible entity is or has been a partner/director of any auditor of the Scheme.

This report of the Directors of the Responsible Entity is signed in accordance with a resolution of the Board of Directors.



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Stephen Robert Dixon  
Director  
PERTH  
20 September 2013



**Hayes Knight**  
Accountants & Business Advisers

Hayes Knight WA Audit  
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**INTELLIGENT INVESTOR WHOLESALE VALUE FUND  
(FORMERLY MOSAIC SPECIAL SITUATIONS FUND)  
ARSN 110 619 488**

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C  
OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF MACRO CAPITAL LIMITED, THE  
RESPONSIBLE ENTITY**

As lead auditor for the audit of the financial statements of the Intelligent Investor Wholesale Value Fund (formerly Mosaic Special Situations Fund) for the year ended 30 June 2013, I declare to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

*Hayes Knight WA Audit*

HAYES KNIGHT WA AUDIT

*Farnold*

F ARNOLD

Registered Company Auditor

20 September 2013

Perth, Western Australia

**INTELLIGENT INVESTOR WHOLESALE FUND  
(FORMERLY MOSAIC SPECIAL SITUATIONS FUND)  
ARSN: 110 619 488  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013 \$'000	2012 \$'000
<b>Investment income</b>			
Dividends and distributions		682	551
Interest income		185	181
Net realised profit/(loss) on disposal of financial assets at fair value through profit or loss		4,313	(3,264)
Net changes in fair value of financial assets at fair value through profit or loss		5,105	3,523
Other income		9	-
<b>Net investment income</b>		<u>10,294</u>	<u>991</u>
<b>Operating expenses</b>			
Responsible Entity fees	11(c)	(404)	(426)
		<u>(404)</u>	<u>(426)</u>
<b>Net profit before finance costs</b>		9,890	565
<b>Finance costs</b>			
Distribution to unitholders	8	(1,064)	(306)
<b>Net profit for the year</b>		<u>8,826</u>	<u>259</u>
Other comprehensive income		-	-
<b>Change in net assets attributable to unitholders (total comprehensive income)</b>		<u>8,826</u>	<u>259</u>



**INTELLIGENT INVESTOR WHOLESALE VALUE FUND**  
**(FORMERLY MOSAIC SPECIAL SITUATIONS FUND)**  
**ARSN: 110 619 488**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2013**

	Note	2013 \$'000	2012 \$'000
<b>Assets</b>			
Cash and cash equivalents	4	6,855	8,589
Financial assets	5	24,785	23,510
Interest, dividends and other receivables	6	712	41
<b>Total assets</b>		32,352	32,140
 <b>Liabilities</b>			
Distribution payable	8	707	123
Accounts payable	7	1,453	31
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		2,160	154
<b>Net assets attributable to unitholders</b>		30,192	31,986
 <b>Represented by:</b>			
Net assets attributable to unitholders (calculated in accordance with redemption requirements)		30,822	32,228
Adjustment from close-market prices to bid-market prices		(630)	(242)
<b>Net assets attributable to unitholders</b>	9(a)	30,192	31,986

**INTELLIGENT INVESTOR WHOLESALE VALUE FUND  
(FORMERLY MOSAIC SPECIAL SITUATIONS FUND)  
ARSN: 110 619 488  
STATEMENT OF CHANGES IN NET ASSETS  
ATTRIBUTABLE TO UNITHOLDERS  
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013 \$'000	2012 \$'000
<b>Net assets attributable to unitholders at the beginning of the year</b>		31,986	38,049
Net profit attributable to unitholders		8,826	259
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<u>8,826</u>	<u>259</u>
<b>Transactions with unitholders</b>			
Proceeds from units issued		1,871	1,549
Redemption of units		<u>(12,491)</u>	<u>(7,871)</u>
<b>Net assets attributable to unitholders at the end of the year</b>	9(a)	<u><u>30,192</u></u>	<u><u>31,986</u></u>

**INTELLIGENT INVESTOR WHOLESALE VALUE FUND  
(FORMERLY MOSAIC SPECIAL SITUATIONS FUND)  
ARSN: 110 619 488  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013 \$'000	2012 \$'000
<b>Cash flow from operating activities</b>			
Dividends/distributions received		584	699
Interest received		194	158
Other income		9	-
Responsible Entity fees		(401)	(434)
<b>Net cash provided by operating activities</b>	10	<u>386</u>	<u>423</u>
<b>Cash flow from investing activities</b>			
Proceeds on disposal of financial assets designated as at fair value through profit or loss		21,411	29,094
Purchase of financial assets designated as at fair value through profit or loss		(12,430)	(15,443)
<b>Net cash provided by investing activities</b>		<u>8,981</u>	<u>13,651</u>
<b>Cash flow from financing activities</b>			
Applications received		1,871	1,547
Payment for redemption of units		(12,491)	(7,871)
Distributions paid		(481)	(1,374)
<b>Net cash used in financing activities</b>		<u>(11,101)</u>	<u>(7,698)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		(1,734)	6,376
Cash and cash equivalents at beginning of financial year		<u>8,589</u>	<u>2,213</u>
<b>Cash and cash equivalents at end of the financial year</b>	4	<u>6,855</u>	<u>8,589</u>

**INTELLIGENT INVESTOR WHOLESALE VALUE FUND  
(FORMERLY MOSAIC SPECIAL SITUATIONS FUND)**

**ARSN: 110 619 488**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**NOTE 1: BASIS OF PREPARATION**

Intelligent Investor Wholesale Value Fund (formerly Mosaic Special Situations Fund) (“the Fund”) is an unlisted registered managed investment scheme under the *Corporations Act 2001*, established and domiciled in Australia. Macro Capital Limited, which is the responsible entity of the Scheme, is a public company incorporated under the *Corporations Act 2001*.

This financial report of the Fund is for the year ended 30 June 2013 and was authorised for issue in accordance with a resolution of the Directors of Macro Capital Limited (“the Responsible Entity”) (ABN: 14 145 321 928) on 20 September 2013.

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, (including Australian Accounting Interpretations) of the Australian Accounting Standards Board (AASB), the *Corporations Act 2001* and the Scheme’s Constitution. The Scheme is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected financial assets and financial liabilities.

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

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

**Impact of the adoption of new and amended Accounting Standards**

The adoption of all new and revised standards and interpretations issued by the AASB effective for periods commencing 1 July 2012 have not resulted in any changes to the Fund’s accounting policies and have no effect on the amounts reported for the current or for prior periods.

**(a) Financial instruments**

**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either the purchase or sale of the asset (trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified ‘at fair value through profit or loss’, in which case transaction costs are expensed to the profit or loss immediately.

**INTELLIGENT INVESTOR WHOLESALE VALUE FUND  
(FORMERLY MOSAIC SPECIAL SITUATIONS FUND)  
ARSN: 110 619 488  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Classification and subsequent measurement**

Financial assets and financial liabilities are classified as follows:

*i) Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel of the Responsible Entity on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

*ii) 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 are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

*iii) Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process as well as when the financial liability is derecognised.

Financial instruments are subsequently measured at either fair value or amortised cost using the effective interest rate method. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

*Amortised cost* is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest rate method*; and
- less any reduction for impairment.

The *effective interest rate method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revision to expected future net cash flows will necessitate any adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

**INTELLIGENT INVESTOR WHOLESALE VALUE FUND  
(FORMERLY MOSAIC SPECIAL SITUATIONS FUND)**

**ARSN: 110 619 488**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

For investments that are actively traded in organised financial markets, fair value is determined by reference to exchange quoted market bid prices at the close of business on the Statement of Financial Position date. For investments with no active market such as asset backed securities, fair values are determined using discounted cash flow models or other appropriate valuation methodologies. These models use inputs that may include growth forecasts, dividend ratios, capital expenditure and terminal values. Additionally where limited data exists for certain assets, prices are interpolated using historic and long-term pricing relationships.

The fair value of units in managed investment schemes is determined by reference to the unit price at the close of business on the Statement of Financial Position date being the Net Asset Value as established by the underlying Fund's Responsible Entity.

Gains or losses on investments held for trading are recognised in the Statement of Profit or Loss and Other Comprehensive Income. Investments of the Fund which are considered to be held for trading are equity securities, units in managed investment schemes, derivatives and some interest bearing securities which have been acquired principally for the purpose of selling in the near term.

**Fair value**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all asset backed securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

**Impairment**

At each reporting date, the Fund assesses whether there is objective evidence that a financial instrument has been impaired. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. Where carrying value exceeds the recoverable amount, a write down is made to the Statement of Profit or Loss and Other Comprehensive Income. During the year to 30 June 2013, no impairment losses were recognised.

**Derecognition of financial assets**

- i. 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; or
- ii. the Funds have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'passthrough' arrangement; and
- iii. either (a) the Funds have transferred substantially all the risks and rewards of the asset, or (b) the Funds have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**Derecognition of financial liabilities**

The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**INTELLIGENT INVESTOR WHOLESALE VALUE FUND  
(FORMERLY MOSAIC SPECIAL SITUATIONS FUND)**

**ARSN: 110 619 488**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Offsetting**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**(b) Revenue and income recognition**

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Funds and the revenue can be reliably measured.

Interest revenue is recognised using the effective interest rate method. Dividend revenue is recognised when the right to receive a dividend has been established. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately as tax expense in the Statement of Profit or Loss and other Comprehensive income.

Net gains or losses on investments designated as at fair value through profit or loss are calculated as the difference between the fair value at sale, or at year end, and the fair value at the previous valuation point.

**(c) Cash and cash equivalents**

Cash and cash equivalents include cash on hand and at bank, deposits held at call with a bank or financial institution and other short-term highly liquid investments with original maturities of three months or less.

**(d) Receivables**

Receivables include accrued dividend and distribution income, accrued income on interest-bearing securities and securities sold where settlement has not yet occurred.

Dividends are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment. Amounts are generally received within 60 days of being recorded as receivables.

**(e) Accounts payable**

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at reporting date.

**(f) Distributions and taxation**

Under current legislation, the Fund is not subject to income tax as their taxable income (including assessable realised capital gains) is included in the assessable income of the investors.

In accordance with the Product Disclosure Statement and Constitution, the Fund will endeavour to distribute their distributable income to unitholders by cash or reinvestment. Distributable income is determined by reference to the taxable income of the Fund.

**INTELLIGENT INVESTOR WHOLESALE VALUE FUND  
(FORMERLY MOSAIC SPECIAL SITUATIONS FUND)  
ARSN: 110 619 488  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(g) Net assets attributable to unitholders**

Non-distributable income, which may comprise unrealised changes in the fair value of investments, net capital losses, tax deferred income, accrued income not yet assessable and non-deductible expenses is reflected in the profit and loss as changes in net assets attributable to unit holders. These items are included in the determination of distributable income in the period for which they are assessable for taxation purposes.

**(h) Determination of application and redemption prices**

The application and redemption prices are determined by the value of net assets attributable to unitholders which is the value of assets of the Fund less their liabilities other than liabilities representing rights attaching to units, divided by the number of units on issue and adjusted for estimated transaction costs, as outlined in the Fund's Constitution and Product Disclosure Statement.

**(i) Goods and services tax (GST)**

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

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

Reduced input tax credits (RITC) recoverable by the Fund from the Australian Tax Office are recognised as a receivable in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

**(j) Critical accounting estimates and judgments**

The preparation of the Fund's financial statement requires Directors of the Responsibility Entity to make judgments, estimates and assumptions that affect the amounts recognised in the financial statements. Uncertainty about these assumptions and estimates may result in outcomes that could require a material adjustment to the carrying amount of the asset affected in the future.

**Fair value of financial instruments**

When the fair value of financial assets recorded in the Statement of Financial Position cannot be derived from active markets, it is determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Refer to Note 5 for additional information on determination of fair values at 30 June 2013.



**INTELLIGENT INVESTOR WHOLESALE VALUE FUND  
(FORMERLY MOSAIC SPECIAL SITUATIONS FUND)  
ARSN: 110 619 488  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(k) Capital management**

The Responsible Entity manages net assets attributable to unitholders as capital, notwithstanding that net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily/weekly basis due to changes in the value of assets held and because the Fund is subject to weekly applications and redemptions at the discretion of unitholders.

The Responsible Entity monitors the level of weekly applications and redemptions relative to the liquid assets in the Fund.

In order to maintain or adjust the capital structure, the Responsible Entity may return capital to unitholders. The Fund is not subject to any externally imposed capital requirements.

**(l) New Accounting Standards for application in future periods**

The following amendments to accounting standards have been identified as those which may impact the Funds in the period of initial application. They are available for early adoption at 30 June 2013, but have not been applied in preparing this financial report:

- AASB 9 *Financial Instruments* (December 2010) and AASB 2010–7: *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010) include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

These Standards were mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012–6: *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures* (issued in September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2015. In light of this change to the mandatory effective date, the Scheme is expected to adopt AASB 9 and AASB 2010–7 for the annual reporting period ending 31 December 2015. Although the responsible entity anticipates that the adoption of AASB 9 and AASB 2010–7 may have a significant impact on the Scheme's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 13: *Fair Value Measurement* and AASB 2011–8: *Amendments to Australian Accounting Standards arising from AASB 13* (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

These Standards are expected to result in more detailed fair value disclosures but are not expected to significantly impact the amounts recognised in the Scheme's financial statements.

**INTELLIGENT INVESTOR WHOLESALE VALUE FUND  
(FORMERLY MOSAIC SPECIAL SITUATIONS FUND)  
ARSN: 110 619 488  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

- AASB 2012–2: Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 2012–2 principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard is not expected to significantly impact the Scheme's financial statements.

- AASB 2012–3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

This Amending Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

This Standard is not expected to significantly impact the Scheme's financial statements.

- AASB 2012–5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle (applicable for annual reporting periods commencing on or after 1 January 2013).

This Amending Standard amends a number of Australian Accounting Standards as a consequence of the issuance of Annual Improvements to IFRSs 2009–2011 Cycle by the International Accounting Standards Board.

This Standard is not expected to significantly impact the Scheme's financial statements.

**(m) Rounding of amounts**

The Fund is an entity of the kind referred to in Class Order 98/100 (as amended) issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

**(n) Functional and Presentation Currency**

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

**(o) Expenses**

Responsible Entity fees are recognised in the profit or loss on an accruals basis.

**INTELLIGENT INVESTOR WHOLESALE VALUE FUND  
(FORMERLY MOSAIC SPECIAL SITUATIONS FUND)  
ARSN: 110 619 488  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(p) Finance Costs**

Distributions paid and payable on units are recognised in the Statement of Profit or Loss and Other Comprehensive Income as finance costs and as a liability until paid. Distributions paid are included in cash flows from financing activities in the Statement of Cash Flows.

**(q) Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Scheme has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional Statement of Financial Position as at the beginning of the earliest comparative period is disclosed.

**INTELLIGENT INVESTOR WHOLESALE VALUE FUND  
(FORMERLY MOSAIC SPECIAL SITUATIONS FUND)  
ARSN: 110 619 488  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>NOTE 3: AUDITOR'S REMUNERATION</b>		
Remuneration of the auditor of the Fund for:		
Auditing the financial report	9	8
	<u>9</u>	<u>8</u>
<b>NOTE 4: CASH AND CASH EQUIVALENTS</b>		
Cash on hand and at bank	1,192	765
Cash on deposit	5,663	7,824
	<u>6,855</u>	<u>8,589</u>
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to amounts shown in the Statement of Financial Position as follows:		
Balance per the Statement of Cash Flows	6,855	8,589
Reconciling items	-	-
Balance per the Statement of Financial Position	<u>6,855</u>	<u>8,589</u>
<b>NOTE 5: OTHER FINANCIAL ASSETS</b>		
Financial assets at fair value through profit or loss	<u>24,785</u>	<u>23,510</u>
<b>(a) Financial assets at fair value through profit or loss</b>		
<i>(i) Listed equities and managed investment schemes</i>		
Equities	24,785	23,510
<i>(ii) Un-listed equities and managed investment schemes</i>		
Asset backed securities	-	-
<i>(iv) Interest bearing securities</i>		
Listed compound financial instrument	-	-
Total	<u>24,785</u>	<u>23,510</u>

**INTELLIGENT INVESTOR WHOLESALE VALUE FUND  
(FORMERLY MOSAIC SPECIAL SITUATIONS FUND)**

**ARSN: 110 619 488**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**(b) Fair value of financial instruments**

The following table shows financial instruments recorded at fair value, analysed between those whose fair value is based on quoted market prices (level 1), those involving valuation techniques where all the model inputs are observable in the market (level 2) and those where the valuation technique involves the use of non-market observable inputs (level 3).

	Valued at Quoted market price (Level 1) \$'000	Valuation technique-market observable inputs (Level 2) \$'000	Valuation technique- non-market observable inputs (Level 3) \$'000
<b>30 June 2013</b>			
<i>Financial assets designated at fair value through profit or loss</i>			
Listed equity securities	24,785	-	-
	24,785	-	-
<b>30 June 2012</b>			
<i>Financial assets designated at fair value through profit or loss</i>			
Listed equity securities	23,510	-	-
	23,510	-	-

**NOTE 6: INTEREST, DIVIDENDS AND OTHER RECEIVABLES**

	2013 \$'000	2012 \$'000
Dividend and distribution receivable	98	-
Other receivables	614	41
	712	41

**NOTE 7: ACCOUNT PAYABLES**

Other payables	1,423	-
Due to Responsible Entity	30	31
	1,453	31

**NOTE 8: DISTRIBUTIONS**

Prior year accrual	(123)	(1,191)
Distributions paid in the year	480	1,374
Provision for final distribution payable	707	123
	1,064	306

**INTELLIGENT INVESTOR WHOLESALE VALUE FUND  
(FORMERLY MOSAIC SPECIAL SITUATIONS FUND)**

**ARSN: 110 619 488**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**NOTE 9: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

**(a) Changes in net assets attributable to unitholders**

Net assets attributable to unitholders at beginning of the year	31,986	38,049
Changes in net assets attributable to unitholders resulting from operations	8,826	259
Unitholders' contributions/redemptions		
Units issued as cash application	1,865	1,542
Units issued under the distribution reinvestment plan	6	7
Units redeemed	(12,491)	(7,871)
<b>Net assets attributable to unitholders at end of the year</b>	<u>30,192</u>	<u>31,986</u>

	<b>2013</b>	<b>2012</b>
	<b>No '000</b>	<b>No '000</b>
<b>(b) Units on issue</b>		
Units on issue as at the beginning of the year	33,664	40,226
Units issued as cash application	1,571	1,617
Units issued as distribution reinvestment	5	7
Units redeemed	(11,156)	(8,186)
Units on issue as at the end of the year	<u>24,084</u>	<u>33,664</u>

	<b>\$</b>	<b>\$</b>
<b>(c) Net assets attributable to unitholders per unit</b>	<u>1.2536</u>	<u>0.9502</u>

**INTELLIGENT INVESTOR WHOLESALE VALUE FUND  
(FORMERLY MOSAIC SPECIAL SITUATIONS FUND)**

**ARSN: 110 619 488**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**NOTE 10      NOTES TO THE STATEMENT OF CASH FLOWS**

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(i) Reconciliation of net cash provided by operating activities to net profit</b>		
Net profit before finance costs	9,890	565
Add/(less) non-cash items:		
Changes in fair value of financial assets at fair value through profit or loss	(5,105)	(3,523)
Realised loss / (gain) on disposal of financial assets at fair value through profit or loss	(4,313)	3,264
Changes in assets and liabilities during the financial year:		
Decrease/(increase) in receivables	(84)	131
(Decrease)/increase in payables	(2)	(14)
Net cash provided by operating activities	386	423
<b>(ii) Non-cash investing and unitholder activities</b>	<b>Units</b>	<b>Units</b>
	<b>'000</b>	<b>'000</b>
Units created in the Fund under reinvestment plan	5	2
	6	2

**NOTE 11:      RELATED PARTIES**

**Responsible Entity**

The Responsible Entity of the Fund is Macro Capital Limited (ABN: 14 145 321 928). The Responsible Entity is an Australian Financial Services License holder.

**Compensation of key management personnel of the Responsible Entity**

**(a)      Details of key management personnel of the Responsible Entity**

**(i) Directors**

Stephen Robert Dixon	Director	Appointed 20/07/10
Peter MacArthur Morrison	Director	Appointed 20/07/10
Kent Burwash	Director	Appointed 20/07/10

**(ii) Details of specified executives**

Neither the Responsible Entity nor the Fund employ persons deemed to be specified executives of the Fund.

**(iii) Other key management personnel**

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

**INTELLIGENT INVESTOR WHOLESALE VALUE FUND  
(FORMERLY MOSAIC SPECIAL SITUATIONS FUND)  
ARSN: 110 619 488  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**NOTE 11: RELATED PARTIES (CONT'D)**

**(b) Compensation of key management personnel of the Responsible Entity**

*Principles of compensation*

Compensation of the key management personnel is paid directly by a related party of the Responsible Entity. The Directors are not provided with any direct compensation by the Fund itself. Directors are not entitled to any equity interests in the Fund, or any rights to or options for equity interests in the Fund, as a result of the compensation provided by the related party of the Responsible Entity.

The directors of the Responsible Entity do not consider that there is any direct correlation between the level of compensation provided to directors of the Responsible Entity and the management fees paid by the Fund to the Responsible Entity in accordance with the Fund Constitution and product disclosure statement.

**(c) Related parties transactions**

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

*(i) Responsible Entity fees and other transactions*

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Responsible Entity fees paid directly by the Fund	404	426
	404	426

*(ii) Related party investment held by the Fund*

The Fund has no investment in the Responsible Entity or other Funds of which Macro Capital Limited is also the Responsible Entity.

*(iii) Units in the Fund held by related parties*

Details of holdings in the Fund by the directors, and director related entity are set out as below:

	<b>2013</b>		<b>2012</b>	
	<b>Number of units held</b>	<b>Fair Value of the Units Held</b>	<b>Number of units held</b>	<b>Fair Value of the Units Held</b>
	<b>'000</b>	<b>\$'000</b>	<b>'000</b>	<b>\$'000</b>
Stephen Robert Dixon	13	17	-	-



**INTELLIGENT INVESTOR WHOLESALE VALUE FUND  
(FORMERLY MOSAIC SPECIAL SITUATIONS FUND)  
ARSN: 110 619 488  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**(d) Fees**

The fees and costs charged by the Responsible Entity are as follows:

	<b>2013</b>	<b>2012</b>
	<b>%</b>	<b>%</b>
Fees and costs cap (excl. GST)	1.10	1.10

The Responsible Entity is entitled to receive a monthly management fee of 1.10% plus GST from the Fund. This amount is expressed as an annual percentage; however it will be applied on each valuation date taking into account the number of days in the valuation period and the net assets of the Fund.

As the total fee reported is based on the actual fees charged over the financial report period as applied to the actual net assets of the Fund on the last day of each valuation period, it is possible that the reported fee will exceed the maximum stated above. As detailed in the Product Disclosure Statement of the Funds, the limit above does not include transaction costs and amounts considered by the Responsible Entity to be abnormal expenses or extraordinary expenses.

The Responsible Entity receives all management fees and expense recovery fees that have been paid by the Fund for the year. The management fee is paid on a monthly basis. Total fees paid to the Responsible Entity during the year in the nature of expense recovery fees and management of the Fund were as follows:

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Responsible Entity fees paid directly by the Fund	404	426

As at the Statement of Financial Position date the amounts owed to the Responsible Entity in relation to the management and expense recovery were as follows:

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Due to Responsible Entity	30	31

**NOTE 12: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

**(a) Financial risk management objectives, policies and processes**

The Fund's assets principally consist of financial instruments which comprise quoted equity investments.

The Responsible Entity is responsible for identifying and controlling risks within the Fund. It monitors and controls risks based on limits which have regard for the Fund's business strategy, market environment and the level of the risk that the Fund is willing to accept.

The Fund's investment guidelines set out its overall business strategies, its tolerance for risk and its general risk management philosophy.

AASB 7 requires the disclosure of information to assist users of the financial report in assessing the extent of risks related to financial instruments faced by the Fund. These risks include financial risks such as market risks (including currency risk, price risk and fair value interest rate risk), credit risk and liquidity risk.

**INTELLIGENT INVESTOR WHOLESALE VALUE FUND  
(FORMERLY MOSAIC SPECIAL SITUATIONS FUND)  
ARSN: 110 619 488  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**NOTE 12: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES  
(CONT'D)**

**(b) Market risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and equity prices. Market risk is managed and monitored using sensitivity analysis and through all investment activities being undertaken in accordance with established mandate limits and investment strategies.

*Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Fund is also exposed to earnings volatility on floating rate instruments.

The following table demonstrates the potential sensitivity of the Fund's Statement of Profit or Loss and Other Comprehensive Income to a reasonably possible change in interest rates, with all other variables held constant. The analysis only considers the impact on cash flow in relation to the impact on income from variable rate cash and cash equivalent investments held as at 30 June of the relevant year. It does not make an assessment of the impact on fair value of fixed rate instruments held.

The sensitivity analysis is based on the variable rate cash and cash equivalent investments held directly by the Fund as at reporting date. However, interest rates and the balance of variable rate cash and cash equivalent investments of the Fund did not remain constant throughout the financial year and therefore the actual results may differ from the sensitivity below.

*Interest rate sensitivity*

	<b>Changes in Basis Points</b>	<b>Profit \$'000</b>	<b>Equity \$'000</b>
Year Ended 30 June 2013	50/(50)	34/(30)	34/(30)
Year Ended 30 June 2012	50/(50)	43/(43)	43/(43)

*Price risk*

Price risk is the risk that the total value of the investments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, the issuer or all factors affecting all instruments traded in the market. The Fund manages price risk by investing in a range of securities in accordance with its investment strategy as outlined in the Product Disclosure Statement.

The Fund has investments in equity securities, unit trusts and fixed interest securities which expose them to price risk. The investment manager manages the Fund's market risk on a daily/weekly basis in accordance with the Fund's investment objectives and policies.

As the Fund's financial instruments are carried at fair value, with changes in fair value recognised in the Statements of Profit or Loss and other Comprehensive Income, all changes in market conditions will directly affect investment incomes.

**INTELLIGENT INVESTOR WHOLESALE VALUE FUND  
(FORMERLY MOSAIC SPECIAL SITUATIONS FUND)**

**ARSN: 110 619 488**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**NOTE 12: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES  
(CONT'D)**

The effect on net assets attributable to unitholders and operating profit before distribution due to reasonably possible changes in market factors, with all other variables held constant is indicated in the table below. The sensitivity analysis is based on the directly held financial assets held at fair value by the Fund as at the reporting date. However, the Fund's financial assets held at fair value did not remain constant throughout the financial year and therefore as such, the actual results may differ from the sensitivity below.

Investment Type	2013		2012	
	Changes in Price %	Effect on Net Assets Attributable to Unitholders \$'000	Changes in Price %	Effect on Net Assets Attributable to Unitholders \$'000
Listed Investments	5/(5)	1,239/(1,239)	5/(5)	1,176/(1,176)

**(c) Credit risk**

Credit risk represents the risk that a counterparty will fail to perform contractual obligations under a contract. Credit risk primarily arises from:

- Financial assets held by the funds;
- Cash and cash equivalents; and
- Amounts due from brokers.

None of these assets are impaired nor past due but not impaired.

The Funds manages credit risk as follows:

- Credit risk on financial assets is minimised by undertaking transactions with counterparties on recognised exchanges, and ensuring that transactions are undertaken with a large number of counterparties.
- Credit risk on liquid funds is minimised as the counter parties are banks with high credit ratings; and
- Credit risk on amounts due from brokers is minimised by undertaking transactions with approved brokers.

**Concentration risk**

There were no significant concentrations of credit risk to any individual significant issuer or group of issuer at 30 June 2013 or 30 June 2012

The table below analyses the Fund's concentration of credit risk by the top three holdings.

	<b>2013</b>		<b>2012</b>
	%		%
Cash and cash equivalents	21	Cash and cash equivalents	27
RNY Property Trust	13	QBE Insurance Group Limited	11
Vision Eye Institute Limited	11	UXC Limited	9

**INTELLIGENT INVESTOR WHOLESALE VALUE FUND  
(FORMERLY MOSAIC SPECIAL SITUATIONS FUND)  
ARSN: 110 619 488  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**NOTE 12: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES  
(CONT'D)**

The maximum exposure to credit risk at the reporting date is the carrying amount of the assets as summarised below.

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents	6,855	8,589
Other financial assets	24,785	23,510
Interest, dividends and other receivables	712	41
<b>TOTAL</b>	<u>32,352</u>	<u>32,140</u>

**(d) Liquidity risk**

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. This risk is controlled through the Fund's investment in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Fund maintains sufficient cash and cash equivalents to meet normal operating requirements.

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

The Fund's liabilities consist of payables and amounts due to the Responsible Entity. These amounts are generally discharged within 15 days (2012: 15 days).

*Financing arrangements*

As at and during the financial year the Fund had no material finance facility.

**(e) Fair values**

The fair value of financial assets and liabilities held by the Fund must be estimated for recognition, measurement and / or disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Fund is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using common valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

The carrying values (net of any applicable impairment provision) of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

**INTELLIGENT INVESTOR WHOLESALE VALUE FUND  
(FORMERLY MOSAIC SPECIAL SITUATIONS FUND)  
ARSN: 110 619 488  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**NOTE 13: SUBSEQUENT EVENTS**

There has been no matter or circumstance, which has arisen since 30 June 2013 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2013, of the Fund, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2013, of the Fund.

**NOTE 14: CONTINGENT LIABILITIES**

There are no contingent liabilities as at 30 June 2013.

**NOTE 15: TERMS AND CONDITIONS ON UNITS**

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

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

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

**INTELLIGENT INVESTOR WHOLESALE VALUE FUND  
(FORMERLY MOSAIC SPECIAL SITUATIONS FUND)  
ARSN: 110 619 488  
DIRECTOR'S OF RESPONSIBLE ENTITY DECLARATION**

In accordance with a resolution of the directors, the directors of the responsible entity declare that:

- (a) The financial statements and notes of the Intelligent Investor Wholesale Value Fund (formerly Mosaic Special Situations Fund) ("the Scheme") that are set out on pages 8 - 29 are in accordance with the *Corporations Act 2001* and:
- i. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
  - ii. give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the Scheme.
- (b) In the directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of the responsible entity made pursuant to s295(5) of the *Corporations Act 2001*.

On behalf of the directors of the responsible entity



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Stephen Robert Dixon  
Director  
PERTH  
20 September 2013



**INTELLIGENT INVESTOR WHOLESALE VALUE FUND  
(FORMERLY MOSAIC SPECIAL SITUATIONS FUND)  
ARSN 110 619 488**

**INDEPENDENT AUDIT REPORT TO THE UNITHOLDERS OF  
INTELLIGENT INVESTOR WHOLESALE VALUE FUND  
(FORMERLY MOSAIC SPECIAL SITUATIONS FUND)**

**Report on the Financial Report**

We have audited the accompanying financial report of Intelligent Investor Wholesale Value Fund (formerly Mosaic Special Situations Fund), which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the director's declaration.

**Directors' responsibility for the Financial Report**

The directors of Macro Capital Limited, the responsible entity of the Scheme, are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards (IFRS).

**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. Those 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 judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Scheme's preparation 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.

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



## Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the responsible entity of Intelligent Investor Wholesale Value Fund (formerly Mosaic Special Situations Fund), would be in the same terms if given to the directors as at the date of this auditor's report.

## Auditor's Opinion

In our opinion:

- (a) The financial report of Intelligent Investor Wholesale Value Fund (formerly Mosaic Special Situations 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 2013 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Hayes Knight WA Audit

HAYES KNIGHT WA AUDIT

Farnold

F ARNOLD

Registered Company Auditor

Dated: 20 September 2013

Perth, Western Australia