

**Our Watch Fund (formerly "Credit Suisse Our
Watch Fund")**

ARSN 119 678 456

Annual financial report

For the year ended 30 June 2009

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Contents

	Page
Directors' report	2
Auditor's independence declaration	5
Income statement	6
Balance sheet	7
Statement of changes in equity	8
Cash flow statement	9
Notes to the financial statements	10
Directors' declaration	26
Independent auditor's report to the unitholders of Our Watch Fund	27

Directors' report

The directors of Credit Suisse Investments (Australia) Limited, the Responsible Entity (the "Responsible Entity") of Our Watch Fund (formerly "Credit Suisse Our Watch Fund") (the "Scheme"), present their report together with the financial report of the Scheme, for the year ended 30 June 2009.

Responsible Entity

Prior to 1 May 2009, Credit Suisse Asset Management (Australia) Limited was the Responsible Entity of the Scheme since registration on 26 May 2006.

Effective from 1 May 2009, the Responsible Entity of the Scheme changed to Credit Suisse Investments (Australia) Limited.

The registered office and principal place of business of the Responsible Entity and the Scheme is Level 31 Gateway, 1 Macquarie Place, Sydney, NSW 2000.

The directors of Credit Suisse Investments (Australia) Limited since 1 May 2009 and up to the date of this report are as follows:

David D Trude (Executive Director)	
Sarah J Pearson (Executive Director, Member of Audit Risk and Compliance Committee)	
Philip C Noble (Executive Director)	
Filo M Sedillo (Executive Director)	appointed on 12 May 2009
Jonathon J Gurnsey (Executive Director)	appointed on 24 July 2009
Richard N Quin (Executive Director)	resigned on 12 May 2009
David C Scott (Executive Director)	resigned on 12 May 2009

The directors of Credit Suisse Asset Management (Australia) Limited during the financial period and up to 30 April 2009 were as follows:

Raymond J Kellerman (Chairman, Member of Audit Risk and Compliance Committee)	resigned on 30 April 2009
Stephen Giubin (Executive Director)	resigned on 30 April 2009
Anthony N Iliya (Executive Director)	resigned on 8 October 2008
Keith S Ince (Non-Executive Director)	resigned on 1 October 2008
Gallie S McIntyre (Executive Director, Member of Audit Risk and Compliance Committee)	resigned on 30 April 2009
David D Trude (Executive Director)	resigned on 30 April 2009

Principal activities

The Scheme is a registered managed investment scheme domiciled in Australia.

The Scheme continued to invest and trade in ASX listed equities and in Put Notes issued by Credit Suisse Investment Products (Asia Pacific) Limited (CS iPAL) in relation to the Equities basket in accordance with the provisions of the Scheme's Constitution.

The overall investment strategy of the Scheme is to add value by providing exposure to the performance of a basket of equities listed on the ASX with the potential for tax effective income and long term capital growth combined with capital protection at the end of the seven year Investment Timeframe for the amount initially invested in the Equities basket by the Scheme. The Responsible Entity aims to achieve this objective through management of the Equities basket, consists of high quality, marketable share, and investing in put notes issued by CS iPAL.

The Scheme did not have any employees during the year.

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

Directors' report (continued)

Review and results of operations

Results

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

	Year ended	
	30 June 2009 \$	30 June 2008 \$
Operating profit/(loss)	<u>211,706</u>	<u>(1,950,887)</u>
Interim distribution paid	<u>364,224</u>	<u>401,375</u>
Distribution (cents per unit)	2.61	2.87
Final distribution paid/payable	<u>32,333</u>	<u>247,563</u>
Distribution (cents per unit)	0.23	1.77
Performance	2009	2008
	%	%
Capital growth	(1.13)	(20.04)
Distribution of income	<u>3.56</u>	<u>5.36</u>
Total return	<u>2.43</u>	<u>(14.68)</u>
	\$	\$
Redemption unit price (ex distribution) as at 30 June	<u>0.7886</u>	<u>0.7976</u>

Performance returns have been calculated after fees and assuming reinvestment of distributions, in accordance with IFSA Standard 6.00 *Product Performance - calculation and presentation of returns*.

Interests of the Responsible Entity

The following fees were paid and payable to the Responsible Entity from the Scheme during the year.

	2009 \$	2008 \$
Management fees paid and payable by the Scheme	95,813	100,488

Valuation of assets

	2009 \$	2008 \$
Value of total Scheme assets as at 30 June	11,012,335	11,456,152

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

Directors' report (continued)

Significant changes in state of affairs

In the opinion of the Responsible Entity, there were no significant changes in the state of affairs of the Scheme that occurred during the financial year under review.

Matters subsequent to the end of the financial year

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

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

Likely developments and expected results of operations

The Scheme will continue to pursue its policy of increasing returns through active investment selection.

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

Indemnification and insurance of officers and auditors

Indemnification

Since the end of the previous financial year, the Scheme has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer of the Responsible Entity or an auditor of the Scheme.

Insurance Premiums

During the financial year, the Responsible Entity paid a premium under a contract insuring each director and associated director of the company against liability incurred in their respective capacities. Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The Responsible Entity has not provided any insurance to a related body corporate or to an auditor of the Scheme.

Environmental regulation

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

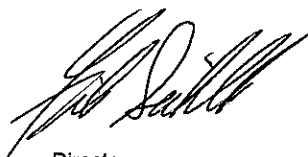
Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included on page 5.

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



Director
Sydney
29 September 2009



Director
Sydney
29 September 2009



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Credit Suisse Investments (Australia) Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2009 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.

KPMG

Paul Ruiz
Partner

Sydney

29 September 2009

Our Watch Fund
Income statement
For the year ended 30 June 2009

		Year ended	
		30 June 2009	30 June 2008
	Notes	\$	\$
Investment income			
Interest income		7,027	13,411
Dividends income		470,152	613,064
Net changes in financial instruments held at fair value through profit or loss	5	<u>(158,726)</u>	<u>(2,476,874)</u>
Total net investment income/(loss)		<u>318,453</u>	<u>(1,850,399)</u>
Expenses			
Management fees	13	95,813	100,488
Custody fees		4,841	-
Other operating expenses		<u>6,093</u>	<u>-</u>
Total operating expenses		<u>106,747</u>	<u>100,488</u>
Operating profit/(loss)		<u>211,706</u>	<u>(1,950,887)</u>
Finance costs attributable to unitholders			
Distributions to unitholders	7	(396,557)	(648,938)
(Increase)/decrease in net assets attributable to unitholders	6	<u>184,851</u>	<u>2,599,825</u>
Profit/(loss) for the year		<u>-</u>	<u>-</u>

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

Our Watch Fund
Balance sheet
As at 30 June 2009

		As at	
	Notes	30 June 2009 \$	30 June 2008 \$
Assets			
Cash and cash equivalents	8	94,465	353,543
Receivables	10	71,204	97,217
Financial assets held at fair value through profit or loss	9	<u>10,846,666</u>	<u>11,005,392</u>
Total assets		<u>11,012,335</u>	<u>11,456,152</u>
Liabilities			
Payables	11	22,849	66,585
Distributions payable	7	<u>32,333</u>	<u>247,563</u>
Total liabilities (excluding net assets attributable to unitholders)		<u>55,182</u>	<u>314,148</u>
Net assets attributable to unitholders - liability	6	<u>10,957,153</u>	<u>11,142,004</u>
Represented by:			
Net assets attributable to unitholders contractually payable		10,988,297	11,148,923
Adjustments arising from different unit pricing and AIFRS valuation principles		<u>(31,144)</u>	<u>(6,919)</u>
		<u>10,957,153</u>	<u>11,142,004</u>

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

Our Watch Fund
Statement of changes in equity
For the year ended 30 June 2009

	Year ended	
	30 June 2009	30 June 2008
	\$	\$
Total equity at the beginning of the financial year	-	-
Profit/(loss) for the year	-	-
Net income/(expense) recognised directly in equity	-	-
Total recognised income and expense for the financial year	-	-
Transactions with equity holders in their capacity as equity holders	-	-
Total equity at the end of the financial year	-	-

Under AIFRS, net assets attributable to unitholders are classified as a liability rather than equity. As a result there was no equity at the start or end of the year.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Our Watch Fund
Cash flow statement
For the year ended 30 June 2009

		Year ended	
		30 June	30 June
		2009	2008
	Notes	\$	\$
Cash flows from operating activities			
Dividends received		498,391	623,217
Interest received		7,027	13,411
Other income received		-	1,571
Management fees and custody fees paid		(144,390)	(67,007)
Payment of other expenses		(8,319)	-
Net cash inflow/(outflow) from operating activities	14	<u>352,709</u>	<u>571,192</u>
Cash flows from investing activities			
Proceeds from sale of investments		1,184,995	21,135
Purchase of investments		(1,184,995)	-
Net cash inflow/(outflow) from investing activities		<u>-</u>	<u>21,135</u>
Cash flows from financing activities			
Payments for redemptions by unitholders		-	(10,000)
Distributions paid		(611,787)	(477,350)
Net cash inflow/(outflow) from financing activities		<u>(611,787)</u>	<u>(487,350)</u>
Net increase/(decrease) in cash and cash equivalents		(259,078)	104,977
Cash and cash equivalents at the beginning of the year		<u>353,543</u>	<u>248,566</u>
Cash and cash equivalents at the end of the year	8	<u>94,465</u>	<u>353,543</u>

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

Contents of the notes to the financial statements

	Page
1 General information	11
2 Summary of significant accounting policies	11
3 Financial risk management	14
4 Auditor's remuneration	19
5 Net changes in financial instruments held at fair value through profit or loss	20
6 Net assets attributable to unitholders	20
7 Distributions to unitholders	21
8 Cash and cash equivalents	21
9 Financial assets held at fair value through profit or loss	21
10 Receivables	21
11 Payables	22
12 Derivative financial instruments	22
13 Related party transactions	23
14 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities	25
15 Events occurring after the balance sheet date	25
16 Contingent assets and liabilities and commitments	25

1 General information

This financial report covers Our Watch Fund (formerly "Credit Suisse Our Watch Fund") (the "Scheme") as an individual entity.

Prior to 1 May 2009, the Responsible Entity of the Scheme was Credit Suisse Asset Management (Australia) Limited.

Effective from 1 May 2009, the Responsible Entity of the Scheme changed to Credit Suisse Investments (Australia) Limited (the "Responsible Entity"). The Responsible Entity's registered office is Level 31 Gateway, 1 Macquarie Place, Sydney, NSW 2000. The financial report is presented in the Australian currency.

The financial statements were authorised for issue by the directors on 29 September 2009.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

The Scheme has elected to early adopt the accounting standard AASB 8 *Operating Segments*. The impact of early adoption of this standard has been to remove disclosures previously presented under AASB 114 *Segment Reporting*.

(a) Basis of preparation

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

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

Compliance with International Financial Reporting Standards (IFRS)

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of the Scheme, comprising the financial statements and notes thereto, complies with IFRS.

(b) Financial instruments

(i) Classification

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

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

These include financial assets that are not held for trading purposes and which may be sold. These are investments in Australian listed equity investments and put notes. The Scheme does not designate any derivatives as hedges in a hedging relationship.

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

(ii) Recognition/derecognition

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

Investments are derecognised when the right to receive cash flows from the investments have expired or the Scheme has transferred substantially all risks and rewards of ownership.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(iii) Measurement

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

Details on how the fair value of financial instruments is determined are disclosed in Note 3. All changes in fair value are recognised in the income statement.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(c) Net assets attributable to unitholders

Units in the Scheme are intended to be a long term investment for an Investment Timeframe of approximately seven years (2013). Investors who withdraw their units (in whole or in part) before the end of the Investment Timeframe, will not be afforded the benefit of any capital protection of the amount withdrawn. Because the Scheme's redemption prices are based on different valuation principles to that applied in financial reporting a valuation difference exists which has been included in net assets attributable to unitholders.

(d) Cash and cash equivalents

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

(e) Investment income

Interest income is recognised in the income statement using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Scheme estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

Dividends income is recognised on the ex-dividend date.

(f) Expenses

All expenses, including management fees and custodian fees, are recognised in the income statement on an accruals basis.

(g) Foreign exchange gains and losses

Foreign exchange gains and losses on financial assets and financial liabilities at fair value through profit or loss are recognised together with other changes in the fair value. Included in the profit or loss line item, net changes in financial instruments held at fair value through profit or loss are net foreign exchange gains and losses on monetary financial assets and financial liabilities.

2 Summary of significant accounting policies (continued)

(h) Income tax

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

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

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

(i) Distributions

In accordance with the Scheme's Constitution, the Scheme fully distributes its distributable (taxable) income, and any other amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. The distributions are recognised in the income statement as finance costs attributable to unitholders.

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

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

(k) Receivables

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

(l) Payables

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

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

(m) Applications and redemptions

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

(n) Goods and Services Tax (GST)

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

2 Summary of significant accounting policies (continued)

(o) Use of estimates

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

However, the put note is fair valued using Black Scholes valuation techniques by valuation service providers. The valuation is reviewed by the Responsible Entity, independent of the valuation service that created them.

The models used by the valuation service providers require estimates in areas such as credit risk and volatility and changes in assumptions about these factors could affect the reported fair value of financial instrument.

(p) New accounting standards and interpretations

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

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

The revised AASB 101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Scheme will apply the revised standard from 1 July 2009.

(ii) AASB 132 *Financial Instruments: Presentation* and AASB 2008-2 *Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligations Arising on Liquidation (Revised AASB 132) (effective from 1 January 2009)*

Revised AASB 132 is applicable for reporting periods beginning on or after 1 January 2009. The Scheme has not early adopted this standard. Application of this standard will not affect any of the amounts recognised in the financial statements as the Scheme is obligated to distribute all of its taxable income in accordance with the Scheme's Constitution. The Scheme has not yet determined the potential effect of the revised standards on the Scheme disclosure.

3 Financial risk management

The Scheme's overall risk management programme focuses on ensuring compliance with the Scheme's Product Disclosure Statement and seeks to maximise the returns derived for the level of risk to which the Scheme is exposed. The investment objective of the Scheme is to provide exposure to the performance of a basket of listed Australian shares with the potential for tax effective income and long term capital growth combined with capital protection at the end of the seven year Investment timeframe for the amount initially invested in the Equities basket by the Scheme.

Financial risk management is carried out by the risk management department under policies approved by the Board of Directors of the Responsible Entity (the Board).

The Scheme is supported by a Put Note that is intended to provide capital protection as at the Valuation Date (23 December 2013) by allowing the Manager to dispose of the Equities basket for the original investment amount.

The activities of the Scheme expose it to a variety of financial risks, including market risk (including price risk and interest rate risk), credit and liquidity risk. The Scheme uses different methods to measure different types of risk including sensitivity analysis and ratings analysis.

3 Financial risk management (continued)

(a) Market risk

Market risk is the risk that losses may result from adverse movements in interest rates, equity prices, commodity prices and other market metrics. The Scheme's level of market risk is predominantly defined by potential changes in the values of listed Australian shares in response to movements in the Australian share markets. A typical transaction may be exposed to a number of different market risks.

(i) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will change because of movements in market prices. The Scheme's investments are in listed Australian shares where the price is supported by a put note with the result that the Scheme is exposed to direct price risk from market movements in Australian Shares that may result in changes in the Scheme's unit prices.

The table below provides a detail of the basket of listed Australian Shares, the Scheme holds:

Company	Number of Shares	
	30 June 2009	30 June 2008
Telstra Corporation Ltd	144,543	144,543
Ten Network Holdings	177,481	177,481
Tabcorp Holdings Limited	35,276	35,276
Centro Properties Group	67,388	67,388
Mirvac Group	113,423	113,423
Westfield Group	29,963	29,963
Suncorp Metway Limited	52,101	52,101
Insurance Australia Group	93,164	93,164
Macquarie Airports	165,369	165,369
West Australian Newspapers	51,351	51,351
Westpac Banking Corporation	48,197	24,557
GPT Group	113,603	113,603
Australia & New Zealand Banking Group	20,824	20,824
National Australia Bank	14,636	14,636
Commonwealth Bank Of Australia	12,118	12,118
St George Bank Ltd*	-	18,046
Qantas Airways	113,407	113,407
Perpetual Limited	7,685	7,685
Westfarmers Limited	15,712	15,712

*There was no shares in St George Bank Limited as at 30 June 2009 as it was acquired by Westpac Banking Corporation during the year.

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Price risk (continued)

The Scheme's investment in CS iPAL put notes provide capital protection at maturity (Valuation Date) by allowing the manager to dispose of the equities basket for the original investment amount. CS iPAL's obligations are guaranteed by Credit Suisse London Branch. Due to the guarantee there is no price risk on the Scheme as at 30 June 2009 and 30 June 2008, as the value of the equity is below cost.

(ii) Currency risk

Currency risk is the change to the value of the Australian dollar, relative to other currencies. The Scheme's investments are all in listed Australian shares denominated in Australian dollars. As a result there is no direct foreign currency risk in this Scheme.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Scheme's investments are in listed Australian shares denominated in Australian dollars and are non-interest bearing and as such the Scheme is not exposed to significant levels of interest rate risk.

The Scheme does hold some cash for liquidity and transactional purposes and this cash is held at floating interest rates. As a result, the Scheme is subject to a limited non material exposure of interest rate risks due to fluctuations in the levels of market interest rates.

3 Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

The Scheme's exposure to interest rate risk is set out in the following table:

30 June 2009	Floating interest rate \$	Fixed interest rate \$	Non interest bearing \$	Total \$
Financial assets				
Cash and cash equivalents	94,465	-	-	94,465
Receivables	-	-	71,204	71,204
Financial assets held at fair value through profit or loss	-	-	<u>10,846,666</u>	<u>10,846,666</u>
Total assets	<u>94,465</u>	<u>-</u>	<u>10,917,870</u>	<u>11,012,335</u>
Financial liabilities				
Payables	-	-	22,849	22,849
Distributions payable	-	-	<u>32,333</u>	<u>32,333</u>
Total liabilities (excluding net assets attributable to unitholders)	<u>-</u>	<u>-</u>	<u>55,182</u>	<u>55,182</u>
Net exposure	<u>94,465</u>	<u>-</u>	<u>10,862,688</u>	<u>10,957,153</u>
30 June 2008	Floating interest rate \$	Fixed interest rate \$	Non interest bearing \$	Total \$
Financial assets				
Cash and cash equivalents	353,543	-	-	353,543
Receivables	-	-	97,217	97,217
Financial assets held at fair value through profit or loss	-	-	<u>11,005,392</u>	<u>11,005,392</u>
Total assets	<u>353,543</u>	<u>-</u>	<u>11,102,609</u>	<u>11,456,152</u>
Financial liabilities				
Payables	-	-	66,585	66,585
Distributions payable	-	-	<u>247,563</u>	<u>247,563</u>
Total liabilities (excluding net assets attributable to unitholders)	<u>-</u>	<u>-</u>	<u>314,148</u>	<u>314,148</u>
Net exposure	<u>353,543</u>	<u>-</u>	<u>10,788,461</u>	<u>11,142,004</u>

3 Financial risk management (continued)

(b) Credit risk

Credit risk is the possibility of loss being incurred as the result of a borrower or counterparty failing to meet its financial obligations. In the event of a default, an investor generally incurs a loss equal to the amount owed by the debtor, less any recoveries resulting from foreclosure, liquidation of the collateral or restructuring of the obligation.

Credit risk primarily arises from investments in the Scheme's Put Notes guarantee. Other credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions. None of these assets are impaired nor past due but not impaired. The Put Notes amounting to \$5,196,554 are issued by Credit Suisse Investment Products (Asia Pacific) Limited who are rated 'A+' by Standard and Poor's.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets. There are no other significant credit risk exposures. Compliance with the Scheme's policy is reported to the Board on a regular basis.

(c) Liquidity risk

Units in the Scheme are intended to be a long term investment for an Investment Timeframe of approximately seven years (2013). Investors who withdraw their units (in whole or in part) before the end of the Investment Timeframe, will not be afforded the benefit of any capital protection of the amount withdrawn. The equity investments are actively traded on the Australian Stock Exchange and can be readily disposed.

The Scheme's put notes, guaranteed by Credit Suisse London Branch provide capital security for investors at maturity. The put notes are not a traded instrument however the Scheme is normally able to quickly liquidate its investments in the equities at an amount close to their fair value to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer.

The table below analyses the Scheme's financial liabilities into relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date at the year end date. The amounts in the table are contractual undiscounted cash flows.

	Less than 1 month	1-6 months	6-12 months	Over 12 months
	\$	\$	\$	\$
At 30 June 2009				
Payables	-	22,849	-	-
Distributions payable	32,333	-	-	-
Net assets attributable to unitholders	<u>5,760,599</u>	-	-	<u>5,196,554</u>
Total financial liabilities	<u>5,792,932</u>	<u>22,849</u>	-	<u>5,196,554</u>
At 30 June 2008				
Payables	-	66,585	-	-
Distributions payable	247,563	-	-	-
Net assets attributable to unitholders	<u>7,676,451</u>	-	-	<u>3,465,553</u>
Total financial liabilities	<u>7,924,014</u>	<u>66,585</u>	-	<u>3,465,553</u>

The capital guarantee is only available to unitholders if they remain in the Scheme.

3 Financial risk management (continued)

(d) Fair value estimation

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

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

- Fair value

The fair value of financial assets and liabilities is determined using a variety of valuation techniques. For listed exchange assets, including equities, the price from an established market source data provider is used for the fair value calculation.

The fair value of the put note is an estimated amount, determined by an affiliated valuation service provider using a market standard model, that the Scheme would receive or pay to terminate the contract at the balance sheet date taking into account best estimates of volatility and other risks and the current credit worthiness of the counterparty.

The fair value estimation of derivatives is disclosed in Note 12.

4 Auditor's remuneration

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

	Year ended	
	30 June 2009 \$	30 June 2008 \$
(a) Audit services		
<i>Audit services</i>		
KPMG		
Audit of financial reports	15,364	9,842
Total remuneration for audit services	15,364	9,842
(b) Non-audit services		
<i>Other services</i>		
KPMG		
Tax compliance services	5,602	4,754
Other services	2,106	1,334
Total remuneration for non-audit services	7,708	6,088
Total remuneration for auditor	23,072	15,930

Auditors' remuneration for the Scheme is paid by the Responsible Entity.

5 Net changes in financial instruments held at fair value through profit or loss

Net changes recognised in relation to financial assets held at fair value through profit or loss:

	Year ended	
	30 June 2009 \$	30 June 2008 \$
Financial assets		
Net gain/(loss) on financial assets designated at fair value through profit or loss	<u>(158,726)</u>	<u>(2,476,874)</u>
Net changes in financial assets held at fair value through profit or loss	<u>(158,726)</u>	<u>(2,476,874)</u>
Total net changes in financial instruments held at fair value through profit or loss	<u>(158,726)</u>	<u>(2,476,874)</u>

6 Net assets attributable to unitholders

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

As stipulated within the Scheme's Constitution, each unit represents a right to an individual share in the Scheme and does not extend to a right to the underlying assets of the Scheme. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Scheme.

	30 June 2009 No.	30 June 2008 No.	30 June 2009 \$	30 June 2008 \$
Opening balance	13,961,571	13,973,456	11,142,004	13,751,829
Applications	-	-	-	-
Redemptions	-	(11,885)	-	(10,000)
Increase/(decrease) in net assets attributable to unitholders	-	-	<u>(184,851)</u>	<u>(2,599,825)</u>
Closing balance	<u>13,961,571</u>	<u>13,961,571</u>	<u>10,957,153</u>	<u>11,142,004</u>

Capital risk management

The Scheme considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The Scheme is a close end scheme that does not accept new investments after an initial application.

Units in the Scheme are intended to be a long term investment for an Investment Timeframe of approximately seven years (2013). Investors who withdraw their units (in whole or in part) before the end of the Investment Timeframe, will not be afforded the benefit of any capital protection of the amount withdrawn.

7 Distributions to unitholders

The distributions paid/payable were as follows:

	Year ended			
	30 June 2009 \$	30 June 2009 CPU	30 June 2008 \$	30 June 2008 CPU
Distributions paid	364,224	2.61	401,375	2.87
Distributions payable	<u>32,333</u>	<u>0.23</u>	<u>247,563</u>	<u>1.77</u>
Total distributions	<u>396,557</u>	<u>2.84</u>	<u>648,938</u>	<u>4.64</u>

8 Cash and cash equivalents

	As at	
	30 June 2009 \$	30 June 2008 \$
Cash and cash equivalents	<u>94,465</u>	<u>353,543</u>
	<u>94,465</u>	<u>353,543</u>

9 Financial assets held at fair value through profit or loss

	As at	
	30 June 2009 Fair value \$	30 June 2008 Fair value \$
Designated at fair value through profit or loss		
Australian listed equities	5,650,112	7,539,839
Derivative (Note 12)	<u>5,196,554</u>	<u>3,465,553</u>
Total designated at fair value through profit or loss	<u>10,846,666</u>	<u>11,005,392</u>
Total financial assets held at fair value through profit or loss	<u>10,846,666</u>	<u>11,005,392</u>

An overview of the risk exposures relating to financial assets held at fair value through profit or loss is included in Note 3.

10 Receivables

	As at	
	30 June 2009 \$	30 June 2008 \$
Dividends receivables	68,978	97,217
Other receivables	<u>2,226</u>	<u>-</u>
	<u>71,204</u>	<u>97,217</u>

11 Payables

	As at	
	30 June 2009	30 June 2008
	\$	\$
Management fees payable	<u>22,849</u>	<u>66,585</u>
	<u>22,849</u>	<u>66,585</u>

12 Derivative financial instruments

In the normal course of business the Scheme enters into transactions in various derivative financial 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 transactions include a wide assortment of instruments, such as foreign currency contracts, futures and options. Derivatives are considered to be part of the investment process. The use of derivatives is an essential part of the Scheme's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Scheme against a fluctuation in market values or to reduce volatility
- a substitution for trading of physical securities
- adjusting asset exposures within the parameters set in the investment strategy.

Derivatives are 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 Scheme.

The Scheme holds the following derivative instruments:

Put Notes

The Put Notes acquired from CS iPAL (on 22 December 2006) provide that if the value of the Equities basket (as listed in the Put Notes) on the Valuation Date (23 December 2013) is less than the value of the Equities basket on the same day (adjusted for any withdrawals prior to the end of the Investment timeframe), these equities may be physically delivered by the Manager to CS iPAL on settlement of the Put Notes in exchange for an amount equal to the initial value of the Equities basket (as listed in the Put Notes), adjusted for any withdrawals prior to the end of the Investment timeframe.

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

	Notional \$	Fair Values	
		Assets \$	Liabilities \$
Put note	11,839,950	<u>5,196,554</u>	<u>-</u>
		<u>5,196,554</u>	<u>-</u>

12 Derivative financial instruments (continued)

30 June 2008

	Notional \$	Fair Values	
		Assets \$	Liabilities \$
Put note	11,839,950	<u>3,465,553</u>	<u>-</u>
		<u>3,465,553</u>	<u>-</u>

An overview of the risk exposures relating to derivatives is included in Note 3.

13 Related party transactions

Responsible Entity

Prior to 1 May 2009, the Responsible Entity of the Scheme was Credit Suisse Asset Management (Australia) Limited (ACN 007 305 384).

Effective from 1 May 2009, the Responsible Entity of the Scheme changed to Credit Suisse Investments (Australia) Limited (ABN 44 119 605 373). The Responsible Entity is a wholly owned subsidiary of Credit Suisse. The ultimate parent entity of Credit Suisse is Credit Suisse Group, a company incorporated in Switzerland.

Key management personnel

(a) Directors

The directors of Credit Suisse Investments (Australia) Limited since 1 May 2009 and up to the date of this report are as follows:

David D Trude (Executive Director)	
Sarah J Pearson (Executive Director, Member of Audit Risk and Compliance Committee)	
Philip C Noble (Executive Director)	
Filo M Sedillo (Executive Director)	appointed on 12 May 2009
Jonathon J Gurnsey (Executive Director)	appointed on 24 July 2009
Richard N Quin (Executive Director)	resigned on 12 May 2009
David C Scott (Executive Director)	resigned on 12 May 2009

The directors of Credit Suisse Asset Management (Australia) Limited during the financial period and up to 30 April 2009 were as follows:

Raymond J Kellerman (Chairman, Member of Audit Risk and Compliance Committee)	resigned on 30 April 2009
Stephen Giubin (Executive Director)	resigned on 30 April 2009
Anthony N Iliya (Executive Director)	resigned on 8 October 2008
Keith S Ince (Non-Executive Director)	resigned on 1 October 2008
Gailie S McIntyre (Executive Director, Member of Audit Risk and Compliance Committee)	resigned on 30 April 2009
David D Trude (Executive Director)	resigned on 30 April 2009

(b) Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Scheme, directly or indirectly during the financial year.

Key management personnel unitholdings

At 30 June 2009 no key management personnel held units in the Scheme (2008: Nil).

13 Related party transactions (continued)

Key management personnel compensation

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

Key management personnel loan disclosures

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

Other transactions within the Scheme

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

CS iPAL (Credit Suisse Investment Products (Asia Pacific) Limited) or Credit Suisse London Branch, associates of the Responsible Entity guarantees that if the value of the equities basket as listed in the put notes at valuation date (23 December 2013) is less than the value of the equities basket at the strike date (22 December 2006) the investors will receive at least the scheme's initial investment in the equities basket at the end of their investment period. The value of the put note is shown in Note 9.

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

Responsible Entity's/manager's fees and other transactions

Under the terms of the Scheme's Constitution and the current Product Disclosure Statements for the Scheme, the Responsible Entity is entitled to receive management fees monthly of up to 0.72% per annum (2008: 0.72%) in total of the aggregate portfolio value of the Scheme.

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the year and amounts payable at year end between the Scheme and the Responsible Entity were as follows:

	30 June 2009 \$	30 June 2008 \$
Management fees for the year incurred by the Scheme	95,813	100,488
Management fees payable by the Scheme at the end of the year	22,849	66,585

Related party schemes' unitholdings

Parties related to the Scheme (including the Responsible Entity, its related parties and other schemes managed by the Responsible Entity), did not hold any units in the Scheme (2008: Nil).

Investments

The Scheme did not hold any investments in the Responsible Entity or its related parties during the year (2008: Nil).

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

	Year ended	
	30 June 2009 \$	30 June 2008 \$
Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Profit/(loss) for the year	-	-
Increase/(decrease) in net assets attributable to unitholders	(184,851)	(2,599,825)
Distributions to unitholders	396,557	648,938
Net changes in financial instruments held at fair value through profit or loss	158,726	2,476,874
Net changes in receivables	26,013	11,724
Net changes in payables	(43,736)	33,481
Net cash inflow/(outflow) from operating activities	<u>352,709</u>	<u>571,192</u>

15 Events occurring after the balance sheet date

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

16 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2009 and 30 June 2008.

Directors' declaration

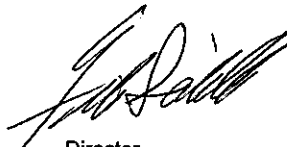
In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 6 to 25 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Scheme's financial position as at 30 June 2009 and of its performance, for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.

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



Director
Sydney
29 September 2009



Director
Sydney
29 September 2009



Independent auditor's report to the unitholders of Our Watch Fund (formerly "Credit Suisse Our Watch Fund")

Report on the financial report

We have audited the accompanying financial report of Our Watch Fund (the Scheme), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 16 and the directors' declaration set out on pages 6 to 26.

Directors' responsibility for the financial report

The directors of Aberdeen Investment Management Australia Limited (formerly "Credit Suisse Asset Management (Australia) Limited") (the Responsible Entity) are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 2, the directors of the Responsible Entity also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

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

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australia Accounting Interpretations), a view which is consistent with our understanding of the Scheme's financial position, and of its performance.

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*.

Auditor's opinion

In our opinion:

- (a) the financial report of Our Watch Fund is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Scheme's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.

KPMG

Paul Ruiz
Partner

Sydney

29 September 2009

Directory

Responsible Entity

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